

QCR HOLDINGS INC
Form 10-Q
May 04, 2015

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 March 31, 2015

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 0-22208

QCR HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

42-1397595

(I.R.S. Employer Identification No.)

3551 7th Street, Moline, Illinois 61265

(Address of principal executive offices, including zip code)

(309) 743-7724

(Registrant's telephone number, including area code)

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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 [X] 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 [X] 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 “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [] Accelerated filer [X] Non-accelerated filer [] 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 [X]

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date: As of April 29, 2015, the Registrant had outstanding 7,995,810 shares of common stock, \$1.00 par value per share.

QCR HOLDINGS, INC. AND SUBSIDIARIES

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QCR HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS (UNAUDITED)****As of March 31, 2015 and December 31, 2014**

	March 31, 2015	December 31, 2014
ASSETS		
Cash and due from banks	\$45,138,266	\$38,235,019
Federal funds sold	14,035,000	46,780,000
Interest-bearing deposits at financial institutions	17,118,983	35,334,682
Securities held to maturity, at amortized cost	215,146,171	199,879,574
Securities available for sale, at fair value	422,258,100	451,659,630
Total securities	637,404,271	651,539,204
Loans receivable held for sale	789,000	553,000
Loans/leases receivable held for investment	1,653,662,236	1,629,450,070
Gross loans/leases receivable	1,654,451,236	1,630,003,070
Less allowance for estimated losses on loans/leases	(23,883,273)	(23,074,365)
Net loans/leases receivable	1,630,567,963	1,606,928,705
Premises and equipment, net	38,473,407	36,021,128
Bank-owned life insurance	54,202,287	53,723,548
Restricted investment securities	15,702,075	15,559,575
Other real estate owned, net	13,245,314	12,767,636
Goodwill	3,222,688	3,222,688
Core deposit intangible	1,621,043	1,670,921
Other assets	20,927,709	23,174,994
Total assets	\$2,491,659,006	\$2,524,958,100
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$582,510,208	\$511,991,864
Interest-bearing	1,151,759,179	1,167,676,149
Total deposits	1,734,269,387	1,679,668,013
Short-term borrowings	183,335,719	268,351,670
Federal Home Loan Bank advances	196,500,000	203,500,000
Other borrowings	149,109,915	150,282,492
Junior subordinated debentures	40,457,936	40,423,735
Other liabilities	36,990,084	38,653,681
Total liabilities	2,340,663,041	2,380,879,591

STOCKHOLDERS' EQUITY

Common stock, \$1 par value; shares authorized 20,000,000 March 2015 - 8,113,040 shares issued and 7,991,794 outstanding December 2014 - 8,074,443 shares issued and 7,953,197 outstanding	8,113,040	8,074,443
Additional paid-in capital	62,149,073	61,668,968
Retained earnings	82,054,713	77,876,824
Accumulated other comprehensive income (loss):		
Securities available for sale	922,686	(1,535,849)
Interest rate cap derivatives	(637,037)	(399,367)
Less treasury stock, March 2015 and December 2014 - 121,246 common shares, at cost	(1,606,510)	(1,606,510)
Total stockholders' equity	150,995,965	144,078,509
Total liabilities and stockholders' equity	\$2,491,659,006	\$2,524,958,100

See Notes to Consolidated Financial Statements (Unaudited)

QCR HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)****Three Months Ended March 31,**

	2015	2014
Interest and dividend income:		
Loans/leases, including fees	\$ 18,004,519	\$ 16,775,590
Securities:		
Taxable	1,942,765	2,582,794
Nontaxable	1,730,568	1,454,056
Interest-bearing deposits at financial institutions	77,054	90,527
Restricted investment securities	142,318	128,925
Federal funds sold	4,506	3,319
Total interest and dividend income	21,901,730	21,035,211
Interest expense:		
Deposits	1,072,445	1,101,593
Short-term borrowings	64,025	51,696
Federal Home Loan Bank advances	1,443,715	1,555,976
Other borrowings	1,231,886	1,171,531
Junior subordinated debentures	307,442	305,174
Total interest expense	4,119,513	4,185,970
Net interest income	17,782,217	16,849,241
Provision for loan/lease losses	1,710,456	1,094,162
Net interest income after provision for loan/lease losses	16,071,761	15,755,079
Noninterest income:		
Trust department fees	1,633,395	1,500,342
Investment advisory and management fees	710,043	648,992
Deposit service fees	1,116,983	1,045,885
Gains on sales of residential real estate loans	86,140	63,487
Gains on sales government guaranteed portions of loans	70,973	194,019
Securities gains	421,066	20,625
Earnings on bank-owned life insurance	478,739	454,164
Swap fee income	726,207	62,000
Debit card fees	238,000	230,605
Correspondent banking fees	319,621	232,143
Participation service fees on commercial loan participations	221,949	206,194
Losses on other real estate owned, net	(28,953)	(18,048)
Other	255,778	106,433
Total noninterest income	6,249,941	4,746,841
Noninterest expense:		
Salaries and employee benefits	11,034,452	10,017,918

