

SOUTH STATE Corp
Form 10-Q
August 03, 2018
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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, 2018

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

SOUTH STATE CORPORATION

(Exact name of registrant as specified in its charter)

South Carolina 57-0799315
(State or other jurisdiction of incorporation) (IRS Employer Identification No.)

520 Gervais Street
Columbia, South Carolina 29201
(Address of principal executive offices) (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

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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.

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:

Class	Outstanding as of July 31, 2018
Common Stock, \$2.50 par value	36,830,002

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South State Corporation and Subsidiary

June 30 2018 Form 10-Q

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PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

South State Corporation and Subsidiary

Condensed Consolidated Balance Sheets

(Dollars in thousands, except par value)

	June 30, 2018 (Unaudited)	December 31, 2017	June 30, 2017 (Unaudited)
ASSETS			
Cash and cash equivalents:			
Cash and due from banks	\$ 250,106	\$ 255,775	\$ 225,259
Interest-bearing deposits with banks	73,013	117,635	185,472
Federal funds sold and securities purchased under agreements to resell	73,730	4,217	21,159
Total cash and cash equivalents	396,849	377,627	431,890
Investment securities:			
Securities held to maturity (fair value of \$503, \$2,556 and \$4,248, respectively)	499	2,529	4,166
Securities available for sale, at fair value	1,577,999	1,648,193	1,340,427
Other investments	19,229	23,047	14,301
Total investment securities	1,597,727	1,673,769	1,358,894
Loans held for sale	36,968	70,890	65,995
Loans:			
Acquired credit impaired, net of allowance for loan losses	551,979	618,803	602,481
Acquired non-credit impaired	3,076,424	3,507,907	1,585,981
Non-acquired	7,197,539	6,492,155	5,992,393
Less allowance for non-acquired loan losses	(47,874)	(43,448)	(40,149)
Loans, net	10,778,068	10,575,417	8,140,706
Other real estate owned	17,222	11,203	14,430
Premises and equipment, net	245,288	255,565	201,539
Bank owned life insurance	227,588	225,132	150,476
Deferred tax assets	48,853	45,902	39,921
Mortgage servicing rights	35,107	31,119	29,930
Core deposit and other intangibles	69,975	73,789	52,966
Goodwill	1,002,722	999,586	595,817
Other assets	110,121	126,590	71,877
Total assets	\$ 14,566,488	\$ 14,466,589	\$ 11,154,441
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			

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Noninterest-bearing	\$ 3,152,828	\$ 3,047,432	\$ 2,635,147
Interest-bearing	8,485,461	8,485,334	6,396,507
Total deposits	11,638,289	11,532,766	9,031,654
Federal funds purchased and securities sold under agreements to repurchase	331,969	286,857	334,018
Other borrowings	115,754	216,385	98,147
Other liabilities	132,109	121,661	85,137
Total liabilities	12,218,121	12,157,669	9,548,956
Shareholders' equity:			
Common stock - \$2.50 par value; authorized 80,000,000; 80,000,000 and 40,000,000 shares, respectively; 36,825,556; 36,759,656 and 29,259,264 shares issued and outstanding, respectively	92,064	91,899	73,148
Surplus	1,811,446	1,807,601	1,134,328
Retained earnings	480,928	419,847	401,706
Accumulated other comprehensive loss	(36,071)	(10,427)	(3,697)
Total shareholders' equity	2,348,367	2,308,920	1,605,485
Total liabilities and shareholders' equity	\$ 14,566,488	\$ 14,466,589	\$ 11,154,441

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

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South State Corporation and Subsidiary

Condensed Consolidated Statements of Income (unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,	2017	June 30,	2017
	2018		2018	
Interest income:				
Loans, including fees	\$ 129,852	\$ 93,600	\$ 256,893	\$ 185,352
Investment securities:				
Taxable	9,048	7,020	17,836	14,251
Tax-exempt	1,614	1,397	3,173	2,827
Federal funds sold and securities purchased under agreements to resell	1,218	762	1,878	1,335
Total interest income	141,732	102,779	279,780	203,765
Interest expense:				
Deposits	10,009	2,661	16,922	5,158
Federal funds purchased and securities sold under agreements to repurchase	642	240	1,096	480
Other borrowings	1,519	847	3,227	1,734
Total interest expense	12,170	3,748	21,245	7,372
Net interest income	129,562	99,031	258,535	196,393
Provision for loan losses	4,478	2,313	6,932	6,020
Net interest income after provision for loan losses	125,084	96,718	251,603	190,373
Noninterest income:				
Fees on deposit accounts	22,612	19,897	45,155	39,398
Mortgage banking income	3,317	5,195	8,265	10,764
Trust and investment services income	7,567	6,452	15,081	12,393
Securities gains (losses), net	(641)	110	(641)	110
Recoveries on acquired loans	2,167	2,171	5,142	3,703