

S&T BANCORP INC
Form 10-Q
May 10, 2012
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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 March 31, 2012

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 has submitted electronically and posted on its corporate Web site, 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 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 Exchange 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 - 28,913,220 shares as of April 30, 2012

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

<i>(in thousands, except share and per share data)</i>	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Cash and due from banks, including interest-bearing deposits of \$332,852 and \$208,854 at March 31, 2012 and December 31, 2011, respectively	\$ 386,640	\$ 270,526
Securities available-for-sale, at fair value	364,056	357,596
Loans held for sale	3,663	2,850
Portfolio loans, net of unearned income of \$542 and \$715 at March 31, 2012 and December 31, 2011, respectively	3,197,780	3,129,759
Allowance for loan losses	(47,827)	(48,841)
Portfolio loans, net	3,149,953	3,080,918
Bank owned life insurance	60,287	56,755
Premises and equipment, net	39,979	37,755
Federal Home Loan Bank stock, at cost	18,778	18,216
Goodwill	171,395	165,273
Other intangibles, net	6,202	5,728
Other assets	130,022	124,377
Total Assets	\$ 4,330,975	\$ 4,119,994
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 860,108	\$ 818,686
Interest-bearing demand	306,400	283,611
Money market	291,245	278,092
Savings	882,675	802,942
Certificates of deposit	1,181,927	1,152,528
Total Deposits	3,522,355	3,335,859
Securities sold under repurchase agreements	40,638	30,370
Short-term borrowings	75,000	75,000
Long-term borrowings	31,426	31,874
Junior subordinated debt securities	90,619	90,619
Other liabilities	66,519	65,746
Total Liabilities	3,826,557	3,629,468
SHAREHOLDERS EQUITY		
Common stock (\$2.50 par value) Authorized 50,000,000 shares Issued 30,387,313 shares at March 31, 2012 and 29,714,038 shares at December 31, 2011 Outstanding 28,873,043 shares at March 31, 2012 and 28,131,249 shares at December 31, 2011	75,968	74,285
Additional paid-in capital	65,116	52,637
Retained earnings	419,263	421,468

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Accumulated other comprehensive loss	(14,086)	(14,108)
Treasury stock (1,514,270 shares and 1,582,789 shares at March 31, 2012 and December 31, 2011, respectively, at cost)	(41,843)	(43,756)
Total Shareholders' Equity	504,418	490,526
Total Liabilities and Shareholders' Equity	\$ 4,330,975	\$ 4,119,994

See Notes to Consolidated Financial Statements

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

<i>(in thousands, except per share data)</i>	Three Months Ended March 31,	
	2012	2011
INTEREST INCOME		
Loans, including fees	\$ 36,337	\$ 39,649
Investment Securities:		
Taxable	1,944	1,843
Tax-exempt	753	598
Dividends	106	102
Total Interest Income	39,140	42,192
INTEREST EXPENSE		
Deposits	4,751	6,062
Borrowings and junior subordinated debt securities	1,068	1,258
Total Interest Expense	5,819	7,320
NET INTEREST INCOME		
Provision for loan losses	9,272	10,640
Net Interest Income After Provision for Loan Losses	24,049	24,232
NONINTEREST INCOME		
Securities gains, net	840	13
Debit and credit card fees	2,667	2,645
Wealth management fees	2,419	2,050
Service charges on deposit accounts	2,408	2,285
Insurance fees	2,212	2,132
Mortgage banking	671	625
Other	1,852	1,276
Total Noninterest Income	13,069	11,026
NONINTEREST EXPENSE		
Salaries and employee benefits	16,472	13,320
Data processing	3,240	1,504
Professional services and legal	1,900	1,588
Net occupancy	1,784	1,857
Furniture and equipment	1,238	1,177
Joint venture amortization	894	740
Other taxes	774	902