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Occupancy and equipment expense	1,794,171	1,894,288
Professional and data processing fees	1,470,517	1,584,406
FDIC and other insurance	719,057	714,750
Loan/lease expense	466,613	345,636
Advertising and marketing	418,237	337,587
Postage and telephone	248,956	290,675
Stationery and supplies	142,555	151,751
Bank service charges	337,458	298,032
Other	600,308	505,377
Total noninterest expense	17,232,324	16,140,420
Net income before income taxes	5,089,378	4,361,500
Federal and state income tax expense	911,489	472,285
Net income	\$4,177,889	\$3,889,215
Less: Preferred stock dividends	-	708,008
Net income attributable to QCR Holdings, Inc. common stockholders	\$4,177,889	\$3,181,207
Earnings per common share attributable to QCR Holdings, Inc. common shareholders		
Basic	\$0.52	\$0.40
Diluted	\$0.52	\$0.40
Weighted average common shares outstanding	7,975,910	7,901,035
Weighted average common and common equivalent shares outstanding	8,097,444	8,030,043
Cash dividends declared per common share	\$-	\$-

See Notes to Consolidated Financial Statements (Unaudited)

QCR HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)****Three Months Ended March 31, 2015 and 2014**

	Three Months Ended March 31, 2015	2014
Net income	\$ 4,177,889	\$ 3,889,215
Other comprehensive income:		
Unrealized gains on securities available for sale:		
Unrealized holding gains arising during the period before tax	4,402,337	8,490,174
Less reclassification adjustment for gains included in net income before tax	421,066	20,625
	3,981,271	8,469,549
Unrealized losses on interest rate cap derivatives:		
Unrealized holding losses arising during the period before tax	(372,384)	-
Less reclassification adjustment for ineffectiveness and caplet amortization before tax	901	-
	(373,285)	-
Other comprehensive income, before tax	3,607,986	8,469,549
Tax expense	1,387,121	3,238,765
Other comprehensive income, net of tax	2,220,865	5,230,784
Comprehensive income attributable to QCR Holdings, Inc.	\$ 6,398,754	\$ 9,119,999

See Notes to Consolidated Financial Statements (Unaudited)

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QCR HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

Three Months Ended March 31, 2015 and 2014

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance December 31, 2014	\$ -	\$8,074,443	\$61,668,968	\$77,876,824	\$(1,935,216)	\$(1,606,510)	\$144,078,509
Net income	-	-	-	4,177,889	-	-	4,177,889
Other comprehensive income, net of tax - unrealized gains on securities available for sale of \$2,458,535, unrealized losses on interest rate cap derivatives of \$237,670	-	-	-	-	2,220,865	-	2,220,865
Proceeds from issuance of 5,679 shares of common stock as a result of stock purchased under the Employee Stock Purchase Plan	-	5,679	82,641	-	-	-	88,320
Proceeds from issuance of 9,688 shares of common stock as a result of stock options exercised	-	9,688	94,728	-	-	-	104,416
Stock compensation expense	-	-	367,775	-	-	-	367,775
Tax benefit of nonqualified stock options exercised	-	-	15,651	-	-	-	15,651
Restricted stock awards	-	26,502	(26,502)	-	-	-	-
	-	(3,272)	(54,188)	-	-	-	(57,460)

Exchange of 3,272
shares of common
stock in connection
with restricted stock
vested, net

Balance March 31, 2015 \$ - \$8,113,040 \$62,149,073 \$82,054,713 \$285,649 \$(1,606,510) \$150,995,965

