

QCR HOLDINGS INC  
Form 10-Q  
May 09, 2018

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

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 0-22208

**QCR HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**42-1397595**

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

**3551 7<sup>th</sup> Street, Moline, Illinois 61265**

(Address of principal executive offices, including zip code)

**(309) 736-3580**

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

Smaller reporting company  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.

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 the issuer's classes of common stock as of the latest practicable date: As of May 1, 2018, the Registrant had outstanding 13,952,800 shares of common stock, \$1.00 par value per share.



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Throughout this Quarterly Report on Form 10-Q, we use certain acronyms and abbreviations, as defined in Note 1.

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**QCR HOLDINGS,  
INC. AND  
SUBSIDIARIES  
CONSOLIDATED  
BALANCE  
SHEETS  
(UNAUDITED)  
As of March 31,  
2018 and  
December 31, 2017**

	March 31, 2018	December 31, 2017
<b>ASSETS</b>		
Cash and due from banks	\$61,845,988	\$75,721,663
Federal funds sold	14,505,000	30,197,000
Interest-bearing deposits at financial institutions	45,051,555	55,765,012
Securities held to maturity, at amortized cost	378,584,337	379,474,205
Securities available for sale, at fair value	259,644,940	272,907,907
Total securities	638,229,277	652,382,112
Loans receivable held for sale	279,750	645,001
Loans/leases receivable held for investment	3,054,622,689	2,963,840,399
Gross loans/leases receivable	3,054,902,439	2,964,485,400
Less allowance for estimated losses on loans/leases	(36,532,602 )	(34,355,728 )
Net loans/leases receivable	3,018,369,837	2,930,129,672
Bank-owned life insurance	59,477,481	59,059,494
Premises and equipment, net	63,564,277	62,838,255
Restricted investment securities	22,413,075	19,782,525
Other real estate owned, net	12,750,023	13,558,308
Goodwill	28,334,092	28,334,092
Core deposit intangible	8,774,402	9,078,953
Other assets	52,999,407	45,817,687
Total assets	\$4,026,314,414	\$3,982,664,773
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing	\$784,815,082	\$789,547,696
Interest-bearing	2,495,186,410	2,477,107,360
Total deposits	3,280,001,492	3,266,655,056
Short-term borrowings	16,859,753	13,993,122
Federal Home Loan Bank advances	216,345,000	192,000,000

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Other borrowings	64,062,500	66,000,000
Junior subordinated debentures	37,534,402	37,486,487
Other liabilities	51,083,350	53,242,979
Total liabilities	3,665,886,497	3,629,377,644

**STOCKHOLDERS' EQUITY**

Preferred stock, \$1 par value; shares authorized 250,000 March 2018 and December 2017 - No shares issued or outstanding	-	-
Common stock, \$1 par value; shares authorized 20,000,000 March 2018 - 13,936,957 shares issued and outstanding December 2017 - 13,918,168 shares issued and outstanding	13,936,957	13,918,168
Additional paid-in capital	189,684,858	189,077,550
Retained earnings	162,345,792	151,962,661
Accumulated other comprehensive loss:		
Securities available for sale	(4,917,148 )	(866,223 )
Interest rate cap derivatives	(622,542 )	(805,027 )
Total stockholders' equity	360,427,917	353,287,129
Total liabilities and stockholders' equity	\$4,026,314,414	\$3,982,664,773

See Notes to  
Consolidated  
Financial  
Statements  
(Unaudited)



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**QCR HOLDINGS,  
INC. AND  
SUBSIDIARIES  
CONSOLIDATED  
STATEMENTS  
OF INCOME  
(UNAUDITED)  
Three Months  
Ended March 31,**

	2018	2017
Interest and dividend income:		
Loans/leases, including fees	\$34,213,732	\$27,211,417
Securities:		
Taxable	1,555,884	1,142,235
Nontaxable	3,289,002	2,647,722
Interest-bearing deposits at financial institutions	197,003	198,652
Restricted investment securities	234,344	130,430
Federal funds sold	56,331	14,643
Total interest and dividend income	39,546,296	31,345,099
Interest expense:		
Deposits	4,881,149	2,232,756
Short-term borrowings	32,913	23,960
Federal Home Loan Bank advances	1,064,113	403,469
Other borrowings	718,176	683,208
Junior subordinated debentures	447,027	332,823
Total interest expense	7,143,378	3,676,216
Net interest income	32,402,918	27,668,883
Provision for loan/lease losses	2,539,839	2,105,109
Net interest income after provision for loan/lease losses	29,863,079	25,563,774
Noninterest income:		
Trust department fees	2,237,081	1,740,207
Investment advisory and management fees	952,344	961,599
Deposit service fees	1,531,453	1,316,390
Gains on sales of residential real estate loans, net	100,815	96,323
Gains on sales of government guaranteed portions of loans, net	358,434	950,641
Swap fee income	958,694	113,520
Earnings on bank-owned life insurance	417,987	469,687
Debit card fees	766,108	702,801
Correspondent banking fees	264,827	245,189
Other	953,706	687,397
Total noninterest income	8,541,449	7,283,754

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Noninterest expense:		
Salaries and employee benefits	15,977,975	13,307,331
Occupancy and equipment expense	3,065,811	2,502,219
Professional and data processing fees	2,707,716	2,083,392
Acquisition costs	92,539	5,630
FDIC insurance, other insurance and regulatory fees	756,211	621,242
Loan/lease expense	290,747	293,538
Net cost of operations of other real estate	131,742	14,230
Advertising and marketing	693,239	609,431
Bank service charges	440,571	423,901
Correspondent banking expense	204,754	198,351
CDI amortization	304,551	230,867
Other	1,197,641	982,985
Total noninterest expense	25,863,497	21,273,117
Net income before income taxes		