

CENTRUE FINANCIAL CORP
Form 10-Q
May 11, 2009

**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, 2009
Commission File Number: 0-28846

Centrue Financial Corporation

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3145350
(I.R.S. Employer Identification
Number)

7700 Bonhomme Avenue, St. Louis, Missouri 63105
(Address of principal executive offices including zip code)

(314) 505-5500
(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 x No o

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 o No o

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.

Large accelerated filer Accelerated filer
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 o No x.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares outstanding at May 08, 2009
Common Stock, Par Value \$1.00	6,025,491

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CENTRUE FINANCIAL CORPORATION
PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEETS
March 31, 2009 and December 31, 2008 (In Thousands, Except Share and Per Share Data)

	March 31, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 43,081	\$ 35,014
Securities available-for-sale	222,272	241,851
Restricted securities	10,711	10,711
Loans	985,464	1,004,390
Allowance for loan losses	(16,010)	(15,018)
Net loans	969,454	989,372
Cash value of life insurance	28,173	27,917
Mortgage servicing rights	2,902	2,890
Premises and equipment, net	31,615	32,376
Goodwill	24,331	24,494
Intangible assets, net	8,675	9,088
Other real estate	12,772	12,723
Other assets	16,377	15,445
Total assets	\$ 1,370,363	\$ 1,401,881
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Deposits		
Non-interest-bearing	\$ 113,703	\$ 118,745
Interest-bearing	954,750	930,475
Total deposits	1,068,453	1,049,220
Federal funds purchased and securities sold under agreements to repurchase	22,695	46,306
Federal Home Loan Bank advances	90,277	140,285
Notes payable	10,961	19,826
Series B mandatory redeemable preferred stock	268	268
Subordinated debentures	20,620	20,620
Other liabilities	10,442	9,448
Total liabilities	1,223,716	1,285,973
Commitments and contingent liabilities		
Stockholders equity		
Series A convertible preferred stock (aggregate liquidation preference of \$2,762)	500	500
Series C fixed rate, cumulative perpetual preferred stock (aggregate liquidation preference of \$32,668)	29,571	
Common stock, \$1 par value, 15,000,000 shares authorized; 7,453,555 shares issued at March 31, 2009 and December 31, 2008	7,454	7,454
Surplus	74,658	71,488
Retained earnings	62,704	62,476
Accumulated other comprehensive income (loss)	(5,820)	(3,590)

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	169,067	138,328
Treasury stock, at cost 1,425,064 shares at March 31, 2009 and December 31, 2008	(22,420)	(22,420)
Total stockholders equity	146,647	115,908
Total liabilities and stockholders equity	\$ 1,370,363	\$ 1,401,881

See Accompanying Notes to Unaudited Financial Statements

1.

CENTRUE FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
Three Months Ended March 31, 2009 and 2008
(In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2009	2008
Interest income		
Loans	\$ 14,189	\$ 17,295
Securities		
Taxable	2,505	2,474
Exempt from federal income taxes	317	358
Federal funds sold and other	11	55
Total interest income	17,022	20,182
Interest expense		
Deposits	5,606	8,340
Federal funds purchased and securities sold under agreements to repurchase	39	333
Advances from the Federal Home Loan Bank	543	1,172
Series B Mandatory Redeemable	4	12
Subordinated debentures	290	384
Notes payable	162	238
Total interest expense	6,644	10,479
Net interest income	10,378	9,703
Provision for loan losses	2,235	766
Net interest income after Provision for loan losses	8,143	8,937
Noninterest income		
Service charges	1,457	1,636
Mortgage banking income	698	446
Bank owned life insurance	256	252
Securities gains	14	848
Total other-than-temporary impairment losses	(2,611)	
Portion of loss recognized in other comprehensive income (before taxes)	1,403	
Net impairment loss recognized in earnings	(1,208)	
Gain on sale of OREO	7	96
Gain on sale of other assets	93	482
Other income	726	1,178
	2,043	4,938
Noninterest expenses		
Salaries and employee benefits	4,126	4,829
Occupancy, net	865	1,038
Furniture and equipment	560	782
Marketing	183	236
Supplies and printing	119	131
Telephone	193	241

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Data Processing	370	303
Amortization of intangible assets	413	909
Other expenses	2,048	1,847
	8,877	10,316
See Accompanying Notes to Unaudited Financial Statements		

2.

CENTRUE FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
Three Months Ended March 31, 2009 and 2008
(In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2009	2008
Income before income taxes	1,309	3,559
Income taxes	244	1,114
Net income	\$ 1,065	\$ 2,445
Preferred stock dividends	415	52
Net income for common stockholders	\$ 650	\$ 2,393
Basic earnings per common share	\$ 0.11	\$ 0.40
Diluted earnings per common share	\$ 0.11	\$ 0.39
Total comprehensive income:		
Net income	\$ 1,065	\$ 2,445
Change in unrealized gains (losses) on available for sale securities for which a portion of an other-than-temporary impairment has been recognized in earnings, net of reclassifications and tax effect	(1,815)	
Change in unrealized gains (losses) on other securities available for sale, net of reclassifications and tax effect	(3,020)	(703)
Reclassification adjustment:		
Net impairment loss recognized in earnings	1,208	
(Gains) recognized in earnings	(14)	(848)
Net unrealized gains	(3,641)	(1,551)
Tax expense	(1,411)	(601)
Other comprehensive income (loss)	(2,230)	(950)
Total comprehensive income (loss)	\$ (1,165)	\$ 1,495

See Accompanying Notes to Unaudited Financial Statements

CENTRUE FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2009 and 2008 (In Thousands)

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities		
Net Income	\$ 1,065	\$ 2,445
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	593	875
Amortization of intangible assets	413	909
Amortization of mortgage servicing rights, net	263	143
Amortization of bond premiums, net	141	55
Share based compensation	73	29
Provision for loan losses	2,235	766
Provision for deferred income taxes	1,127	
Earnings on bank-owned life insurance	(256)	(252)
Other than temporary impairment, securities	1,208	
Securities losses (gains), net	(14)	(848)
(Gain) loss on sale of OREO	(7)	(76)
(Gain) loss on sale of other assets	(93)	
(Gain) loss on sale of loans	(747)	(358)
(Gain) on sale of branches		(482)
Loss related to sale of Wealth Management	163	
Proceeds from sales of loans held for sale	41,130	34,812
Origination of loans held for sale	(40,108)	(38,733)
Change in assets and liabilities (Increase) decrease in other assets	(2,442)	197
Increase (decrease) in other liabilities		