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance December 31, 2013	\$29,867	\$8,005,708	\$90,154,528	\$64,637,173	\$(13,643,986)	\$(1,606,510)	\$147,576,780
Net income	-	-	-	3,889,215	-	-	3,889,215
Other comprehensive income, net of tax - unrealized gains on securities available for sale of \$5,230,784, unrealized losses on interest rate cap derivatives of \$0	-	-	-	-	5,230,784	-	5,230,784
Preferred cash dividends declared	-	-	-	(708,008)	-	-	(708,008)
Redemption of 15,000 shares of Series F Noncumulative Perpetual Preferred Stock	(15,000)	-	(14,985,000)	-	-	-	(15,000,000)
Proceeds from issuance of 6,189 shares of common stock as a result of stock purchased under the Employee Stock Purchase Plan	-	6,189	78,256	-	-	-	84,445
	-	9,814	85,582	-	-	-	95,396

Proceeds from issuance of 9,814 shares of common stock as a result of stock options exercised							
Stock compensation expense	-	-	347,752				347,752
Tax benefit of nonqualified stock options exercised	-	-	18,647	-	-	-	18,647
Restricted stock awards	-	27,197	(27,197)	-	-	-	-
Exchange of 10,300 shares of common stock in connection with restricted stock vested, net	-	(10,300)	(167,684)	-	-	-	(177,984)
Balance March 31, 2014	\$14,867	\$8,038,608	\$75,504,884	\$67,818,380	\$(8,413,202)	\$(1,606,510)	\$141,357,027

See Notes to Consolidated Financial Statements (Unaudited)

QCR HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****Three Months Ended March 31, 2015 and 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$4,177,889	\$3,889,215
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	745,268	692,562
Provision for loan/lease losses	1,710,456	1,094,162
Stock-based compensation expense	367,775	347,752
Deferred compensation expense accrued	437,600	347,850
Losses on other real estate owned, net	28,953	18,048
Amortization of premiums on securities, net	214,427	535,951
Securities gains	(421,066)	(20,625)
Loans originated for sale	(6,647,937)	(6,354,404)
Proceeds on sales of loans	6,569,050	7,678,600
Gains on sales of residential real estate loans	(86,140)	(63,487)
Gains on sales of government guaranteed portions of loans	(70,973)	(194,019)
Amortization of core deposit intangible	49,878	49,878
Accretion of acquisition fair value adjustments, net	(178,380)	(161,042)
Increase in cash value of bank-owned life insurance	(478,739)	(454,164)
Decrease in other assets	486,879	3,804,360
Decrease in other liabilities	(1,840,279)	(8,049,459)
Net cash provided by operating activities	\$5,064,661	\$3,161,178
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease in federal funds sold	32,745,000	27,865,000
Net decrease (increase) in interest-bearing deposits at financial institutions	18,215,699	(11,344,360)
Proceeds from sales of other real estate owned	331,151	97,120
Activity in securities portfolio:		
Purchases	(124,568,138)	(26,142,834)
Calls, maturities and redemptions	83,794,967	10,563,599
Paydowns	4,073,422	6,547,632
Sales	54,971,056	7,020,625
Activity in restricted investment securities:		
Purchases	(146,300)	(1,040,000)
Redemptions	3,800	814,900
Net increase in loans/leases originated and held for investment	(25,689,344)	(33,066,658)
Purchase of premises and equipment	(3,197,547)	(563,035)
Net cash provided by (used in) investing activities	\$40,533,766	\$(19,248,011)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposit accounts	54,603,339	24,915,536

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Net increase (decrease) in short-term borrowings	(85,015,951)	16,276,145
Activity in Federal Home Loan Bank advances:		
Term advances	5,000,000	-
Calls and maturities	(5,000,000)	(20,350,000)
Net change in short-term and overnight advances	(7,000,000)	24,700,000
Principal payments on term debt	(1,175,000)	(200,000)
Payment of cash dividends on common and preferred stock	(315,955)	(941,177)
Redemption of 15,000 shares of Series F Noncumulative Perpetual Preferred Stock, net	-	(15,000,000)
Proceeds from issuance of common stock, net	208,387	179,841
Net cash provided by (used in) by financing activities	\$(38,695,180)	\$29,580,345
Net increase in cash and due from banks	6,903,247	13,493,512
Cash and due from banks, beginning	38,235,019	41,950,790
Cash and due from banks, ending	\$45,138,266	\$55,444,302

(Continued)

QCR HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) - continued****Three Months Ended March 31, 2015 and 2014**

	2015	2014
Supplemental disclosure of cash flow information, cash payments for:		
Interest	\$4,103,459	\$4,140,254
Income/franchise taxes	\$1,618,064	\$1,365,000
Supplemental schedule of noncash investing activities:		
Change in accumulated other comprehensive income, unrealized gains on securities available for sale and derivative instruments, net	\$2,220,865	\$5,230,784
Exchange of shares of common stock in connection with payroll taxes for restricted stock and in connection with stock options exercised	\$(57,460)	\$(177,984)
Transfers of loans to other real estate owned	\$837,782	\$60,750

