

Sandhills Bank buys three Horry County State Bank branches

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The Horry County State Bank branch in Carolina Forest (above) is one of three HCSB locations that were recently purchased by Sandhills Bank, which is based in North Myrtle Beach, and is building another branch in Carolina Forest off International Drive.

Jim Smith is rapidly learning what most people living and working in Carolina Forest already know.

"Back in 2007, nobody was talking about McLeod Health buying 40 acres and StarTek eventually employing hundreds of people," the president and CEO of Sandhills Bank said of the International Drive area. "It's already surpassing the expectations that I had."

That's good news for the North Myrtle Beach-bank which is on the verge of closing one the biggest deals in the financial institution's history.

Sandhills Bank is building a new branch at International Drive that it hopes to open by the first quarter of 2016.

It also acquired three Horry County State Bank branch locations, including one in Carolina Forest, that officially convert to Sandhills Bank branches on Aug. 10. The real estate closing was scheduled for Friday, Aug. 7.

Smith said the long-term plan for Sandhills since 2007 has been focused on expansion, but the Great Recession that hit in 2008 postponed those plans a few years.

“For us, we recapitalized our company back in 2009. We went through some bad times, there’s no bank in this area that did not,” Smith said. “We got some additional investors in our bank and strengthened our position. We’ve got a lot going on right now, but it’s an exciting time.”

In a May 14 filing with the Securities and Exchange Commission, Horry County State Bank said it entered into an agreement with Sandhills Bank on March 24 to sell the following HCSB branches:

- 4400 Highway 17 South, North Myrtle Beach,
- 273 Carolina Forest Blvd, Myrtle Beach
- 4600 Highway 17 Bypass South, Myrtle Beach

“This reduction in assets is expected to be beneficial to the bank’s capital position,” James Clarkson, president and CEO of Horry County State Bank, said in the filing.

Smith said Sandhills has seen tremendous growth in the past few years.

Since 2012, the bank has experienced 25 percent loan growth in each of the last three years.

The acquisition of three HCSB branches is estimated to increase Sandhills’ overall deposit base by almost 50 percent, Smith said.

"This allows us to have more coverage in the market," he said. "We're a very strong, healthy bank that's not super-aggressive, but with an aggressive growth strategy."

Not only are former HCSB employees at the three branches being retained, Sandhills is hiring for additional positions.

About 10 people are employed at the Carolina Forest Boulevard location. New hires will be across the board, including at Sandhills' headquarters in North Myrtle Beach.

"When you're increasing the size of the company, in some respects 40 percent and in others 100 percent overnight, you need additional back office personnel folks to help service those accounts behind the scenes," Smith said.

The three HCSB branches that sold closed around noon Friday. Almost immediately, the conversion from HCSB to Sandhills took place over the weekend. By Monday, HCSB customers converted to Sandhills.

Notices have been mailed out to customers and most will see little to no change in their accounts.

Accounts with fixed interest rates, such as CDs and IRAs, will remain the same after the conversion. There'll be some minor changes in variable rate accounts, such as money market accounts or interest bearing checking accounts.

Individual checking accounts may change in name, but most of Sandhills' account features align similarly to those offered by HCSB, Smith said.

Former HCSB customers will also have access to Sandhills' mobile deposit service, which allows people to make deposits by photographing their checks with a smart phone.

"All in all, most of the [features] won't be that different," Smith said. "Horry County State Bank is a community bank. We're smaller than they are, but of similar community banking mindset. We all offer similar services."