

Section 1: 8-K (FORM 8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 30, 2019



SELECT BANCORP, INC.

(Exact Name of Registrant as Specified in Charter)

North Carolina
(State or Other Jurisdiction
of Incorporation)

000-50400
(Commission File Number)

20-0218264
(IRS Employer
Identification No.)

700 W. Cumberland Street, Dunn, North Carolina
(Address of Principal Executive Offices)

28334
(Zip Code)

Registrant's Telephone Number, Including Area Code: **(910) 892-7080**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:

Trading Symbol(s)

Name of each exchange on which registered:

Common Stock, par value \$1.00 per share

SLCT

The Nasdaq Stock Market LLC

Item 2.02. Results of Operations and Financial Condition.

On April 30, 2019, Select Bancorp, Inc. issued a press release announcing financial results for the three months ended March 31, 2019. A copy of the press release is furnished as Exhibit 99.1 hereto and incorporated by reference herein.

Pursuant to General Instruction B.2 of Current Report on Form 8-K, the information contained in, or incorporated into, Item 2.02, including the press release attached as Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any registration statement or other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference to such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Press release dated April 30, 2019, regarding financial results for the three months ended March 31, 2019.</u>

SIGNATURES

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

SELECT BANCORP, INC.

Date: May 2, 2019

By: /s/ Mark A. Jeffries
Mark A. Jeffries
Executive Vice President and Chief Financial Officer

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Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



FOR RELEASE:

Mark A. Jeffries
Executive Vice President
Chief Financial Officer
Office: 910-892-7080 and Direct: 910-897-3603
markj@SelectBank.com
SelectBank.com

April 30, 2019

SELECT BANCORP REPORTS FIRST QUARTER 2019 EARNINGS

DUNN, NC . . . Select Bancorp, Inc. (the "Company" **NASDAQ: SLCT**), the holding company for Select Bank & Trust Company, today reported net income for the quarter ended March 31, 2019 of \$3.3 million with basic and diluted earnings per share of \$0.17, compared to net income of \$1.9 million and basic earnings per share of \$0.14 and diluted earnings per share of \$0.13 for the comparative quarter ended March 31, 2018.

Total assets, deposits, and total gross loans for the Company as of March 31, 2019 were \$1.2 billion, \$951.0 million, and \$991.8 million, respectively, compared to total assets of \$1.2 billion, total deposits of \$1.0 billion, and total loans of \$978.3 million as of the same date in 2018. The decrease in deposits was primarily due to the reduction in wholesale deposits.

Results for the three months ended March 31, 2019 continued to show the impact of the acquisition of Carolina Premier Bank and the expanded market opportunity in Charlotte and upstate South Carolina. The acquisition of Carolina Premier was completed on December 15, 2017. The results for the three months ended March 31, 2018, included \$1.4 million in after-tax merger-related expenses. For the three months ended March 31, 2019, return on average assets was 1.08% and return on average equity was 6.32%, compared to 0.64% and 5.61%, respectively, for the three months ended March 31, 2018. Non-performing loans were \$11.6 million at March 31, 2019 and December 31, 2018, respectively. Non-performing loans equaled 1.17% of total loans at March 31, 2019, decreasing from 1.18% of total loans at December 31, 2018. Foreclosed real estate equaled \$1.0 million at March 31, 2019, compared to \$1.1 million at December 31, 2018. For the first quarter of 2019, net charge-offs were \$217,000, or 0.11% of average loans, compared to net charge offs of \$25,000, or 0.01% of average loans for the quarter ended December 31, 2018. At March 31, 2019, the allowance for loan losses was \$8.5 million, or 0.86% of total loans, as compared to \$8.7 million, or 0.88% of total loans, at December 31, 2018.

Net interest margin was 4.09% for the quarter ended March 31, 2019, as compared to 4.03% for the quarter ended December 31, 2018.

Select Bank & Trust remains future-focused and continues to build its franchise based on common sense banking by opening a 19th branch office in Holly Springs, NC, to serve the greater Raleigh market and announcing the proposed acquisition of the Virginia Beach, VA location of City National Bank of West Virginia. The Holly Springs branch opened on February 19, 2019 and Virginia Beach is expected to begin operating as Select Bank & Trust Company in the second quarter of 2019. Management will continue its forward-thinking continuous review of locations and their performance with the goal of overall franchise profit potential.

“Our franchise is based on exciting market opportunities and continued expansion of our existing markets and customer relationships. Our solid market position in our North Carolina markets, our expansion in growth areas of the state, our South Carolina market extension and the anticipated move into Virginia Beach support our focus. We will continue to round out our nice footprint in the southeast,” stated William L. Hedgepeth, II, President and CEO of the Company. “Our new branch location in Holly Springs will support customers in the Raleigh area, where we intend to be very active. It is a good start to 2019 for Select Bank & Trust and we will work hard to achieve our goals.”

Select Bank & Trust has 19 branch offices in these North Carolina communities: Dunn, Burlington, Charlotte, Clinton, Elizabeth City, Fayetteville, Goldsboro, Greenville, Holly Springs (Raleigh area), Leland, Lillington, Lumberton, Morehead City, Raleigh, Washington and Wilmington; and in the following South Carolina communities: Blacksburg, Rock Hill and Six Mile.

About Select Bancorp, Inc.

Select Bancorp, Inc. is a bank holding company headquartered in Dunn, North Carolina. The Company primarily conducts operations through its wholly owned subsidiary, Select Bank & Trust Company, a North Carolina-chartered commercial bank that provides a full suite of banking services through its offices in North Carolina and South Carolina. The Company’s common stock is listed on the Nasdaq Global Market under the symbol “SLCT”.

