

SCBT FINANCIAL CORP
Form 10-Q
November 09, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20529**

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, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

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 or organization)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated
filer.

(See definition of "accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.)

Large accelerated filer Accelerated filer Non-accelerated filer

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:

Edgar Filing: SCBT FINANCIAL CORP - Form 10-Q

| Class | Outstanding as of October 31, 2006 |
|--------------------------------|------------------------------------|
| Common Stock, \$2.50 par value | 8,713,728 |

SCBT Financial Corporation and Subsidiaries
September 30, 2006 Form 10-Q

INDEX

| | | <u>Page</u> |
|--|---|--------------|
| <u>PART I - FINANCIAL INFORMATION</u> | | |
| <u>Item 1.</u> | <u>Financial Statements</u> | |
| | <u>Condensed Consolidated Balance Sheets -</u> <u>September 30, 2006 and December 31, 2005</u> | <u>1</u> |
| | <u>Condensed Consolidated Statements of Income -</u> <u>Three and Nine Months Ended September 30, 2006 and</u> <u>2005</u> | <u>2</u> |
| | <u>Condensed Consolidated Statements of Changes</u> <u>in Shareholders' Equity -</u> <u>Nine Months Ended September 30, 2006 and 2005</u> | <u>3</u> |
| | <u>Condensed Consolidated Statements of Cash Flows -</u> <u>Nine Months Ended September 30, 2006 and 2005</u> | <u>4</u> |
| | <u>Notes to Condensed Consolidated Financial Statements</u> | <u>5-10</u> |
| <u>Item 2.</u> | <u>Management's Discussion and Analysis of</u> <u>Financial Condition and Results of Operations</u> | <u>11-19</u> |
| <u>Item 3.</u> | <u>Quantitative and Qualitative Disclosures About Market</u> <u>Risk - Reference is</u> <u>made to Management's Discussion and Analysis of Financial Condition and Results of</u> <u>Operations in the Company's Annual Report on Form 10-K for the year ended</u> <u>December 31, 2005</u> | <u>20</u> |
| <u>Item 4.</u> | <u>Controls and Procedures</u> | <u>20</u> |
| <u>PART II - OTHER INFORMATION</u> | | |
| <u>Item 1.</u> | <u>Legal Proceedings</u> | <u>21</u> |
| <u>Item 1A.</u> | <u>Risk Factors</u> | <u>21</u> |
| <u>Item 2.</u> | <u>Unregistered Sales of Equity Securities and Use of</u> <u>Proceeds</u> | <u>21</u> |
| <u>Item 3.</u> | <u>Defaults Upon Senior Securities</u> | <u>21</u> |
| <u>Item 4.</u> | <u>Submission of Matters to a Vote of Security Holders</u> | <u>21</u> |
| <u>Item 5.</u> | <u>Other Information</u> | <u>21</u> |

Item 6.

Exhibits

22

PART I - FINANCIAL INFORMATION**Item 1. FINANCIAL STATEMENTS**

SCBT Financial Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(Dollars in thousands, except par value)

| | September 30, 2006 <i>(Unaudited)</i> | December 31, 2005 <i>(Note 1)</i> |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents: | | |
| Cash and due from banks | \$ 60,900 | \$ 58,554 |
| Interest-bearing deposits with banks | 12,931 | 3,140 |
| Federal funds sold and securities purchased under agreements to resell | 32,700 | 41,440 |
| Total cash and cash equivalents | 106,531 | 103,134 |
| Investment securities: | | |
| Securities held to maturity (fair value of \$14,506 in 2006 and \$18,453 in 2005) | 14,330 | 18,194 |
| Securities available for sale, at fair value | 185,801 | 153,628 |
| Other investments | 12,475 | 10,922 |
| Total investment securities | 212,606 | 182,744 |
| Loans held for sale | 22,624 | 12,961 |
| Loans | 1,682,257 | 1,536,000 |
| Less unearned income | (40) | (99) |
| Less allowance for loan losses | (21,675) | (20,025) |
| Loans, net | 1,660,542 | 1,515,876 |
| Premises and equipment, net | 47,969 | 43,664 |
| Goodwill | 32,313 | 32,220 |
| Other assets | 36,465 | 35,257 |
| Total assets | \$ 2,119,050 | \$ 1,925,856 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Deposits: | | |
| Noninterest-bearing | \$ 273,329 | \$ 254,099 |
| Interest-bearing | 1,384,087 | 1,219,190 |
| Total deposits | 1,657,416 | 1,473,289 |
| Federal funds purchased and securities sold under agreements to repurchase | | |
| | 147,955 | 150,163 |
| Other borrowings | 140,457 | 144,257 |
| Other liabilities | 12,891 | 9,744 |
| Total liabilities | 1,958,719 | 1,777,453 |
| Shareholders' equity: | | |
| Common stock - \$2.50 par value; authorized 40,000,000 shares | 21,764 | 21,612 |

