

HEARTLAND FINANCIAL USA INC  
Form 10-Q  
May 10, 2010

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 quarterly period ended March 31, 2010

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

For transition period \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-24724

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.

Large accelerated filer ☐ Accelerated filer ☐  
Non-accelerated filer ☒ Smaller reporting company ☐

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(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 May 7, 2010, the Registrant had outstanding 16,359,301 shares of common stock, \$1.00 par value per share.

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

Part I

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Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
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Part II

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## PART I

## ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2010 (Unaudited)	December 31, 2009
<b>ASSETS</b>		
Cash and due from banks	\$ 73,224	\$ 177,619
Federal funds sold and other short-term investments	4,786	4,791
Cash and cash equivalents	78,010	182,410
Securities:		
Trading, at fair value	1,266	695
Available for sale, at fair value (cost of \$1,178,056 for March 31, 2010, and \$1,125,665 for December 31, 2009)	1,185,418	1,135,468
Held to maturity, at cost (fair value of \$46,229 for March 31, 2010, and \$37,477 for December 31, 2009)	47,655	39,054
Loans held for sale	16,002	17,310
Loans and leases:		
Held to maturity	2,369,233	2,331,142
Loans covered by loss share agreements	27,968	31,860
Allowance for loan and lease losses	(46,350)	(41,848)
Loans and leases, net	2,350,851	2,321,154
Premises, furniture and equipment, net	121,033	118,835
Other real estate, net	28,652	30,568
Goodwill, net	27,548	27,548
Other intangible assets, net	12,320	12,380
Cash surrender value on life insurance	61,525	55,516
FDIC indemnification asset	2,357	5,532
Other assets	65,604	66,521
<b>TOTAL ASSETS</b>	<b>\$ 3,998,241</b>	<b>\$ 4,012,991</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
Deposits:		
Demand	\$ 489,807	\$ 460,645
Savings	1,571,881	1,554,358
Time	975,723	1,035,386
Total deposits	3,037,411	3,050,389
Short-term borrowings	190,732	162,349
Other borrowings	426,039	451,429
Accrued expenses and other liabilities	28,226	33,767
<b>TOTAL LIABILITIES</b>	<b>3,682,408</b>	<b>3,697,934</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock (par value \$1 per share; authorized 102,302 shares; 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 B Fixed Rate Cumulative Perpetual  
preferred stock (par value \$1,000 per share;  
authorized 81,698 shares; issued 81,698  
shares)

77,539

77,224

Common stock (par value \$1 per share;  
authorized 25,000,000 shares; issued  
16,611,671 shares)

16,612

16,612

Capital surplus

44,419

44,284

Retained earnings

174,870

172,487

Accumulated other comprehensive income

4,799

7,107

Treasury stock at cost (253,797 shares at  
March 31, 2010, and 265,309 shares at  
December 31, 2009)

(5,157)

(5,433)

TOTAL STOCKHOLDERS' EQUITY

313,082

312,281

Noncontrolling interest

2,751

2,776

TOTAL EQUITY

315,833

315,057

TOTAL LIABILITIES AND EQUITY

\$ 3,998,241

\$ 4,012,991

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	
	March 31, 2010	March 31, 2009
INTEREST INCOME:		
Interest and fees on loans and leases	\$ 37,328	\$ 39,483
Interest on securities:		
Taxable	9,455	8,421
Nontaxable	2,849	1,883
Interest on federal funds sold	-	1
Interest on interest bearing deposits in other financial institutions	5	1
TOTAL INTEREST INCOME	49,637	49,789
INTEREST EXPENSE:		
Interest on deposits	10,760	14,122
Interest on short-term borrowings		