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Marketing	742	601
FDIC assessment	608	1,226
Other	5,131	4,534
Total Noninterest Expense	32,783	27,449
Income Before Taxes	4,335	7,809
Provision for income taxes	855	1,514
Net Income	3,480	6,295
Preferred stock dividends and discount amortization		1,555
Net Income Available to Common Shareholders	\$ 3,480	\$ 4,740
Earnings per common share basic	\$ 0.12	\$ 0.17
Earnings per common share diluted	0.12	0.17
Dividends declared per common share	0.15	0.15
Comprehensive Income	\$ 3,502	\$ 6,240

See Notes to Consolidated Financial Statements

Table of Contents**S&T BANCORP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****(Unaudited)**

<i>(in thousands, except share and per share data)</i>	Comprehensive Income	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at January 1, 2011		\$ 106,137	\$ 74,285	\$ 51,570	\$ 401,734	\$ (6,334)	\$ (48,727)	\$ 578,665
Net income for three months ended March 31, 2011	\$ 6,295				9,495,219			
Money market	-	322	-	322				
Common collective investment trusts	-	13,074,748	-	13,074,748				
Self-directed money market	-	364,831	-	364,831				
Self-directed mutual funds	875,928	-	-	875,928				
Self-directed common stock	507,351	-	-	507,351				
Self-directed investment trust	-	306,828	-	306,828				
Participant loans	-	-	3,015,992	3,015,992				
Total investments measured at fair value	\$ 103,746,383	\$ 13,746,729	\$ 3,015,992	\$ 120,509,104				

At Fair Value as of December 31, 2008

Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 31,010,413	\$ -	\$ -	\$ 31,010,413
Common stock	6,540,199	-	-	6,540,199
Money market	-	340	-	340

Common collective investment				
Trusts	-	8,971,951	-	8,971,951
Self-directed money market	-	205,799	-	205,799
Self-directed mutual funds	592,191	-	-	592,191
Self-directed common stock	261,291	-	-	261,291
Self-directed investment trust	-	90,186	-	90,186
Participant loans	-	-	724,705	724,705
Total investments measured at fair value	\$ 38,404,094	\$ 9,268,276	\$ 724,705	\$ 48,397,075

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended December 31, 2009 and 2008:

	Participant Loans	
	2009	2008
Balance - beginning of period	\$ 724,705	\$ 1,078,076
Issuances, repayments, transfers and settlements - net	2,291,287	(353,371)
Balance - end of period	\$ 3,015,992	\$ 724,705

4. INVESTMENTS

The investment options of the Plan at December 31, 2009, included a Charles Schwab Stable Value Fund, Vanguard mutual funds, common stock of the Company, and other investments as self-directed by participants. Units (shares) of the various investment funds are valued daily at net asset value (which equals market value). The investment options are participant-directed and participants may change their investment elections daily.

The investments that represent 5% or more of the Plan's net assets as of December 31 consist of the following:

	2009	2008
Schwab Stable Value Fund (at contract value)	\$ 12,985,150	\$ 9,407,519
Vanguard Extended Market Index Fund	7,973,309	4,474,956
Vanguard Institutional Index Fund	14,490,006	9,513,563
Vanguard Total Bond Market Index Fund		3,709,563
Vanguard Target Retirement 2015 Fund	12,376,405	
Vanguard Target Retirement 2020 Fund	11,221,376	
Vanguard Target Retirement 2025 Fund	10,359,992	
Vanguard Target Retirement 2030 Fund	6,143,690	
Vanguard Total International Stock Index Fund	8,031,381	4,741,316
Black Hills Corporation common stock	9,495,219	6,540,199

5. **PLAN TERMINATION**

Although it has not expressed any intention to do so, the Company reserves the right to amend or terminate the Plan at any time. Upon termination of the Plan, participants become 100% vested and all assets will be distributed among the participants in accordance with plan provisions.

6. **TAX STATUS**

The IRS has determined and informed the Company by a letter dated October 9, 2001, that the Plan was designed in accordance with applicable Code requirements. The Plan has been amended and restated since receiving the determination letter. However, the Company and Plan administrator believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and the Plan continues to be tax-exempt. The plan sponsor has timely filed for a new determination letter in April of 2010. Therefore, no provision for income taxes has been included in the Plan's financial statements.

