

QCR HOLDINGS INC
Form 10-Q
August 10, 2009

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ending June 30, 2009

o **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 ID Number)

3551 7th Street, Suite 204, Moline, Illinois 61265

(Address of principal executive offices)

(309) 736-3580

(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 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 definition of "accelerated filer," "large 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 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 August 1, 2009, the Registrant had outstanding 4,546,990 shares of common stock, \$1.00 par value per share.

QCR HOLDINGS, INC. AND SUBSIDIARIES
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QCR HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
As of June 30, 2009 and December 31, 2008

	June 30, 2009	December 31, 2008
ASSETS		
Cash and due from banks	\$ 26,912,711	\$ 33,464,074
Federal funds sold	11,672,135	20,695,898
Interest-bearing deposits at financial institutions	40,547,373	2,113,904
Securities held to maturity, at amortized cost	350,000	350,000
Securities available for sale, at fair value	321,111,319	255,726,415
Total securities	321,461,319	256,076,415
Loans receivable held for sale	7,007,416	7,377,648
Loans/leases receivable held for investment	1,218,842,608	1,207,311,984
Gross loans/leases receivable	1,225,850,024	1,214,689,632
Less allowance for estimated losses on loans/leases	(22,494,949)	(17,809,170)
Net loans/leases receivable	1,203,355,075	1,196,880,462
Premises and equipment, net	30,676,180	31,389,267
Goodwill	3,222,688	3,222,688
Accrued interest receivable	7,569,223	7,835,835
Bank-owned life insurance	28,064,037	27,450,751
Other assets	27,375,811	26,499,720
Total assets	\$ 1,700,856,552	\$ 1,605,629,014
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 155,550,851	\$ 161,126,120
Interest-bearing	873,485,374	897,832,478
Total deposits	1,029,036,225	1,058,958,598
Short-term borrowings	138,945,235	101,456,950
Federal Home Loan Bank advances	209,350,000	218,695,000
Other borrowings	140,069,939	75,582,634
Junior subordinated debentures	36,085,000	36,085,000

Other liabilities	20,189,897	22,355,661
Total liabilities	1,573,676,296	1,513,133,843

STOCKHOLDERS EQUITY

Preferred stock, \$1 par value; shares authorized 250,000		
June 2009 - 38,805 shares issued and outstanding		
December 2008 - 568 shares issued and outstanding	38,805	568
Common stock, \$1 par value; shares authorized 10,000,000		
June 2009 - 4,663,141 shares issued and 4,541,895 outstanding		
December 2008 - 4,630,883 shares issued and 4,509,637 outstanding	4,663,141	4,630,883
Additional paid-in capital	81,904,170	43,090,268
Retained earnings	38,195,096	40,893,304
Accumulated other comprehensive income	2,346,338	3,628,360
Noncontrolling interests	1,639,216	1,858,298
	128,786,766	94,101,681
Treasury Stock	1,606,510	1,606,510
June 2009 - 121,246 common shares, at cost		
December 2008 - 121,246 common shares, at cost		
Total stockholders equity	127,180,256	92,495,171
Total liabilities and stockholders equity	\$ 1,700,856,552	\$ 1,605,629,014

See Notes to Consolidated Financial Statements

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QCR HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
Three Months Ended June 30,

	2009	2008
Interest and dividend income:		
Loans/leases, including fees	\$ 18,096,027	\$ 18,049,992
Securities:		
Taxable	2,746,713	2,641,149
Nontaxable	250,129	239,738
Interest-bearing deposits at financial institutions	91,461	52,934
Federal funds sold	37,309	16,755
 Total interest and dividend income	 21,221,639	 21,000,568
 Interest expense:		
Deposits	4,902,763	5,737,449
Short-term borrowings	193,287	907,898
Federal Home Loan Bank advances	2,269,321	1,997,740
Other borrowings	1,137,471	598,814
Junior subordinated debentures	513,951	566,928
 Total interest expense	 9,016,793	 9,808,829
 Net interest income	 12,204,846	 11,191,739
 Provision for loan/lease losses	 4,875,745	 1,355,343
 Net interest income after provision for loan/lease losses	 7,329,101	 9,836,396
 Non-interest income:		
Credit card issuing fees, net of processing costs	292,885	242,603
Trust department fees	701,314	847,413
Deposit service fees	788,043	787,447
Gains on sales of loans, net	673,212	322,793
Other-than-temporary impairment losses on securities	(192,014)	
Gains on sales of foreclosed assets	186,697	4,584
Earnings on bank-owned life insurance	322,246	279,021
Investment advisory and management fees, gross	351,367	671,373
Other	379,040	498,744
 Total non-interest income	 3,502,790	 3,653,978
 Non-interest expense:		
Salaries and employee benefits	7,081,337	6,580,978