Edgar Filing: SCBT FINANCIAL CORP - Form 10-Q

| | | | | |
|--|----|------------------|----|-----------|
| 8,705,416 and 8,644,883 shares issued and outstanding | | | | |
| Surplus | | 91,559 | | 90,481 |
| Retained earnings | | 48,233 | | 37,614 |
| Accumulated other comprehensive loss | | (1,225) | | (1,304) |
| Total shareholders' equity | | 160,331 | | 148,403 |
| Total liabilities and shareholders' equity | \$ | 2,119,050 | \$ | 1,925,856 |

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

SCBT Financial Corporation and Subsidiaries
Condensed Consolidated Statements of Income (unaudited)
(Dollars in thousands, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------|------------------------------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| Interest income: | | | | |
| Loans, including fees | \$ 31,267 | \$ 22,334 | \$ 88,211 | \$ 60,579 |
| Investment securities: | | | | |
| Taxable | 2,273 | 1,571 | 6,264 | 4,468 |
| Tax-exempt | 303 | 279 | 865 | 914 |
| Federal funds sold and securities purchased under agreements to resell | | | | |
| Money market funds | 168 | 306 | 825 | 662 |
| Deposits with banks | -- | -- | -- | 1 |
| Total interest income | 74 | 66 | 158 | 315 |
| Total interest income | 34,085 | 24,556 | 96,323 | 66,939 |
| Interest expense: | | | | |
| Deposits | 10,757 | 5,496 | 28,397 | 14,456 |
| Federal funds purchased and securities sold under agreements to repurchase | | | | |
| Other borrowings | 1,566 | 824 | 4,549 | 1,809 |
| Total interest expense | 1,984 | 1,347 | 5,658 | 2,926 |
| Total interest expense | 14,307 | 7,667 | 38,604 | 19,191 |
| Net interest income: | | | | |
| Net interest income | 19,778 | 16,889 | 57,719 | 47,748 |
| Provision for loan losses | 1,048 | 1,674 | 3,716 | 3,461 |
| Net interest income after provision for loan losses | 18,730 | 15,215 | 54,003 | 44,287 |
| Noninterest income: | | | | |
| Service charges on deposit accounts | 3,512 | 3,306 | 9,988 | 9,229 |
| Other service charges and fees | 3,456 | 3,219 | 9,689 | 8,357 |
| Gain on sale of assets | -- | -- | -- | 8 |
| Total noninterest income | 6,968 | 6,525 | 19,677 | 17,594 |
| Noninterest expense: | | | | |
| Salaries and employee benefits | 10,226 | 8,668 | 30,053 | 25,038 |
| Net occupancy expense | 1,088 | 913 | 3,148 | 2,550 |
| Furniture and equipment expense | 1,181 | 1,124 | 3,505 | 3,159 |
| Loss on disposal of equipment | 141 | -- | 153 | -- |
| Other expense | 5,116 | 4,790 | 14,025 | 12,572 |
| Total noninterest expense | 17,752 | 15,495 | 50,884 | 43,319 |
| Earnings: | | | | |
| Income before provision for income taxes | 7,946 | 6,245 | 22,796 | 18,562 |

Edgar Filing: SCBT FINANCIAL CORP - Form 10-Q

| | | | | | | | | |
|----------------------------|----|--------------|----|-------|----|---------------|----|--------|
| Provision for income taxes | | 2,686 | | 1,850 | | 7,749 | | 5,992 |
| Net income | \$ | 5,260 | \$ | 4,395 | \$ | 15,047 | \$ | 12,570 |
| Earnings per share: | | | | | | | | |
| Basic | \$ | 0.61 | \$ | 0.55 | \$ | 1.73 | \$ | 1.56 |
| Diluted | \$ | 0.60 | \$ | 0.54 | \$ | 1.72 | \$ | 1.54 |

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

SCBT Financial Corporation and Subsidiaries
Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)
Nine Months Ended September 30, 2006 and 2005
(Dollars in thousands, except per share data)

| | Common Stock | | Dividend Distributable | Surplus | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | | Total |
|-------------------------------|---------------------|---------------|-----------------------------------|----------------|------------------------------|--|--------------|--------------|
| | Shares | Amount | | | | (Loss) | Total | |
| Balance, December 31, 2004 | 7,657,094 | \$ 19,143 | \$ 955 | \$ 72,079 | \$ 26,486 | \$ 135 | \$ | \$ |