

FNB CORP/FL/
Form 10-Q
November 05, 2010

**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, 2010**

**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 001-31940

F.N.B. CORPORATION

(Exact name of registrant as specified in its charter)

Florida

25-1255406

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

One F.N.B. Boulevard, Hermitage, PA

16148

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **724-981-6000**

(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller reporting company

(Do not check if a 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 practicable date.

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Class	Outstanding at October 31, 2010
Common Stock, \$0.01 Par Value	114,641,514 Shares

F.N.B. CORPORATION
FORM 10-Q
September 30, 2010
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F.N.B. CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands, except par value

	September 30, 2010	December 31, 2009
	(Unaudited)	
Assets		
Cash and due from banks	\$ 142,615	\$ 160,845
Interest bearing deposits with banks	164,406	149,705
Cash and Cash Equivalents	307,021	310,550
Securities available for sale	738,828	715,349
Securities held to maturity (fair value of \$904,589 and \$796,537)	869,765	775,281
Residential mortgage loans held for sale	16,729	12,754
Loans, net of unearned income of \$40,343 and \$38,173	6,004,577	5,849,361
Allowance for loan losses	(116,627)	(104,655)
Net Loans	5,887,950	5,744,706
Premises and equipment, net	114,320	117,921
Goodwill	528,720	528,710
Core deposit and other intangible assets, net	34,100	39,141
Bank owned life insurance	207,402	205,447
Other assets	288,208	259,218
Total Assets	\$ 8,993,043	\$ 8,709,077
Liabilities		
Deposits:		
Non-interest bearing demand	\$ 1,103,393	\$ 992,298
Savings and NOW	3,307,698	3,182,909
Certificates and other time deposits	2,186,737	2,205,016
Total Deposits	6,597,828	6,380,223
Other liabilities	105,326	86,797
Short-term borrowings	817,582	669,167
Long-term debt	203,257	324,877
Junior subordinated debt	204,204	204,711
Total Liabilities	7,928,197	7,665,775
Stockholders Equity		
Common stock \$0.01 par value		
Authorized 500,000,000 shares		
Issued 114,784,268 and 114,214,951 shares	1,142	1,138
Additional paid-in capital	1,092,828	1,087,369
Retained earnings	(3,126)	(12,833)

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Accumulated other comprehensive loss	(23,481)	(30,633)
Treasury stock 151,418 and 103,256 shares at cost	(2,517)	(1,739)
Total Stockholders Equity	1,064,846	1,043,302
Total Liabilities and Stockholders Equity	\$ 8,993,043	\$ 8,709,077

See accompanying Notes to Consolidated Financial Statements

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F.N.B. CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

Dollars in thousands, except per share data

Unaudited

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Interest Income				
Loans, including fees	\$ 81,507	\$ 81,957	\$ 241,885	\$ 247,871
Securities:				
Taxable	10,524	12,765	33,100	38,342
Nontaxable	1,779	1,836	5,489	5,264
Dividends	17	33	54	120
Other	120	159	326	461
Total Interest Income	93,947	96,750	280,854	292,058
Interest Expense				
Deposits	15,742	20,290	50,072	67,062
Short-term borrowings	2,029	2,072	6,191	6,369
Long-term debt	1,825	4,210	6,462	13,622
Junior subordinated debt	2,092	2,417	5,984	7,658
Total Interest Expense	21,688	28,989	68,709	94,711
Net Interest Income	72,259	67,761	212,145	197,347
Provision for loan losses	12,313	16,455	36,516	40,878
Net Interest Income After Provision for Loan Losses	59,946	51,306	175,629	156,469
Non-Interest Income				
Impairment losses on securities		(14,234)	(9,539)	(15,866)
Non-credit related losses on securities not expected to be sold (recognized in other comprehensive income)		10,943	7,251	11,632
Net impairment losses on securities		(3,291)	(2,288)	(4,234)
Service charges	14,250	14,760	42,634	42,955
Insurance commissions and fees	3,921	3,960	12,094	12,878
Securities commissions and fees	1,794	1,451	5,122	5,247
Trust fees	3,084	2,856	9,430	8,786
Gain on sale of securities	80	154	2,517	498
Gain on sale of residential mortgage loans	964	666	2,339	2,341
Bank owned life insurance	1,448	1,354	3,760	4,400
Other	2,213	1,835	10,864	7,331
Total Non-Interest Income	27,754	23,745	86,472	80,202

Non-Interest Expense				
Salaries and employee benefits	33,831	31,377	100,348	95,096
Net occupancy	4,781	4,741	15,159	15,518
Equipment	4,486	4,517	13,625	13,288
Amortization of intangibles	1,675	1,732	5,041	5,360
Outside services	5,737	5,819	17,144	17,638
FDIC insurance	2,627	2,613	7,890	11,201
Other	11,110	11,522	33,567	31,457
Total Non-Interest Expense	64,247	62,321	192,774	189,558
Income Before Income Taxes	23,453	12,730	69,327	47,113
Income taxes	6,236	2,424	18,208	10,558
Net Income	17,217	10,306	51,119	36,555
Preferred stock dividends and discount amortization		5,496		8,308
Net Income Available to Common Stockholders	\$ 17,217	\$ 4,810	\$ 51,119	\$ 28,247

