

HEARTLAND FINANCIAL USA INC
Form 10-Q
November 07, 2014

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 September 30, 2014

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.

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form 10-Q

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Smaller reporting 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 No

Indicate the number of shares outstanding of each of the classes of Registrant's common stock as of the latest practicable date: As of November 5, 2014, the Registrant had outstanding 18,479,869 shares of common stock, \$1.00 par value per share.

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

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
 - Merger Agreement between Community Banc-Corp of Sheboygan, Inc. and Heartland Financial USA, Inc. dated October 22, 2014
 - 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.
-

PART I

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

	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Cash and due from banks	\$63,400	\$118,441
Federal funds sold and other short-term investments	4,436	6,829
Cash and cash equivalents	67,836	125,270
Time deposits in other financial institutions	2,605	3,355
Securities:		
Trading, at fair value	—	1,801
Available for sale, at fair value (cost of \$1,366,069 at September 30, 2014, and \$1,659,456 at December 31, 2013)	1,369,703	1,633,902
Held to maturity, at cost (fair value of \$266,641 at September 30, 2014, and \$237,437 at December 31, 2013)	255,312	237,498
Other investments, at cost	20,514	21,843
Loans held for sale	93,054	46,665
Loans and leases receivable:		
Held to maturity	3,798,305	3,496,952
Loans covered by loss share agreements	3,850	5,749
Allowance for loan and lease losses	(41,698)	(41,685)
Loans and leases receivable, net	3,760,457	3,461,016
Premises, furniture and equipment, net	132,240	135,714
Other real estate, net	20,475	29,852
Goodwill	35,583	35,583
Other intangible assets, net	33,399	32,959
Cash surrender value on life insurance	82,224	81,110
FDIC indemnification asset	83	249
Other assets	61,324	76,899
TOTAL ASSETS	\$5,934,809	\$5,923,716
LIABILITIES AND EQUITY		
LIABILITIES:		
Deposits:		
Demand	\$1,274,439	\$1,238,581
Savings	2,599,850	2,535,242
Time	852,430	892,676
Total deposits	4,726,719	4,666,499
Short-term borrowings	348,305	408,756
Other borrowings	334,513	350,109
Accrued expenses and other liabilities	41,873	58,892
TOTAL LIABILITIES	5,451,410	5,484,256
STOCKHOLDERS' EQUITY:		
Preferred stock (par value \$1 per share; authorized 20,604 shares; none issued or outstanding)	—	—

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form 10-Q

Series A Junior Participating preferred stock (par value \$1 per share; authorized 16,000 shares; none issued or outstanding)	—	—
Series C Fixed Rate Non-Cumulative Perpetual preferred stock (par value \$1 per share; liquidation value \$81.7 million; authorized, issued and outstanding 81,698 shares)	81,698	81,698
Common stock (par value \$1 per share; authorized 25,000,000 shares; issued 18,477,463 shares at September 30, 2014 and 18,399,156 shares at December 31, 2013)	18,477	18,399
Capital surplus	94,393	91,632
Retained earnings	288,555	265,067
Accumulated other comprehensive income (loss)	276	(17,336)
Treasury stock at cost (0 shares outstanding at both September 30, 2014 and December 31, 2013)	—	—
TOTAL STOCKHOLDERS' EQUITY	483,399	439,460
TOTAL LIABILITIES AND EQUITY	\$5,934,809	\$5,923,716

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 September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
INTEREST INCOME:				
Interest and fees on loans and leases	\$49,311	\$40,154	\$143,796	\$119,707
Interest on securities:				
Taxable	7,547	4,803	22,755	14,174
Nontaxable	3,249	3,443	10,079	10,001
Interest on federal funds sold	1	—	1	—
Interest on interest bearing deposits in other financial institutions	6	3	20	9
TOTAL INTEREST INCOME	60,114	48,403	176,651	143,891
INTEREST EXPENSE:				
Interest on deposits	4,655	4,769	14,010	14,911