

CENTRUE FINANCIAL CORP
Form 10-Q
May 14, 2010

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, 2010
Commission File Number: 0-28846

Centrue Financial Corporation
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3145350
(I.R.S. Employer Identification
Number)

7700 Bonhomme Avenue, St. Louis, Missouri 63105
(Address of principal executive offices including zip code)

(314) 505-5500
(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" 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 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.

Edgar Filing: CENTRUE FINANCIAL CORP - Form 10-Q

Class	Shares outstanding at May 14, 2010
Common Stock, Par Value \$1.00	6,043,176

Centrue Financial Corporation
Form 10-Q Index
March 31, 2010

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Financial Statements</u>
	<u>Unaudited Consolidated Balance Sheets</u> 1
	<u>Unaudited Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)</u> 2
	<u>Unaudited Consolidated Statements of Cash Flows</u> 4
	<u>Notes to Unaudited Consolidated Financial Statements</u> 5
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 22
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 38
<u>Item 4.</u>	<u>Controls and Procedures</u> 39
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u> 40
<u>Item 1A.</u>	<u>Risk Factors</u> 40
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 40
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u> 40
<u>Item 4.</u>	<u>[Reserved]</u> 40
<u>Item 5.</u>	<u>Other Information</u> 40
<u>Item 6.</u>	<u>Exhibits</u> 40
<u>SIGNATURES</u>	41

Centrue Financial Corporation

Part I Financial Information

Item 1. Financial Statements

Unaudited Consolidated Balance Sheets

March 31, 2010 and December 31, 2009 (In Thousands, Except Share and Per Share Data)

	March 31, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	\$ 65,484	\$ 56,452
Securities available-for-sale	274,671	264,772
Restricted securities	10,711	10,711
Loans	838,700	885,095
Allowance for loan losses	(41,845)	(40,909)
Net loans	796,855	844,186
Bank-owned life insurance	29,620	29,365
Mortgage servicing rights	2,839	2,885
Premises and equipment, net	29,420	30,260
Goodwill	15,880	15,880
Other intangible assets, net	7,212	7,551
Other real estate owned	15,230	16,223
Other assets	38,610	34,399
Total assets	\$ 1,286,532	\$ 1,312,684
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest-bearing	\$ 113,292	\$ 119,313
Interest-bearing	932,941	935,376
Total deposits	1,046,233	1,054,689
Federal funds purchased and securities sold under agreements to repurchase	14,671	16,225
Federal Home Loan Bank advances	76,060	86,261
Notes payable	10,796	10,796
Series B mandatory redeemable preferred stock	268	268
Subordinated debentures	20,620	20,620
Other liabilities	11,797	11,211
Total liabilities	1,180,445	1,200,070
Commitments and contingent liabilities	—	—
Stockholders' equity		
Series A convertible preferred stock (aggregate liquidation preference of \$2,762)	500	500
Series C fixed rate, Cumulative Perpetual Preferred Stock (aggregate liquidation preference of \$32,668)	30,345	30,190
Common stock, \$1 par value, 15,000,000 shares authorized; 7,453,555 shares issued at March 31, 2010 and December 31, 2009	7,454	7,454

Edgar Filing: CENTRUE FINANCIAL CORP - Form 10-Q

Surplus	74,765	74,741
Retained earnings	14,597	21,486
Accumulated other comprehensive income (loss)	622	439
	128,283	134,810
Treasury stock, at cost 1,410,379 shares at March 31, 2010 and 1,425,064 shares at December 31, 2009	(22,196)	(22,196)
Total stockholders' equity	106,087	112,614
Total liabilities and stockholders' equity	\$ 1,286,532	\$ 1,312,684

See Accompanying Notes to Unaudited Financial Statements

1.

Centrue Financial Corporation
 Unaudited Consolidated Statements Of Income (Loss)
 And Comprehensive Income (Loss)
 Three Months Ended March 31, 2010 and 2009
 (In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2010	2009
Interest income		
Loans	\$11,248	\$14,189
Securities		
Taxable	1,733	2,505
Exempt from federal income taxes	278	317
Federal funds sold and other	27	11
Total interest income	13,286	17,022
Interest expense		
Deposits	4,371	5,606
Federal funds purchased and securities sold under agreements to repurchase	18	39
Federal Home Loan Bank advances	581	543
Series B mandatory redeemable preferred stock	4	4
Subordinated debentures	254	290
Notes payable	88	162
Total interest expense	5,316	6,644
Net interest income	7,970	10,378
Provision for loan losses	9,350	2,235
Net interest income (loss) after provision for loan losses	(1,380)	8,143
Noninterest income		
Service charges	1,420	1,457
Mortgage banking income	319	698
Bank-owned life insurance	255	256
Electronic banking services	484	457
Securities gains	2	14
Total other-than-temporary impairment losses	(4,516)	(2,611)
Portion of loss recognized in other comprehensive income (before taxes)	2,909	1,403
Net impairment on securities	(1,607)	(1,208)
Gain on sale of OREO	9	7
Gain on sale of other assets	202	93
Other income	238	269
	1,322	2,043

See Accompanying Notes to Unaudited Financial Statements

Centrue Financial Corporation
 Unaudited Consolidated Statements Of Income (Loss)
 And Comprehensive Income (Loss)
 Three Months Ended March 31, 2010 and 2009
 (In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2010	2009
Noninterest expenses		
Salaries and employee benefits	3,771	4,126
Occupancy, net	788	865
Furniture and equipment	524	560
Marketing	107	183
Supplies and printing	98	119
Telephone	179	193
Data processing	382	370
FDIC insurance	854	245
OREO valuation adjustment	1,657	—
Amortization of intangible assets	339	413
Other expenses	1,787	1,803
	10,486	8,877
Income (loss) before income taxes	\$(10,544)	\$1,309
Income tax expense (benefit)	(4,284)	244
Net income (loss)	\$(6,260)	\$1,065
Preferred stock dividends	473	415
Net income (loss) for common stockholders	\$(6,733)	\$650
Basic earnings (loss) per common share	\$(1.11)	\$0.11
Diluted earnings (loss) per common share	\$(1.11)	\$0.11
Total comprehensive income (loss):		
Net income (loss)	\$(6,260)	\$1,065
Change in unrealized gains (losses) on available for sale securities for which a portion of an other-than-temporary impairment has been recognized in earnings, net of reclassifications and tax effect	(1,784)	(1,815)
Change in unrealized gains (losses) on other securities available for sale, net of reclassifications and tax effect	478	(3,020)
Reclassification adjustment:		
Net impairment loss recognized in earnings	1,607	1,208
(Gains) recognized in earnings	(2)	(14)
Net unrealized gains (loss)	299	(3,641)
Tax expense (benefit)	116	(1,411)
Other comprehensive income (loss)	183	(2,230)
Total comprehensive income (loss)	\$(6,077)	\$(1,165)

See Accompanying Notes to Unaudited Financial Statements

3.

Centrue Financial Corporation
 Unaudited Consolidated Statements Of Cash Flows
 Three Months Ended March 31, 2010 and 2009 (In Thousands)

	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities		
Net Income (Loss)	\$ (6,260)	\$ 1,065
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	575	593
Goodwill impairment related to sale of Wealth Management	—	163
Amortization of int		