

SOUTH STATE Corp
Form 10-Q
November 10, 2014
Table of Contents

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 September 30, 2014

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
(State or other jurisdiction of incorporation)

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 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

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: SOUTH STATE Corp - Form 10-Q

Class
Common Stock, \$2.50 par value

Outstanding as of October 31, 2014
24,140,272

Table of Contents

South State Corporation and Subsidiary

September 30, 2014 Form 10-Q

INDEX

	Page
<u>PART I FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
	<u>Financial Statements</u>
	<u>Condensed Consolidated Balance Sheets at September 30, 2014, December 31, 2013 and September 30, 2013</u>
	1
	<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2014 and 2013</u>
	2
	<u>Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2014 and 2013</u>
	3
	<u>Condensed Consolidated Statements of Changes in Shareholders' Equity for the Nine Months Ended September 30, 2014 and 2013</u>
	4
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2014 and 2013</u>
	5
	<u>Notes to Condensed Consolidated Financial Statements</u>
	6-52
<u>Item 2.</u>	
	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	53-74
<u>Item 3.</u>	
	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	75
<u>Item 4.</u>	
	<u>Controls and Procedures</u>
	75
<u>PART II OTHER INFORMATION</u>	
<u>Item 1.</u>	
	<u>Legal Proceedings</u>
	76-77
<u>Item 1A.</u>	
	<u>Risk Factors</u>
	77
<u>Item 2.</u>	
	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	77
<u>Item 3.</u>	
	<u>Defaults Upon Senior Securities</u>
	78
<u>Item 4.</u>	
	<u>Mine Safety Disclosures</u>
	78
<u>Item 5.</u>	
	<u>Other Information</u>
	78
<u>Item 6.</u>	
	<u>Exhibits</u>
	79

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****South State Corporation and Subsidiary****Condensed Consolidated Balance Sheets***(Dollars in thousands, except par value)*

	September 30, 2014 (Unaudited)	December 31, 2013 (Note 1)	September 30, 2013 (Unaudited)
ASSETS			
Cash and cash equivalents:			
Cash and due from banks	\$ 269,480	\$ 184,611	\$ 292,625
Interest-bearing deposits with banks	7,382	32,632	4,720
Federal funds sold and securities purchased under agreements to resell	226,166	262,218	347,821
Total cash and cash equivalents	503,028	479,461	645,166
Investment securities:			
Securities held to maturity (fair value of \$11,019, \$12,891, and \$12,992, respectively)	10,389	12,426	12,426
Securities available for sale, at fair value	805,114	786,791	626,798
Other investments	10,518	13,386	13,386
Total investment securities	826,021	812,603	652,610
Loans held for sale	56,595	30,586	51,207
Loans:			
Acquired credit impaired (covered of \$197,944, \$289,123, and \$321,969, respectively; non-covered of \$782,548, \$931,515 and \$994,659, respectively), net of allowance for loan losses	980,492	1,220,638	1,316,628
Acquired non-credit impaired (covered of \$9,459, \$7,824, and \$8,430, respectively; non-covered of \$1,367,884, \$1,593,111 and \$1,656,904, respectively)	1,377,343	1,600,935	1,665,334
Non-acquired	3,304,708	2,865,216	2,741,242
Less allowance for non-acquired loan losses	(34,804)	(34,331)	(36,145)
Loans, net	5,627,739	5,652,458	5,687,059
FDIC receivable for loss share agreements	30,983	86,447	108,149
Other real estate owned (covered of \$18,961, \$27,520, and \$40,543, respectively; non-covered of \$32,289, \$37,398, and \$35,330, respectively)	51,250	64,918	75,873
Premises and equipment, net	173,425	188,114	184,959
Bank owned life insurance	98,505	97,197	96,058
Deferred tax assets	60,322	72,914	73,135
Mortgage servicing rights	22,052	20,729	18,908
Core deposit and other intangibles	51,291	59,908	62,195
Goodwill	317,688	317,688	317,688
Other assets	61,189	48,475	55,434
Total assets	\$ 7,880,088	\$ 7,931,498	\$ 8,028,441
LIABILITIES AND SHAREHOLDERS EQUITY			
Deposits:			

Edgar Filing: SOUTH STATE Corp - Form 10-Q

Noninterest-bearing	\$	1,654,308	\$	1,487,798	\$	1,477,793
Interest-bearing		4,863,920		5,067,699		5,181,315
Total deposits		6,518,228		6,555,497		