See Notes to Consolidated Financial Statements (Unaudited)

Part I

Item 1

QCR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation: The interim unaudited consolidated financial statements contained herein should be read in conjunction with the audited consolidated financial statements and accompanying notes to the consolidated financial statements for the fiscal year ended December 31, 2014, included in QCR Holdings, Inc.'s (the "Company") Form 10-K filed with the Securities and Exchange Commission on March 12, 2015. Accordingly, footnote disclosures, which would substantially duplicate the disclosures contained in the audited consolidated financial statements, have been omitted.

The financial information of the Company included herein has been prepared in accordance with U.S. generally accepted accounting principles for interim financial reporting and has been prepared pursuant to the rules and regulations for reporting on Form 10-Q and Rule 10-01 of Regulation S-X. Such information reflects all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. Any differences appearing between the numbers presented in financial statements and management's discussion and analysis are due to rounding. The results of the interim period ended March 31, 2015, are not necessarily indicative of the results expected for the year ending December 31, 2015.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries which include three commercial banks: Quad City Bank & Trust Company ("QCBT"), Cedar Rapids Bank & Trust Company ("CRBT"), and Rockford Bank & Trust Company ("RB&T"). QCBT, CRBT, and RB&T are all state-chartered commercial banks. The Company also engages in direct financing lease contracts through m2 Lease Funds, LLC ("m2 Lease Funds"), a wholly-owned subsidiary of QCBT. All material intercompany transactions and balances have been eliminated in consolidation.

Recent accounting developments: In January 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-04, *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure*. The objective of ASU 2014-04 is to reduce diversity by clarifying when an in

substance repossession or foreclosure occurs, that is, when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. ASU 2014-04 was effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Adoption did not have an impact on the Company's consolidated financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 implements a common revenue standard that clarifies the principles for recognizing revenue. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 is effective on January 1, 2017 and it is not expected to have a significant impact on the Company's financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

In June 2014, FASB issued ASU 2014-11, *Transfers and Servicing*. ASU 2014-11 requires that repurchase-to-maturity transactions be accounted for as secured borrowings, consistent with the accounting for other repurchase agreements. In addition, ASU 2014-11 requires separate accounting for repurchase financings, which entail the transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty. The standard requires entities to disclose certain information about transfers accounted for as sales in transactions that are economically similar to repurchase agreements. In addition, ASU 2014-11 requires disclosures related to collateral and remaining tenor and of the potential risks associated with repurchase agreements, securities lending transactions and repurchase-to-maturity transactions. ASU 2014-11 was effective on January 1, 2015 and adoption did not have an impact on the Company's consolidated financial statements.

In August 2014, FASB issued ASU 2014-14, *Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure*. ASU 2014-14 requires creditors to reclassify loans that are within the scope of the ASU to "other receivables" upon foreclosure, rather than reclassifying them as other real estate owned. The most common types of government guaranteed loans include those guaranteed by the Federal Housing Authority (FHA), U.S. Department of Housing and Urban Development (HUD), U.S. Department of Veterans Affairs (VA) and the U.S. Small Business Administration (SBA). The separate other receivable recorded upon foreclosure is to be measured based on the amount of the loan balance (principal and interest) the creditor expects to recover from the guarantor. ASU 2014-14 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Adoption did not have an impact on the Company's consolidated financial statements.

In February 2015, FASB issued ASU 2015-02, *Consolidation: Amendments to the Consolidation Analysis*. ASU 2015-02 is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). The ASU focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. The ASU also reduces the number of consolidation models from four to two. ASU 2015-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 and adoption is not expected to have a significant impact on the Company's consolidated financial statements.

Reclassifications: Certain amounts in the prior year consolidated financial statements have been reclassified, with no effect on net income or stockholders' equity, to conform with the current period presentation.

