

MidWestOne Financial Group, Inc.
Form 10-Q
August 04, 2011

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 June 30, 2011

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 42-1206172
(State of Incorporation) (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 the definition of "large accelerated filer," "accelerated filer" and "smaller 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 Exchange Act). Yes No

As of August 2, 2011, there were 8,628,221 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 – FINANCIAL INFORMATION

Item 1. Financial Statements.

MIDWESTONE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	June 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Cash and due from banks	\$23,193	\$ 13,720
Interest-bearing deposits in banks	18,153	6,077
Federal funds sold	419	726
Cash and cash equivalents	41,765	20,523
Investment securities:		
Available for sale	501,211	461,954
Held to maturity (fair value of \$2,502 as of June 30, 2011 and \$4,086 as of December 31, 2010)	2,493	4,032
Loans held for sale	312	702
Loans	958,199	938,035
Allowance for loan losses	(15,603)	(15,167)
Net loans	942,596	922,868
Loan pool participations, net	56,664	65,871
Premises and equipment, net	25,472	26,518
Accrued interest receivable	9,199	10,648
Other intangible assets, net	10,695	11,143
Bank-owned life insurance	27,227	26,772
Other real estate owned	3,418	3,850
Deferred income taxes	3,370	6,430
Other assets	20,951	19,948
Total assets	\$1,645,373	\$ 1,581,259
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing demand	\$153,617	\$ 129,978
Interest-bearing checking	461,197	442,878
Savings	77,329	74,826
Certificates of deposit under \$100,000	369,023	380,082
Certificates of deposit \$100,000 and over	195,121	191,564
Total deposits	1,256,287	1,219,328
Securities sold under agreements to repurchase	48,189	50,194
Federal Home Loan Bank borrowings	144,961	127,200
Deferred compensation liability	3,681	3,712
Long-term debt	15,464	15,464
Accrued interest payable	1,777	1,872
Other liabilities	6,377	5,023
Total liabilities	1,476,736	1,422,793
Shareholders' equity:		
	\$15,802	\$ 15,767

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Preferred stock, no par value, with a liquidation preference of \$1,000.00 per share; authorized 500,000 shares; issued 16,000 shares as of June 30, 2011 and December 31, 2010		
Common stock, \$1.00 par value; authorized 15,000,000 shares at June 30, 2011 and December 31, 2010; issued 8,690,398 shares at June 30, 2011 and December 31, 2010; outstanding 8,628,221 shares at June 30, 2011 and 8,614,790 shares at December 31, 2010	8,690	8,690
Additional paid-in capital	81,232	81,268
Treasury stock at cost, 62,177 shares as of June 30, 2011 and 75,608 shares at December 31, 2010	(865) (1,052)
Retained earnings	60,449	55,619
Accumulated other comprehensive income (loss)	3,329	(1,826)
Total shareholders' equity	168,637	158,466
Total liabilities and shareholders' equity	\$1,645,373	\$ 1,581,259

See accompanying notes to consolidated financial statements.

Table of ContentsMIDWESTONE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (dollars in thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Interest income:				
Interest and fees on loans	\$12,976	\$13,761	\$25,776	\$27,465
Interest and discount on loan pool participations	436	909	790	1,808
Interest on bank deposits	8	17	16	27
Interest on federal funds sold	1	4	1	4
Interest on investment securities:				
Taxable securities	2,866	2,445	5,554	4,670
Tax-exempt securities	1,072	986	2,107	1,976
Total interest income	17,359	18,122	34,244	35,950
Interest expense:				
Interest on deposits:				
Interest-bearing checking	994	1,133	2,002	2,203
Savings	58	43	117	79
Certificates of deposit under \$100,000	2,120	2,455	4,307	4,998
Certificates of deposit \$100,000 and over	839	918	1,687	1,885
Total interest expense on deposits	4,011	4,549	8,113	9,165
Interest on federal funds purchased	3	1	3	2
Interest on securities sold under agreements to repurchase	67	70	141	146
Interest on Federal Home Loan Bank borrowings	868	1,183	1,813	2,390
Interest on notes payable	10	11	20	24
Interest on long-term debt	163	152	325	300
Total interest expense	5,122	5,966	10,415	12,027
Net interest income	12,237	12,156	23,829	23,923
Provision for loan losses	900	1,500	1,800	3,000
Net interest income after provision for loan losses	11,337	10,656	22,029	20,923
Noninterest income:				
Trust, investment, and insurance fees	1,156	1,214	2,429	2,448
Service charges and fees on deposit accounts	955	1,034	1,806	1,898
Mortgage origination and loan servicing fees	382	525	1,259	1,025
Other service charges, commissions and fees	677	576	1,356	1,160
Bank-owned life insurance income	225	147	454	314
Impairment losses on investment securities	—	—	—	(189)
Gain on sale of available for sale securities	85	233	85	470
Loss on sale of premises and equipment	(195)	(204)	(243)	(281)
Total noninterest income	3,285	3,525	7,146	6,845
Noninterest expense:				
Salaries and employee benefits	5,739	5,691	11,609	11,481
Net occupancy and equipment expense	1,498	1,630	3,115	3,406