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Professional and data processing fees	1,202,696	1,135,899
Advertising and marketing	207,353	340,113
Occupancy and equipment expense	1,272,915	1,204,546
Stationery and supplies	146,739	132,351
Postage and telephone	291,518	222,661
Bank service charges	114,583	140,174
FDIC and other insurance	1,470,701	314,921
Other	634,720	415,945
 Total non-interest expense	 12,422,562	 10,487,588
 Income (loss) from continuing operations before income taxes	 (1,590,671)	 3,002,786
Federal and state income tax expense (benefit) from continuing operations	(831,159)	873,178
 Income (loss) from continuing operations	 (759,512)	 2,129,608
	(continued)	

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QCR HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (continued)
Three Months Ended June 30,

	2009	2008
Discontinued operations (Note 2):		
Operating income from merchant credit card acquiring business		149,127
Operating loss from First Wisconsin Bank & Trust		(537,001)
Loss from discontinued operations before income taxes		(387,874)
Federal and state income tax benefit from discontinued operations		(158,990)
Loss from discontinued operations		(228,884)
Net income (loss)	\$ (759,512)	\$ 1,900,724
Less: Net income attributable to noncontrolling interests	60,932	128,435
Net income (loss) attributable to QCR Holdings, Inc.	\$ (820,444)	\$ 1,772,289
Amounts attributable to QCR Holdings, Inc.:		
Income (loss) from continuing operations	\$ (820,444)	\$ 2,001,173
Loss from discontinued operations		(228,884)
Net income (loss)	\$ (820,444)	\$ 1,772,289
Less: Preferred stock dividends and discount accretion	1,085,202	446,125
Net income (loss) attributable to QCR Holdings, Inc. common stockholders	\$ (1,905,646)	\$ 1,326,164
Basic earnings (loss) per common share (Note 3):		
Income (loss) from continuing operations attributable to QCR Holdings, Inc.	(0.42)	0.34
Loss from discontinued operations attributable to QCR Holdings, Inc.		(0.05)
Net income (loss) attributable to QCR Holdings, Inc.	\$ (0.42)	\$ 0.29
Diluted earnings (loss) per common share (Note 3):		
Income (loss) from continuing operations attributable to QCR Holdings, Inc.	(0.42)	0.34
Loss from discontinued operations attributable to QCR Holdings, Inc.		(0.05)
Net income (loss) attributable to QCR Holdings, Inc.	\$ (0.42)	\$ 0.29
Weighted average common shares outstanding	4,540,854	4,611,751
Weighted average common and common equivalent shares outstanding	4,540,854	4,634,705
Cash dividends declared per common share	\$ 0.04	\$ 0.04

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QCR HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
Six Months Ended June 30,