Part I

Item 1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

NOTE 2 – INVESTMENT SECURITIES

The amortized cost and fair value of investment securities as of March 31, 2015 and December 31, 2014 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
March 31, 2015				
Securities held to maturity:				
Municipal securities	\$214,096,171	\$2,303,569	\$(1,812,743)	\$214,586,997
Other securities	1,050,000	-	-	1,050,000
	\$215,146,171	\$2,303,569	\$(1,812,743)	\$215,636,997
Securities available for sale:				
U.S. govt. sponsored agency securities	\$300,131,663	\$444,159	\$(1,395,567)	\$299,180,255
Residential mortgage-backed and related securities	90,632,701	1,192,895	(462,296)	91,363,300
Municipal securities	28,649,282	1,107,755	(43,723)	29,713,314
Other securities	1,370,532	630,797	(98)	2,001,231
	\$420,784,178	\$3,375,606	\$(1,901,684)	\$422,258,100
December 31, 2014:				
Securities held to maturity:				
Municipal securities	\$198,829,574	\$2,420,298	\$(1,186,076)	\$200,063,796
Other securities	1,050,000	-	-	1,050,000
	\$199,879,574	\$2,420,298	\$(1,186,076)	\$201,113,796
Securities available for sale:				
U.S. govt. sponsored agency securities	\$312,959,760	\$173,685	\$(5,263,873)	\$307,869,572
Residential mortgage-backed and related securities	110,455,925	1,508,331	(541,032)	111,423,224
Municipal securities	29,408,740	1,053,713	(62,472)	30,399,981
Other securities	1,342,554	625,145	(846)	1,966,853
	\$454,166,979	\$3,360,874	\$(5,868,223)	\$451,659,630

The Company's held to maturity municipal securities consist largely of private issues of municipal debt. The municipalities are located within the Midwest. The municipal debt investments are underwritten using specific guidelines with ongoing monitoring.

The Company's residential mortgage-backed and related securities portfolio consists entirely of government sponsored or government guaranteed securities. The Company has not invested in commercial mortgage-backed securities or pooled trust preferred securities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

Gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2015 and December 31, 2014, are summarized as follows:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
March 31, 2015:						
Securities held to maturity:						
Municipal securities	\$48,692,267	\$(991,314)	\$30,617,292	\$(821,429)	\$79,309,559	\$(1,812,743)
Securities available for sale:						
U.S. govt. sponsored agency securities	\$102,286,952	\$(435,457)	\$93,948,175	\$(960,110)	\$196,235,127	\$(1,395,567)
Residential mortgage-backed and related securities	27,194,344	(126,489)	22,421,887	(335,807)	49,616,231	(462,296)
Municipal securities	598,285	(2,790)	1,339,977	(40,933)	1,938,262	(43,723)
Other securities	476	(98)	-	-	476	(98)
	\$130,080,057	\$(564,834)	\$117,710,039	\$(1,336,850)	\$247,790,096	\$(1,901,684)
December 31, 2014:						
Securities held to maturity:						
Municipal securities	\$20,419,052	\$(587,992)	\$38,779,545	\$(598,084)	\$59,198,597	\$(1,186,076)
Securities available for sale:						
U.S. govt. sponsored agency securities	\$23,970,085	\$(102,695)	\$255,743,056	\$(5,161,178)	\$279,713,141	\$(5,263,873)
Residential mortgage-backed and related securities	10,710,671	(10,139)	37,570,774	(530,893)	48,281,445	(541,032)
Municipal securities	920,935	(1,773)	4,425,337	(60,699)	5,346,272	(62,472)
Other securities	243,004	(846)	-	-	243,004	(846)
	\$35,844,695	\$(115,453)	\$297,739,167	\$(5,752,770)	\$333,583,862	\$(5,868,223)

At March 31, 2015, the investment portfolio included 474 securities. Of this number, 161 securities were in an unrealized loss position. The aggregate losses of these securities totaled less than 1% of the total amortized cost of the portfolio. Of these 161 securities, 59 securities had an unrealized loss for twelve months or more. All of the debt securities in unrealized loss positions are considered acceptable credit risks. Based upon an evaluation of the available evidence, including the recent changes in market rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these debt securities are temporary. In addition, the Company does not intend to sell these securities and it is not more-likely-than-not that the Company will be required to sell these debt securities before their anticipated recovery. At March 31, 2015 and December 31, 2014, equity securities represented less than 1% of the total portfolio.

The Company did not recognize other-than-temporary impairment on any debt or equity securities for the three months ended March 31, 2015 and 2014.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

All sales of securities for the three months ended March 31, 2015 and 2014, respectively, were from securities identified as available for sale. Information on proceeds received, as well as pre-tax gross gains and losses from sales on those securities are as follows:

	Three Months Ended	
	March 31, 2015	March 31, 2014
Proceeds from sales of securities	\$54,971,056	\$7,020,625
Pre-tax gross gains from sales of securities	573,684	20,625
Pre-tax gross losses from sales of securities	(152,618)	-

The amortized cost and fair value of securities as of March 31, 2015 by contractual maturity are shown below. Expected maturities of residential mortgage-backed and related securities may differ from contractual maturities because the residential mortgages underlying the residential mortgage-backed and related securities may be called or prepaid without any penalties. Therefore, these securities are not included in the maturity categories in the following table. "Other securities" available for sale are excluded from the maturity categories as there is no fixed maturity date for those securities.

