

S&T BANCORP INC  
Form 10-Q  
August 07, 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 June 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

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

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 - 27,414,260 shares as of July 31, 2008

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**Table of Contents****S&T BANCORP, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

| <i>(dollars in thousands, except share and per share data)</i>                                                             | <b>June 30, 2008</b><br><b>(Unaudited)</b> | <b>December 31, 2007</b><br><b>(Audited)</b> |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------|
| <b>ASSETS</b>                                                                                                              |                                            |                                              |
| Cash and due from banks                                                                                                    | \$ 102,001                                 | \$ 74,879                                    |
| Securities available for sale                                                                                              | 440,098                                    | 358,822                                      |
| Other investments                                                                                                          | 26,426                                     | 13,833                                       |
| Loans held for sale                                                                                                        | 1,765                                      | 899                                          |
| Portfolio loans, net of allowance for loan losses of \$38,796 at June 30, 2008 and \$34,345 at December 31, 2007           | 3,427,102                                  | 2,761,695                                    |
| Premises and equipment, net                                                                                                | 45,776                                     | 37,629                                       |
| Goodwill                                                                                                                   | 163,059                                    | 50,087                                       |
| Other intangibles, net                                                                                                     | 14,475                                     | 2,461                                        |
| Bank owned life insurance                                                                                                  | 50,255                                     | 35,626                                       |
| Other assets                                                                                                               | 82,611                                     | 71,690                                       |
| <b>Total Assets</b>                                                                                                        | <b>\$ 4,353,568</b>                        | <b>\$ 3,407,621</b>                          |
| <b>LIABILITIES</b>                                                                                                         |                                            |                                              |
| Deposits:                                                                                                                  |                                            |                                              |
| Noninterest-bearing demand                                                                                                 | \$ 593,339                                 | \$ 459,708                                   |
| Interest-bearing demand                                                                                                    | 216,203                                    | 151,686                                      |
| Money market                                                                                                               | 212,286                                    | 144,408                                      |
| Savings                                                                                                                    | 897,265                                    | 946,967                                      |
| Time deposits                                                                                                              | 1,195,466                                  | 919,056                                      |
| <b>Total Deposits</b>                                                                                                      | <b>3,114,559</b>                           | <b>2,621,825</b>                             |
| Securities sold under repurchase agreements and federal funds purchased                                                    | 197,045                                    | 100,258                                      |
| Short-term borrowings                                                                                                      | 275,000                                    | 80,000                                       |
| Long-term borrowings                                                                                                       | 190,545                                    | 201,021                                      |
| Junior subordinated debt                                                                                                   | 90,619                                     | 25,000                                       |
| Other liabilities                                                                                                          | 47,301                                     | 41,957                                       |
| <b>Total Liabilities</b>                                                                                                   | <b>3,915,069</b>                           | <b>3,070,061</b>                             |
| <b>SHAREHOLDERS EQUITY</b>                                                                                                 |                                            |                                              |
| 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<br>Issued 29,714,038 shares in 2008 and 2007 | 74,285                                     | 74,285                                       |
| Additional paid-in capital                                                                                                 | 42,478                                     | 27,502                                       |
| Retained earnings                                                                                                          | 388,233                                    | 375,654                                      |
| Accumulated other comprehensive (loss) income                                                                              | (2,755)                                    | 2,900                                        |
| Treasury stock (2,305,405 shares at June 30, 2008 and 5,162,951 shares at December 31, 2007, at cost)                      | (63,742)                                   | (142,781)                                    |
| <b>Total Shareholders Equity</b>                                                                                           | <b>438,499</b>                             | <b>337,560</b>                               |
| <b>Total Liabilities and Shareholders Equity</b>                                                                           | <b>\$ 4,353,568</b>                        | <b>\$ 3,407,621</b>                          |