Non-GAAP Financial Measures

Certain financial measures we use to evaluate our performance and discuss in this release and the accompanying tables are identified as being “non-GAAP financial measures.” In accordance with the rules of the Securities and Exchange Commission, or the SEC, we classify a financial measure as being a non-GAAP (generally accepted accounting principles) financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the United States in our statements of operations, balance sheet or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures or ratios or statistical measures calculated using exclusively either financial measures calculated in accordance with GAAP, operating measures or other measures that are not non-GAAP financial measures or both.

The non-GAAP financial measures that we discuss in this release should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss in this release may differ from that of other companies reporting measures with similar names. You should understand how such other banking organizations calculate their financial measures similar or with names similar to the non-GAAP financial measures we have discussed in this release when comparing such non-GAAP financial measures.

Tangible book value per share is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. We calculate: (a) tangible common equity as shareholders’ equity less goodwill and core deposit intangibles; and (b) tangible book value per share as tangible common equity (as described in clause (a)) divided by shares of common stock outstanding. For tangible book value per share, the most directly comparable financial measure calculated in accordance with GAAP is our book value per common share. A reconciliation of tangible book value per share to book value per share is included following the “Selected Financial Information and Other Data” table below.

We believe that this measure is important to many investors in the marketplace who are interested in changes from period to period in book value per common share exclusive of changes in intangible assets. Goodwill and other intangible assets have the effect of increasing total book value while not increasing our tangible book value.

Important Note Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (i) statements regarding certain of our goals and expectations with respect to earnings, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to anticipated market share growth, and (ii) statements preceded by, followed by or that include the words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “projects,” “outlook” or similar expressions. The actual results might differ materially from those projected in the forward-looking statements for various reasons, including, but not limited to: our ability to manage growth; substantial changes in financial markets; our ability to obtain the synergies and expense efficiencies anticipated from mergers and acquisitions; regulatory changes; changes in interest rates; loss of deposits and loan demand to other savings and financial institutions; and changes in real estate values and the real estate market. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the Company’s SEC filings, including its periodic reports under the Securities Exchange Act of 1934, as amended, copies of which are available upon request from the Company. Except as required by law, the Company assumes no obligation to update the forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

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end loans	0.86%	0.88%	0.92%	0.96%	0.92%	0.88%	0.90%	1.24%
Delinquency ratio ⁽⁵⁾	0.73%	0.51%	0.53%	0.51%	0.25%	0.51%	0.63%	0.44%
Net loan charge-offs (recoveries) to average loans ⁽²⁾	0.11%	0.01%	(0.01)%	(0.01)%	0.01%	0.00%	0.13%	0.02%

- (1) Tangible book value per share (a non-GAAP measure) is equal to total shareholders' equity less goodwill, preferred stock and core deposit intangibles, divided by the number of outstanding shares of our common stock at the end of the relevant period. Please refer to the table below for a reconciliation of this non-GAAP measure.
- (2) Annualized.
- (3) Efficiency ratio is calculated as non-interest expenses divided by the sum of net interest income and non-interest income.
- (4) Nonperforming loans consist of non-accrual loans and restructured loans.
- (5) Delinquency Ratio includes loans 30–89 days past due and excludes non-accrual loans.
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Reconciliation of GAAP to Non-GAAP Measures
(\$ in thousands, except per share data)
(Unaudited)

	March 31, 2018	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2018	December 31, 2017	December 31, 2016
Tangible common equity								
Total shareholders' equity	\$ 213,451	\$ 209,611	\$ 204,705	\$ 140,702	\$ 137,673	\$ 209,611	\$ 136,115	\$ 104,273
Adjustments:								
Goodwill	24,579	24,579	24,579	24,579	24,579	24,579	24,904	6,931
Core deposit intangibles	1,866	2,085	2,318	2,564	2,826	2,085	3,101	810
Tangible common equity	<u>\$ 187,006</u>	<u>\$ 182,947</u>	<u>\$ 177,808</u>	<u>\$ 113,559</u>	<u>\$ 110,268</u>	<u>\$ 182,947</u>	<u>\$ 108,110</u>	<u>\$ 96,532</u>
Common shares outstanding ⁽¹⁾	19,326,485	19,311,505	19,296,121	14,024,887	14,013,917	19,311,505	14,009,137	11,645,413
Book value per common share ⁽²⁾	\$ 11.04	\$ 10.85	\$ 10.61	\$ 10.03	\$ 9.82	\$ 10.85	\$ 9.72	\$ 8.95
Tangible book value per common share ⁽³⁾	\$ 9.68	\$ 9.47	\$ 9.21	\$ 8.10	\$ 7.87	\$ 9.47	\$ 7.72	\$ 8.29

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- (1) Excludes the dilutive effect of common stock issuable upon exercise of outstanding stock options. The number of exercisable options outstanding was 49,668 as of March 31, 2019; 57,787 as of December 31, 2018; 58,279 as of September 30, 2018; 67,398 as of June 30, 2018; 70,069 as of March 31, 2018; and 63,927 as of December 31, 2017.
- (2) We calculate book value per common share as shareholders' equity less preferred stock at the end of the relevant period divided by the outstanding number of shares of our common stock at the end of the relevant period.
- (3) We calculate tangible book value per common share as total shareholders' equity less goodwill, preferred stock and core deposit intangibles, divided by the number of outstanding shares of our common stock at the end of the relevant period.
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