

MidWestOne Financial Group, Inc.

Form 10-Q

November 06, 2009

[Table of Contents](#)

**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 September 30, 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 "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 November 5, 2009, there were 8,605,333 shares of common stock, \$1.00 par value per share, outstanding.

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**Table of Contents**

**MIDWESTONE FINANCIAL GROUP, INC.**

Form 10-Q Quarterly Report

Table of Contents

	<b>Page No.</b>
<b><u>PART I</u></b>	
Item 1. <u>Financial Statements</u>	3
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	33
Item 4. <u>Controls and Procedures</u>	35
<b><u>PART II</u></b>	
Item 1. <u>Legal Proceedings</u>	36
Item 1A. <u>Risk Factors</u>	36
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	37
Item 3. <u>Defaults Upon Senior Securities</u>	37
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	37
Item 5. <u>Other Information</u>	37
Item 6. <u>Exhibits</u>	37
<u>Signatures</u>	

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****MIDWESTONE FINANCIAL GROUP, INC.****AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(dollars in thousands)	September 30, 2009 (unaudited)	December 31, 2008
<b>ASSETS</b>		
Cash and due from banks	\$ 23,421	\$ 32,383
Interest-bearing deposits in banks	3,849	543
Cash and cash equivalents	27,270	32,926
Investment securities:		
Available for sale	354,697	272,380
Held to maturity (fair value of \$7,641 as of September 30, 2009 and \$8,120 as of December 31, 2008)	7,512	8,125
Loans held for sale	1,115	5,279
Loans	973,468	1,014,814
Allowance for loan losses	(13,506)	(10,977)
Net loans	959,962	1,003,837
Loan pool participations, net	88,707	92,932
Premises and equipment, net	29,515	28,748
Accrued interest receivable	12,382	11,736
Other intangible assets, net	12,485	13,424
Bank-owned life insurance	17,917	17,340
Other real estate owned	2,608	996
Deferred income taxes	2,409	5,595
Other assets	13,097	15,644
Total assets	\$ 1,529,676	\$ 1,508,962
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Deposits:		
Non-interest bearing demand	\$ 125,009	\$ 123,558
Interest-bearing checking	392,485	389,227
Savings	59,077	59,133
Certificates of deposit under \$100,000	403,654	402,950
Certificates of deposit \$100,000 and over	172,589	153,321
Total deposits	1,152,814	1,128,189
Federal funds purchased	-	13,050
Securities sold under agreements to repurchase	50,397	44,249
Federal Home Loan Bank borrowings	137,000	158,782
Deferred compensation liabilities	3,839	1,586
Long-term debt	15,601	15,640

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Accrued interest payable	2,795	2,770
Other liabilities	15,320	14,354
Total liabilities	1,377,766	1,378,620
Shareholders' equity:		
Preferred stock, no par value, with a liquidation preference of \$1,000 per share; authorized 500,000 shares; issued and outstanding 16,000 shares as of September 30, 2009; no shares authorized or issued at December 31, 2008	\$ 15,683	\$ -
Common stock, \$1 par value; authorized 15,000,000 shares at September 30, 2009 and 10,000,000 shares at December 31, 2008; issued 8,690,398 shares at September 30, 2009 and December 31, 2008; outstanding 8,605,333 shares at September 30, 2009 and 8,603,055 at December 31, 2008	8,690	8,690
Additional paid-in capital	81,122	80,757
Treasury stock at cost, 85,065 shares as of September 30, 2009 and 87,343 shares at December 31, 2008	(1,183)	(1,215)
Retained earnings	47,109	43,683
Accumulated other comprehensive income (loss)	489	(1,573)
Total shareholders' equity	151,910	130,342
Total liabilities and shareholders' equity	\$ 1,529,676	\$ 1,508,962

See accompanying notes to consolidated financial statements.

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

(unaudited)

(dollars in thousands, except per share amounts)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Interest income:</b>				
Interest and fees on loans	\$ 14,669	\$ 14,842	\$ 44,365	\$ 38,238
Interest and discount on loan pool participations	28	1,228	1,707	3,145
Interest on bank deposits	3	23	4	26
Interest on federal funds sold	6	70	44	298
Interest on investment securities:				
Taxable securities	2,307	2,212	6,429	6,286
Tax-exempt securities	1,018	1,063	2,988	3,021
<b>Total interest income</b>	<b>18,031</b>	<b>19,438</b>	<b>55,537</b>	<b>51,014</b>
<b>Interest expense:</b>				
Interest on deposits:				
Interest-bearing checking	1,078	2,125	3,450	3,174
Savings	49	109	174	1,295
Certificates of deposit under \$100,000	2,909	3,744	9,255	9,731
Certificates of deposit \$100,000 and over	1,266	474	3,905	3,125
<b>Total interest expense on deposits</b>	<b>5,302</b>	<b>6,452</b>	<b>16,784</b>	<b>17,325</b>
Interest on federal funds purchased	1	29	11	60
Interest on securities sold under agreements to repurchase	97	292	348	814
Interest on Federal Home Loan Bank advances	1,533	1,528	4,115	3,812
Interest on notes payable	13	1	49	110
Interest on long-term debt	158	187	505	433
<b>Total interest expense</b>	<b>7,104</b>	<b>8,489</b>	<b>21,812</b>	<b>22,554</b>
<b>Net interest income</b>	<b>10,927</b>	<b>10,949</b>	<b>33,725</b>	<b>28,460</b>
Provision for loan losses	2,125	838	5,975	1,666
<b>Net interest income after provision for loan losses</b>	<b>8,802</b>	<b>10,111</b>	<b>27,750</b>	<b>26,794</b>
<b>Noninterest income:</b>				
Trust and investment fees	1,050	1,217	3,121	3,290
Service charges and fees on deposit accounts	1,074	1,224	2,975	3,068
Mortgage origination and loan servicing fees	613	187	2,244	817
Other service charges, commissions and fees	568	266	1,603	1,648
Bank-owned life insurance income	154	121	576	354
Investment securities gains (losses), net				
Impairment losses on investment securities	(1,388)	-	(2,002)	(567)
Less noncredit-related losses	-	-	-	-

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Net impairment losses	(1,388)	-	(2,002)	(567)
Gain on sale of available for sale securities	491	-	491	206
Gain (loss) on sale of fixed assets	(9)	9	(3)	9
Total noninterest income	2,553	3,024	9,005	8,825

**Noninterest expense:**