

MidWestOne Financial Group, Inc.

Form 10-Q

May 08, 2009

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

FORM 10-Q

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

For the quarterly period ended March 31, 2009

OR

.. 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 000-24630

MIDWESTONE FINANCIAL GROUP, INC.

102 South Clinton Street

Iowa City, IA 52240

(Address of principal executive offices, including Zip Code)

Registrant's telephone number: 319-356-5800

Iowa
(State of Incorporation)

42-1206172
(I.R.S. Employer Identification No.)

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 definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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

As of May 6, 2009, there were 8,605,202 shares of common stock, \$1.00 par value per share, outstanding.

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MIDWESTONE FINANCIAL GROUP, INC.

Form 10-Q Quarterly Report

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PART I Item 1. Financial Statements

MIDWESTONE FINANCIAL GROUP, INC.**AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(dollars in thousands)	March 31, 2009 (unaudited)	December 31, 2008
ASSETS		
Cash and due from banks	\$ 25,677	\$ 32,383
Interest-bearing deposits in banks	693	543
Federal funds sold	40,650	
Cash and cash equivalents	67,020	32,926
Investment securities:		
Available for sale	287,704	272,380
Held to maturity (fair value of \$8,026 as of March 31, 2009 and \$8,120 as of December 31, 2008)	7,944	8,125
Loans held for sale	3,004	5,279
Loans	1,004,144	1,014,814
Allowance for loan losses	(12,941)	(10,977)
Net loans	991,203	1,003,837
Loan pool participations, net	95,280	92,932
Premises and equipment, net	29,669	28,748
Accrued interest receivable	10,463	11,736
Other intangible assets, net	13,112	13,424
Bank-owned life insurance	17,565	17,340
Other real estate owned	1,172	996
Deferred income taxes	5,203	5,595
Other assets	11,781	15,644
Total assets	\$ 1,541,120	\$ 1,508,962
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Non-interest bearing demand	\$ 118,847	\$ 123,558
Interest-bearing checking	392,976	389,227
Savings	58,258	59,133
Certificates of deposit under \$100,000	415,002	402,950
Certificates of deposit \$100,000 and over	165,140	153,321
Total deposits	1,150,223	1,128,189
Federal funds purchased		13,050
Securities sold under agreements to repurchase	54,576	44,249
Federal Home Loan Bank borrowings	159,000	158,782
Deferred compensation liability	1,587	1,586
Long-term debt	15,627	15,640
Accrued interest payable	2,831	2,770
Other liabilities	10,368	14,354
Total liabilities	1,394,212	1,378,620

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Shareholders' equity:

Preferred stock, no par value, with a liquidation preference of \$1,000 per share; authorized 500,000 shares; issued 16,000 shares as of March 31, 2009; no shares authorized or issued at December 31, 2008	\$	15,651	\$
Common stock, \$1 par value; authorized 15,000,000 shares at March 31, 2009 and 10,000,00 shares at December 31, 2008; issued 8,690,398 shares at March 31, 2009 and 8,690,398 at December 31, 2008; outstanding 8,603,055 shares at March 31, 2009 and 8,603,055 at December 31, 2008		8,690	8,690
Additional paid-in capital		81,140	80,757
Treasury stock at cost, 87,343 shares as of March 31, 2009 and December 31, 2008		(1,215)	(1,215)
Retained earnings		43,547	43,683
Accumulated other comprehensive income (loss)		(905)	(1,573)
Total shareholders' equity		146,908	130,342
Total liabilities and shareholders' equity	\$	1,541,120	\$ 1,508,962

See accompanying notes to consolidated financial statements.

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PART I Item 1. Financial Statements, Continued

MIDWESTONE FINANCIAL GROUP, INC.**AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited) (dollars in thousands, except per share amounts)	Three Months Ended March 31,	
	2009	2008
Interest income:		
Interest and fees on loans	\$ 14,911	\$ 8,547
Interest and discount on loan pool participations	1,015	121
Interest on bank deposits		1
Interest on federal funds sold	9	80
Interest on investment securities:		
Taxable	1,975	1,982
Tax-exempt	970	771
Total interest income	18,880	11,502
Interest expense:		
Interest on deposits:		
Interest-bearing checking	1,137	476
Savings	62	333
Certificates of deposit under \$100,000	3,179	2,358
Certificates of deposit \$100,000 and over	1,309	1,014
Total interest expense on deposits	5,687	4,181
Interest on federal funds purchased	10	17
Interest on securities sold under agreements to repurchase	124	335
Interest on Federal Home Loan Bank advances	916	782
Interest on notes payable	3	32
Interest on long-term debt	186	40
Total interest expense	6,926	5,387
Net interest income	11,954	6,115
Provision for loan losses	2,350	70
Net interest income after provision for loan losses	9,604	6,045
Noninterest income:		
Trust and investment fees	1,107	1,023
Service charges and fees on deposit accounts	911	645
Mortgage origination and loan servicing fees	771	249
Other service charges, commissions and fees	525	418
Bank-owned life insurance income	224	83
Gain on sale of available for sale securities		138
Total noninterest income	3,538	2,556

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Noninterest expense:

Salaries and employee benefits	5,753	3,155
Net occupancy and equipment expense	1,707	933
Professional fees	1,082	123
Data processing expense	516	283
FDIC Insurance expense	898	21
Other operating expense	1,682	901
Other intangible asset amortization	285	48
Total noninterest expense	11,923	5,464
Income before income tax expense	1,219	3,137
Income tax expense	43	862
Net income	\$ 1,176	\$ 2,275

Share and Per share information:

Ending number of shares	8,603,055	8,686,161
Average number of shares	8,603,055	5,822,863
Diluted average number of shares	8,603,548	5,829,168
Earnings per common share basic	\$ 0.12	\$ 0.39
Earnings per common share diluted	0.12	0.39
Dividends paid per share	0.15	

See accompanying notes to consolidated financial statements.

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PART I Item 1. Financial Statements, Continued

MIDWESTONE FINANCIAL GROUP, INC.**AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY AND OTHER COMPREHENSIVE INCOME (LOSS)**

(unaudited)								
(dollars in thousands, except per share amounts)	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total	
Balance at December 31, 2007	\$	\$ 5,165	\$ 100	\$	\$ 72,333	\$ (206)	\$ 77,392	
Comprehensive income:								
Net income					2,275		2,275	
Change in net unrealized gains arising during the period on securities available for sale, net of tax						2,635	2,635	
Reclassification for realized losses on securities available for sale, net of tax						(988)	(988)	
Total comprehensive income					2,275	1,647	3,922	
Stock options exercised (1,065 shares)		1	12				13	
Shares issued in merger (3,519,788 shares)		3,520	78,443				81,963	
Cumulative effect adjustment for postretirement split dollar life insurance benefits					(133)		(133)	
Balance at March 31, 2008	\$	\$ 8,686	\$ 78,555	\$	\$ 74,475	\$ 1,441	\$ 163,157	