

HEARTLAND FINANCIAL USA INC
Form 10-Q
August 09, 2012

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 quarterly period ended June 30, 2012

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

For transition period _____ to _____

Commission File Number: 001-15393

HEARTLAND FINANCIAL USA, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

42-1405748
(I.R.S. employer identification number)

1398 Central Avenue, Dubuque, Iowa 52001
(Address of principal executive offices)(Zip Code)

(563) 589-2000
(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 (§ 232.405 of this chapter) 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 "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Act.

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Large accelerated .. Accelerated Filer x
filer

Non-accelerated .. Smaller reporting ..
filer company

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Securities Exchange Act of 1934). Yes o No x

Indicate the number of shares outstanding of each of the classes of Registrant's common stock as of the latest practicable date: As of August 8, 2012, the Registrant had outstanding 16,485,576 shares of common stock, \$1.00 par value per share.

HEARTLAND FINANCIAL USA, INC.
Form 10-Q Quarterly Report

Part I

- Item 1. Financial Statements
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Item 3. Quantitative and Qualitative Disclosures About Market Risk
- Item 4. Controls and Procedures

Part II

- Item 1. Legal Proceedings
 - Item 1A. Risk Factors
 - Item 2. Unregistered Sales of Issuer Securities and Use of Proceeds
 - Item 3. Defaults Upon Senior Securities
 - Item 4. Mine Safety Disclosures
 - Item 5. Other Information
 - Item 6. Exhibits
 - 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
 - 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
 - 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
 - 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 Financial statements formatted in Extensible Business Reporting Language: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Equity, and (vi) the Notes to Consolidated Financial Statements.
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PART I

ITEM 1. FINANCIAL STATEMENTS
HEARTLAND FINANCIAL USA, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Cash and due from banks	\$75,116	\$126,680
Federal funds sold and other short-term investments	7,715	3,154
Cash and cash equivalents	82,831	129,834
Securities:		
Trading, at fair value	379	333
Available for sale, at fair value (cost of \$1,247,961 at June 30, 2012, and \$1,242,460 at December 31, 2011)	1,274,552	1,267,999
Held to maturity, at cost (fair value of \$56,120 at June 30, 2012, and \$57,486 at December 31, 2011)	56,157	58,260
Loans held for sale	73,284	53,528
Loans and leases receivable:		
Held to maturity	2,629,597	2,481,284
Loans covered by loss share agreements	9,567	13,347
Allowance for loan and lease losses	(41,439)	(36,808)
Loans and leases receivable, net	2,597,725	2,457,823
Premises, furniture and equipment, net	114,823	110,206
Other real estate, net	37,941	44,387
Goodwill	25,909	25,909
Other intangible assets, net	14,295	12,960
Cash surrender value on life insurance	72,448	67,084
FDIC indemnification asset	1,148	1,343
Other assets	76,192	75,392
TOTAL ASSETS	\$4,427,684	\$4,305,058
LIABILITIES AND EQUITY		
LIABILITIES:		
Deposits:		
Demand	\$799,548	\$737,323
Savings	1,734,155	1,678,154
Time	801,204	794,636
Total deposits	3,334,907	3,210,113
Short-term borrowings	249,485	270,081
Other borrowings	377,543	372,820
Accrued expenses and other liabilities	90,755	99,151
TOTAL LIABILITIES	4,052,690	3,952,165
STOCKHOLDERS' EQUITY:		
Preferred stock (par value \$1 per share; authorized 20,604 at June 30, 2012 and December 31, 2011; none issued or outstanding)	—	—
Series A Junior Participating preferred stock (par value \$1 per share; authorized 16,000 shares; none issued or outstanding)	—	—

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Series C Fixed Rate Non-Cumulative Perpetual preferred stock (par value \$1 per share; liquidation value \$81.7 million at June 30, 2012 and December 31, 2011; authorized, issued and outstanding 81,698 shares at June 30, 2012 and December 31, 2011)	81,698	81,698
Common stock (par value \$1 per share; authorized 25,000,000 shares; issued 16,611,671 shares)	16,612	16,612
Capital surplus	44,223	43,333
Retained earnings	219,643	198,182
Accumulated other comprehensive income	12,101	12,147
Treasury stock at cost (143,782 shares at June 30, 2012, and 126,881 shares at December 31, 2011)	(1,939) (1,754)
TOTAL STOCKHOLDERS' EQUITY	372,338	350,218
Noncontrolling interest	2,656	2,675
TOTAL EQUITY	374,994	352,893
TOTAL LIABILITIES AND EQUITY	\$4,427,684	\$4,305,058

See accompanying notes to consolidated financial statements.

HEARTLAND FINANCIAL USA, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
INTEREST INCOME:				
Interest and fees on loans and leases	\$39,382	\$37,480	\$77,781	\$74,446
Interest on securities:				
Taxable	5,026	9,305	12,598	18,526
Nontaxable	2,619	1,796	4,890	3,550
Interest on federal funds sold	1	—	1	1
Interest on interest bearing deposits in other financial institutions	2	1	2	1
TOTAL INTEREST INCOME	47,030	48,582	95,272	96,524
INTEREST EXPENSE:				