F.N.B. CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (continued)

Dollars in thousands, except per share data

Unaudited

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Net Income per Common Share				
Basic	\$0.15	\$0.04	\$0.45	\$0.29
Diluted	0.15	0.04	0.45	0.29
Cash Dividends per Common Share	0.12	0.12	0.36	0.36
See accompanying Notes to Consolidated Financial Statements				

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F.N.B. CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Dollars in thousands, except per share data

Unaudited

	Compre- hensive Income	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at January 1, 2010		\$	\$ 1,138	\$ 1,087,369	\$ (12,833)	\$ (30,633)	\$ (1,739)	\$ 1,043,302
Net income	\$ 51,119				51,119			51,119
Change in other comprehensive income, net of tax	7,152					7,152		7,152
Comprehensive income	\$ 58,271							
Common stock dividends (\$0.36/share)					(41,412)			(41,412)
Issuance of common stock			4	3,604			(778)	2,830
Restricted stock compensation				2,060				2,060
Tax expense of stock-based compensation				(205)				(205)
Balance at September 30, 2010		\$	\$ 1,142	\$ 1,092,828	\$ (3,126)	\$ (23,481)	\$ (2,517)	\$ 1,064,846
Balance at January 1, 2009		\$	\$ 894	\$ 953,200	\$ (1,143)	\$ (26,505)	\$ (462)	\$ 925,984
Net income	\$ 36,555				36,555			36,555
Change in other comprehensive income, net of tax	(3,024)					(3,024)		(3,024)
Comprehensive income	\$ 33,531							
Common stock dividends					(35,312)			(35,312)

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(\$0.36/share)							
Preferred stock dividends and amortization of discount	4,975			(8,308)			(3,333)
Issuance of preferred stock and common stock warrant	95,025		4,723				99,748
Redemption of preferred stock	(100,000)						(100,000)
Issuance of common stock		243	126,924		(1,290)		125,877
Restricted stock compensation			1,689				1,689
Tax expense of stock-based compensation			(158)				(158)
Cumulative effect of applying FSP 115-2 and 124-2					4,563		4,563
Balance at September 30, 2009	\$	\$ 1,137	\$ 1,086,378	\$ (3,645)	\$ (29,529)	\$ (1,752)	\$ 1,052,589

See accompanying Notes to Consolidated Financial Statements

F.N.B. CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in thousands

Unaudited

	Nine Months Ended	
	September 30,	
	2010	2009
Operating Activities		
Net income	\$ 51,119	\$ 36,555
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	21,558	20,106
Provision for loan losses	36,516	40,878
Deferred taxes	(3,137)	(19,388)
Gain on sale of securities	(2,517)	(498)
Other-than-temporary impairment losses on securities	2,288	4,234
Tax expense of stock-based compensation	205	158
Net change in:		
Interest receivable	275	2,166
Interest payable	(1,685)	(2,741)
Residential mortgage loans held for sale	(3,975)	(8,355)
Bank owned life insurance	(2,289)	(53)
Other, net	14,145	30,964
Net cash flows provided by operating activities	112,503	104,026
Investing Activities		
Net change in loans	(204,584)	(72,289)
Securities available for sale:		
Purchases	(335,865)	(449,945)
Sales	59,459	758
Maturities	259,191	235,469
Securities held to maturity:		
Purchases	(278,089)	(155,467)
Maturities	181,662	194,762
Purchase of bank owned life insurance	(27)	(8)
Withdrawal/surrender of bank owned life insurance	360	13,700
Increase in premises and equipment	(5,305)	(5,758)
Acquisitions, net of cash acquired		47
Net cash flows used in investing activities	(323,198)	(238,731)
Financing Activities		
Net change in:		
Non-interest bearing deposits, savings and NOW accounts	235,883	309,293
Time deposits	(18,278)	(105,133)

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Short-term borrowings	148,415	10,144
Increase in long-term debt	108,871	26,502
Decrease in long-term debt	(230,492)	(137,495)
Decrease in junior subordinated debt	(506)	(506)
Issuance of preferred stock and common stock warrant		99,748
Redemption of preferred stock		(100,000)
Net proceeds from issuance of common stock	4,890	127,566
Tax expense of stock-based compensation	(205)	(158)
Cash dividends paid	(41,412)	(38,645)
Net cash flows provided by financing activities	207,166	191,316
Net (Decrease) Increase in Cash and Cash Equivalents	(3,529)	56,611
Cash and cash equivalents at beginning of period	310,550	172,203
Cash and Cash Equivalents at End of Period	\$ 307,021	\$ 228,814

See accompanying Notes to Consolidated Financial Statements

F.N.B. CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands, except per share data

(Unaudited)

September 30, 2010

BUSINESS

F.N.B. Corporation (the Corporation) is a diversified financial services company headquartered in Hermitage, Pennsylvania. Its primary businesses include community banking, consumer finance, wealth management and insurance. The Corporation also conducts leasing and merchant banking activities. The Corporation operates its community banking business through a full service branch network in Pennsylvania and Ohio. The Corporation operates its wealth management and insurance businesses within the existing branch network. It also conducts selected consumer finance business in Pennsylvania, Ohio and Tennessee.