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<br>June 30, |               | Six Months Ended<br>June 30, |                |
|-------------------------------------------------------------------------|--------------------------------|---------------|------------------------------|----------------|
|                                                                         | 2008                           | 2007          | 2008                         | 2007           |
| <i>(dollars and share data in thousands, except per share data)</i>     |                                |               |                              |                |
| <b>INTEREST INCOME</b>                                                  |                                |               |                              |                |
| Loans, including fees                                                   | \$ 46,520                      | \$ 50,156     | \$ 93,321                    | \$ 98,888      |
| Deposits with banks and federal funds sold                              |                                | 4             | 1                            | 5              |
| Investment securities:                                                  |                                |               |                              |                |
| Taxable                                                                 | 2,781                          | 2,991         | 5,407                        | 6,063          |
| Tax-exempt                                                              | 746                            | 649           | 1,389                        | 1,310          |
| Dividends                                                               | 386                            | 474           | 773                          | 942            |
| <b>Total Interest Income</b>                                            | <b>50,433</b>                  | <b>54,274</b> | <b>100,891</b>               | <b>107,208</b> |
| <b>INTEREST EXPENSE</b>                                                 |                                |               |                              |                |
| Deposits                                                                | 11,929                         | 19,960        | 27,203                       | 39,556         |
| Securities sold under repurchase agreements and federal funds purchased | 367                            | 1,151         | 835                          | 2,460          |
| Short-term borrowings                                                   | 1,061                          | 826           | 2,003                        | 1,588          |
| Long-term borrowings and junior subordinated debt securities            | 3,434                          | 3,384         | 6,659                        | 6,443          |
| <b>Total Interest Expense</b>                                           | <b>16,791</b>                  | <b>25,321</b> | <b>36,700</b>                | <b>50,047</b>  |
| <b>NET INTEREST INCOME</b>                                              | <b>33,642</b>                  | <b>28,953</b> | <b>64,191</b>                | <b>57,161</b>  |
| Provision for loan losses                                               | (118)                          | 1,305         | 1,161                        | 3,483          |
| <b>Net Interest Income After Provision for Loan Losses</b>              | <b>33,760</b>                  | <b>27,648</b> | <b>63,030</b>                | <b>53,678</b>  |
| <b>NONINTEREST INCOME</b>                                               |                                |               |                              |                |
| Security (losses) gains, net                                            | (1,829)                        | 481           | (1,218)                      | 2,136          |
| Service charges on deposit accounts                                     | 2,754                          | 2,529         | 5,156                        | 4,871          |
| Wealth management fees                                                  | 1,907                          | 1,978         | 3,769                        | 3,833          |
| Letter of credit fees                                                   | 521                            | 682           | 974                          | 1,147          |
| Insurance commissions                                                   | 2,042                          | 1,792         | 4,039                        | 3,686          |
| Mortgage banking                                                        | 218                            | 170           | 192                          | 369            |
| Other                                                                   | 2,361                          | 1,892         | 4,572                        | 3,653          |
| <b>Total Noninterest Income</b>                                         | <b>7,974</b>                   | <b>9,524</b>  | <b>17,484</b>                | <b>19,695</b>  |
| <b>NONINTEREST EXPENSE</b>                                              |                                |               |                              |                |
| Salaries and employee benefits                                          | 10,514                         | 10,073        | 20,574                       | 20,006         |
| Occupancy, net                                                          | 1,536                          | 1,616         | 3,236                        | 2,948          |
| Furniture and equipment                                                 | 1,100                          | 831           | 2,060                        | 1,760          |
| Other taxes                                                             | 788                            | 782           | 1,442                        | 1,540          |
| Data processing                                                         | 1,668                          | 1,301         | 2,739                        | 2,535          |
| Marketing                                                               | 971                            | 648           | 1,662                        | 1,261          |
| Amortization of intangibles                                             | 231                            | 81            | 297                          | 162            |
| FDIC assessment                                                         | 74                             | 77            | 149                          | 153            |
| Other                                                                   | 5,502                          | 2,652         | 8,180                        | 5,283          |
| <b>Total Noninterest Expense</b>                                        | <b>22,384</b>                  | <b>18,061</b> | <b>40,339</b>                | <b>35,648</b>  |
| <b>Income Before Taxes</b>                                              | <b>19,350</b>                  | <b>19,111</b> | <b>40,175</b>                | <b>37,725</b>  |
| Applicable Income Taxes                                                 | 5,489                          | 5,235         | 11,458                       | 10,552         |

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|                                                          |  |                  |                  |                  |                  |
|----------------------------------------------------------|--|------------------|------------------|------------------|------------------|
| <b>Net Income</b>                                        |  | <b>\$ 13,861</b> | <b>\$ 13,876</b> | <b>\$ 28,717</b> | <b>\$ 27,173</b> |
| <b>Earnings per common share:</b>                        |  |                  |                  |                  |                  |
| Net Income Basic                                         |  | \$ 0.55          | \$ 0.56          | \$ 1.15          | \$ 1.09          |
| Net Income Diluted                                       |  | 0.54             | 0.56             | 1.14             | 1.08             |
| Dividends declared per common share                      |  | 0.31             | 0.30             | 0.62             | 0.60             |
| Average Common Shares Outstanding Basic                  |  | 25,322           | 24,690           | 24,929           | 24,955           |
| Average Common Shares Outstanding Diluted                |  | 25,504           | 24,847           | 25,092           | 25,117           |
| 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<br>Income | Common<br>Stock  | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income | Treasury<br>Stock   | Total             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|----------------------------------|----------------------|-------------------------------------------------|---------------------|-------------------|
| <b>Balance at January 1, 2007</b>                                                                                                                                        |                         | <b>\$ 74,285</b> | <b>\$ 26,698</b>                 | <b>\$ 349,447</b>    | <b>\$ 4,014</b>                                 | <b>\$ (115,393)</b> | <b>\$ 339,051</b> |
| Net income for six months ended June 30,<br>2007                                                                                                                         | \$ 27,173               |                  |                                  | 27,173               |                                                 |                     | 27,173            |
| <b>Other comprehensive income, net of tax</b>                                                                                                                            |                         |                  |                                  |                      |                                                 |                     |                   |
| Change in unrealized losses on securities of<br>\$6,493 net of reclassification adjustment for<br>gains included in net income of \$2,136 and tax<br>expense of \$2,474. | (4,019)                 |                  |                                  |                      | (4,019)                                         |                     | (4,019)           |
| Adjustment of deferred pension items                                                                                                                                     | 18                      |                  |                                  |                      | 18                                              |                     | 18                |
| <b>Comprehensive Income</b>                                                                                                                                              | <b>\$ 23,172</b>        |                  |                                  |                      |                                                 |                     |                   |