	2009	2008
Interest and dividend income:		
Loans/leases, including fees	\$ 36,172,082	\$ 36,313,434
Securities:		
Taxable	5,366,750	5,275,571
Nontaxable	502,542	483,615
Interest-bearing deposits at financial institutions	110,256	147,199
Federal funds sold	56,146	41,948
 Total interest and dividend income	 42,207,776	 42,261,767
 Interest expense:		
Deposits	10,229,736	12,559,866
Short-term borrowings	359,008	2,067,215
Federal Home Loan Bank advances	4,529,967	3,939,540
Other borrowings	1,891,781	1,168,984
Junior subordinated debentures	1,032,387	1,197,906
 Total interest expense	 18,042,879	 20,933,511
 Net interest income	 24,164,897	 21,328,256
 Provision for loan/lease losses	 9,234,288	 2,339,583
 Net interest income after provision for loan/lease losses	 14,930,609	 18,988,673
 Non-interest income:		
Credit card issuing fees, net of processing costs	538,750	506,337
Trust department fees	1,419,429	1,768,674
Deposit service fees	1,615,017	1,503,939
Gains on sales of loans, net	1,085,123	662,647
Other-than-temporary impairment losses on securities	(206,369)	
Gains on sales of foreclosed assets	186,697	4,584
Earnings on bank-owned life insurance	613,286	546,025
Investment advisory and management fees, gross	702,412	1,086,017
Other	987,189	989,889
 Total non-interest income	 6,941,534	 7,068,112
 Non-interest expense:		
Salaries and employee benefits	13,845,947	12,833,840

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Professional and data processing fees	2,356,185	2,266,908
Advertising and marketing	452,882	594,844
Occupancy and equipment expense	2,594,007	2,464,341
Stationery and supplies	277,849	252,774
Postage and telephone	519,283	471,812
Bank service charges	236,875	271,016
FDIC and other insurance	2,089,896	633,033
Other	1,147,782	767,659
Total non-interest expense	23,520,706	20,556,227
Income (loss) from continuing operations before income taxes	(1,648,563)	5,500,558
Federal and state income tax expense (benefit) from continuing operations	(1,124,841)	1,541,200
Income (loss) from continuing operations	(523,722)	3,959,358
	(continued)	

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QCR HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (continued)
Six Months Ended June 30,

	2009	2008
Discontinued operations (Note 2):		
Operating income from merchant credit card acquiring business		241,680
Operating loss from First Wisconsin Bank & Trust		(2,208,056)
Loss from discontinued operations before income taxes		(1,966,376)
Federal and state income tax benefit from discontinued operations		(734,578)
Loss from discontinued operations		(1,231,798)
Net income (loss)	\$ (523,722)	\$ 2,727,560
Less: Net income attributable to noncontrolling interests	212,378	268,827
Net income (loss) attributable to QCR Holdings, Inc.	\$ (736,100)	\$ 2,458,733
Amounts attributable to QCR Holdings, Inc.:		
Income (loss) from continuing operations	\$ (736,100)	\$ 3,690,531
Loss from discontinued operations		(1,231,798)
Net income (loss)	\$ (736,100)	\$ 2,458,733
Less: Preferred stock dividends and discount accretion	1,780,930	892,250
Net income (loss) attributable to QCR Holdings, Inc. common stockholders	\$ (2,517,030)	\$ 1,566,483
Basic earnings (loss) per common share (Note 3):		
Income (loss) from continuing operations attributable to QCR Holdings, Inc.	(0.56)	0.61
Loss from discontinued operations attributable to QCR Holdings, Inc.		(0.27)
Net income (loss) attributable to QCR Holdings, Inc.	\$ (0.56)	\$ 0.34
Diluted earnings (loss) per common share (Note 3):		
Income (loss) from continuing operations attributable to QCR Holdings, Inc.	(0.56)	0.60
Loss from discontinued operations attributable to QCR Holdings, Inc.		(0.27)
Net income (loss) attributable to QCR Holdings, Inc.	\$ (0.56)	\$ 0.34
Weighted average common shares outstanding	4,532,353	4,606,959
Weighted average common and common equivalent shares outstanding	4,532,353	4,642,629
Cash dividends declared per common share	\$ 0.04	\$ 0.04

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QCR HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY (UNAUDITED)
Six Months Ended June 30, 2009

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Treasury Stock	Total
Balance December 31, 2008	\$ 568	\$ 4,630,883	\$ 43,090,268	\$ 40,893,304	\$ 3,628,360	\$ 1,858,298	\$ (1,606,510)	\$ 92,495,171
Comprehensive income (loss):								
Net income				84,344		151,446		235,790
Other comprehensive loss, net of tax					(745,735)			(745,735)