7. **PARTY-IN-INTEREST TRANSACTIONS**

The Plan invests in Charles Schwab funds and Black Hills Corporation common stock. These transactions qualify as exempt party-in-interest transactions.

At December 31, 2009 and 2008, the Plan held 356,561 and 242,589 shares, respectively, of common stock of Black Hills Corporation, the sponsoring employer, with a cost basis of \$9,810,473 and \$5,255,522, respectively. The market value of these shares totaled \$9,495,219 and \$6,540,199 at December 31, 2009 and 2008, respectively. During the years ended December 31, 2009 and 2008, the Plan recorded dividend income from this investment of \$412,477 and \$323,243, respectively.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31:

	2009	2008
Net assets available for benefits per the financial statements	\$ 120,498,999	\$ 48,912,328
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	89,598	(435,568)
Net assets available for benefits per the Form 5500	\$ 120,588,597	\$ 48,476,760

For the year ended December 31, the following is a reconciliation of net investment income (loss) per the financial statements to the Form 5500:

	2009	2008
Total net investment income (loss) per the financial Statements	\$ 11,123,874	\$ (18,213,003)
Change in investment income (loss) for fair value of fully benefit-responsive investment contracts	525,166	(460,789)
Total income (loss) on investments per the Form 5500	\$ 11,649,040	\$ (18,673,792)

9. SUBSEQUENT EVENT

Effective January 1, 2010, in conjunction with the partial freeze of our defined benefit pension plans, the Company amended the Plan. This amendment covers all employees with the exception of the bargaining unit employees of Black Hills Power, Cheyenne Light, Fuel and Power Company and certain other employees grandfathered under a prior defined benefit plan election. The amendment provides for a matching contribution of 100% of the eligible employee's annual contribution up to a maximum of 6% of eligible compensation. The amendment also provides certain eligible participants an age and service-based additional employer contribution.

SUPPLEMENTAL SCHEDULE

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BLACK HILLS CORPORATION RETIREMENT SAVINGS PLAN
(EIN: 46-0458824) (Plan No. 003)

FORM 5500, SCHEDULE H, PART IV, LINE 4i —
SCHEDULE OF ASSETS (Held at End of Year)
AS OF DECEMBER 31, 2009

Description	Cost**	Current Value
MONEY MARKET FUND:		
Schwab U.S. Treasury Money Fund*		\$322
COLLECTIVE TRUST:		
Schwab Stable Value Fund*		13,074,748
MUTUAL FUNDS:		
Vanguard Extended Market Index Fund		7,973,309
Vanguard Inflation-Protected Securities Fund		1,895,166
Vanguard Institutional Index Fund		14,490,006
Vanguard REIT Index Fund		1,171,724
Vanguard Total Bond Market Index Fund		5,678,011
Vanguard Total International Stock Index		8,031,381
Vanguard Target Retirement Income Fund		1,042,711
Vanguard Target Retirement 2010 Fund		3,915,476
Vanguard Target Retirement 2015 Fund		12,376,405
Vanguard Target Retirement 2020 Fund		11,221,376
Vanguard Target Retirement 2025 Fund		10,359,992
Vanguard Target Retirement 2030 Fund		6,143,690
Vanguard Target Retirement 2035 Fund		3,634,986
Vanguard Target Retirement 2040 Fund		2,306,235
Vanguard Target Retirement 2045 Fund		2,050,147
Vanguard Target Retirement 2050 Fund		577,270
Total mutual funds		92,867,885
COMMON STOCK – Black Hills Corporation*		9,495,219
SELF-DIRECTED ACCOUNTS		2,054,938
PARTICIPANT LOANS, WITH INTEREST RATES RANGING FROM 4.25% - 10.50% —Maturity dates extending through January 11, 2013*		3,015,992
		\$ 120,509,104

* Denotes party-in-interest
** Cost is not required for participant-directed accounts.

EXHIBIT INDEX

Exhibit Number	Description
23	Consent of Deloitte & Touche LLP

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

Black Hills Corporation
Retirement Savings Plan

By: /s/ ANTHONY S. CLEBERG
Anthony S. Cleberg
Executive Vice President and
Chief Financial Officer

Date: June 23, 2010