	Amortized Cost	Fair Value
Securities held to maturity:		
Due in one year or less	\$3,866,598	\$3,871,276
Due after one year through five years	18,512,988	18,595,028
Due after five years	192,766,585	193,170,693
	\$215,146,171	\$215,636,997
Securities available for sale:		
Due in one year or less	\$34,982,411	\$34,994,562
Due after one year through five years	104,102,115	104,066,092
Due after five years	189,696,419	189,832,915
	\$328,780,945	\$328,893,569
Residential mortgage-backed and related securities	90,632,701	91,363,300

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Other securities	1,370,532	2,001,231
	\$420,784,178	\$422,258,100

Portions of the U.S. government sponsored agency securities and municipal securities contain call options, at the discretion of the issuer, to terminate the security at par and at predetermined dates prior to the stated maturity, summarized as follows:

	Amortized Cost	Fair Value
Securities held to maturity:		
Municipal securities	\$127,760,995	\$128,323,293
Securities available for sale:		
U.S. govt. sponsored agency securities	185,507,330	184,490,370
Municipal securities	17,800,256	18,353,901
	\$203,307,586	\$202,844,271

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

As of March 31, 2015, the Company's municipal securities portfolios were comprised of general obligation bonds issued by 70 issuers with fair values totaling \$56.2 million and revenue bonds issued by 84 issuers, primarily consisting of states, counties, towns, villages and school districts with fair values totaling \$188.1 million. The Company held investments in general obligation bonds in 17 states, including three states in which the aggregate fair value exceeded \$5.0 million. The Company held investments in revenue bonds in eleven states, including four states in which the aggregate fair value exceeded \$5.0 million.

As of December 31, 2014, the Company's municipal securities portfolios were comprised of general obligation bonds issued by 77 issuers with fair values totaling \$68.8 million and revenue bonds issued by 64 issuers, primarily consisting of states, counties, towns, villages and school districts with fair values totaling \$161.7 million. The Company held investments in general obligation bonds in 19 states, including three states in which the aggregate fair value exceeded \$5.0 million. The Company held investments in revenue bonds in eight states, including four states in which the aggregate fair value exceeded \$5.0 million.

The amortized cost and fair values of the Company's portfolio of general obligation bonds are summarized in the following tables by the issuer's state:

March 31, 2015:

U.S. State:	Number of Issuers	Amortized Cost	Fair Value	Average Exposure Per Issuer (Fair Value)
Iowa	15	\$21,431,325	\$21,602,520	\$1,440,168
Missouri	11	7,091,686	7,085,546	644,141
Illinois	9	11,925,483	12,255,809	1,361,757
Other	35	14,918,372	15,295,418	437,012
Total general obligation bonds	70	\$55,366,866	\$56,239,293	\$803,418

December 31, 2014:

U.S. State:	Number of Issuers	Amortized Cost	Fair Value	Average Exposure Per Issuer (Fair Value)
Iowa	14	\$20,156,969	\$20,446,655	\$1,460,475
Missouri	11	8,424,928	8,426,047	766,004
Illinois	10	22,447,799	22,784,638	2,278,464
Other	42	16,838,719	17,110,831	407,401
Total general obligation bonds	77	\$67,868,415	\$68,768,171	\$893,093

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

The amortized cost and fair values of the Company's portfolio of revenue bonds are summarized in the following tables by the issuer's state:

March 31, 2015:

U.S. State:	Number of Issuers	Amortized Cost	Fair Value	Average Exposure Per Issuer (Fair Value)
Missouri	35	\$66,627,817	\$66,749,366	\$1,907,125
Iowa	25	73,326,036	73,890,396	2,955,616
Indiana	11	25,563,200	25,397,220	2,308,838
Kansas	3	12,120,688	12,100,898	4,033,633
Other	10	9,740,846	9,923,138	992,314
Total revenue bonds	84	\$187,378,587	\$188,061,018	\$2,238,822

December 31, 2014:

U.S. State:	Number of Issuers	Amortized Cost	Fair Value	Average Exposure Per Issuer (Fair Value)
Missouri	30	\$62,358,276	\$62,584,516	\$