

QCR HOLDINGS INC
Form 10-Q
May 09, 2011

U.S. 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 ending March 31, 2011

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 ID Number)

3551 7th Street, Moline, Illinois 61265

(Address of principal executive offices)

(309) 736-3580

(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 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 "accelerated filer," "large 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 Act). Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: As of May 2, 2011, the Registrant had outstanding 4,729,163 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, 2011 and December 31, 2010

	March 31, 2011	December 31, 2010
ASSETS		
Cash and due from banks	\$35,738,911	\$42,030,806
Federal funds sold	69,260,000	61,960,000
Interest-bearing deposits at financial institutions	28,374,628	39,745,611
Securities held to maturity, at amortized cost	300,000	300,000
Securities available for sale, at fair value	491,257,812	424,546,767
Total securities	491,557,812	424,846,767
Loans receivable held for sale	1,268,230	14,084,859
Loans/leases receivable held for investment	1,154,499,741	1,158,453,744
Gross loans/leases receivable	1,155,767,971	1,172,538,603
Less allowance for estimated losses on loans/leases	(20,730,016)	(20,364,656)
Net loans/leases receivable	1,135,037,955	1,152,173,947
Premises and equipment, net	30,852,151	31,118,744
Goodwill	3,222,688	3,222,688
Accrued interest receivable	6,535,666	6,435,989
Bank-owned life insurance	33,909,801	33,565,390
Prepaid FDIC insurance	4,739,932	5,361,314
Restricted investment securities	15,421,400	16,668,700
Other real estate owned, net	8,357,604	8,534,711
Other assets	10,685,566	10,970,549
Total assets	\$1,873,694,114	\$1,836,635,216
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$281,236,549	\$276,827,205
Interest-bearing	913,621,337	837,988,652
Total deposits	1,194,857,886	1,114,815,857
Short-term borrowings	134,871,743	141,154,499
Federal Home Loan Bank advances	210,250,000	238,750,000
Other borrowings	143,629,848	150,070,785
Junior subordinated debentures	36,085,000	36,085,000
Other liabilities	21,041,501	23,188,367
Total liabilities	1,740,735,978	1,704,064,508
STOCKHOLDERS' EQUITY		

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Preferred stock, \$1 par value; shares authorized 250,000	63,237	63,237
March 2011 and December 2010 - 63,237 shares issued and outstanding		
Common stock, \$1 par value; shares authorized 20,000,000	4,833,562	4,732,428
March 2011 - 4,833,562 shares issued and 4,712,316 outstanding		
December 2010 - 4,732,428 shares issued and 4,611,182 outstanding		
Additional paid-in capital	86,913,069	86,478,269
Retained earnings	41,643,489	40,550,900
Accumulated other comprehensive income (loss)	(641,389)	704,165
Noncontrolling interests	1,752,678	1,648,219
	134,564,646	134,177,218
Treasury Stock, March 2011 and December 2010 - 121,246 common shares, at cost	1,606,510	1,606,510
Total stockholders' equity	132,958,136	132,570,708
Total liabilities and stockholders' equity	1,873,694,114	\$1,836,635,216

See Notes to Consolidated Financial Statements

QCR HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
Three Months Ended March 31,

	2011	2010
Interest and dividend income:		
Loans/leases, including fees	\$ 15,734,640	\$ 17,513,489
Securities:		
Taxable	2,336,239	2,462,680
Nontaxable	239,346	228,724
Interest-bearing deposits at financial institutions	111,149	144,918
Restricted investment securities	163,520	105,479
Federal funds sold	66,338	21,287
Total interest and dividend income	18,651,232	20,476,577
Interest expense:		
Deposits	2,425,554	3,375,009
Short-term borrowings	113,666	168,846
Federal Home Loan Bank advances	2,143,376	2,244,077
Other borrowings	1,279,179	1,389,119
Junior subordinated debentures	480,655	478,958
Total interest expense	6,442,430	7,656,009
Net interest income	12,208,802	12,820,568
Provision for loan/lease losses	1,067,664	1,603,229
Net interest income after provision for loan/lease losses	11,141,138	11,217,339
Noninterest income:		
Trust department fees	950,802	905,788
Investment advisory and management fees, gross	531,218	434,695
Deposit service fees	872,672	822,768
Gains on sales of loans, net	759,693	168,954
Securities gains	880,312	-
Losses on sales of other real estate owned, net	(25,098)	(342,546)
Earnings on bank-owned life insurance	344,411	334,506
Credit card issuing fees, net of processing costs	141,160	86,142
Other	601,954	421,330
Total noninterest income	5,057,124	2,831,637
Noninterest expense:		
Salaries and employee benefits	7,473,503	6,891,004
Occupancy and equipment expense	1,289,455	1,371,346
Professional and data processing fees	1,124,522	1,157,398
FDIC and other insurance	882,730	803,526
Loan/lease expense	276,228	569,015
Advertising and marketing	224,729	166,241

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Postage and telephone	230,185	262,740
Stationery and supplies	134,643	120,398
Bank service charges	161,178	61,251
Prepayment fees on Federal Home Loan Bank advances	832,099	-
Losses on lease residual values	-	617,000
Other	382,999	422,003
Total noninterest expense	13,012,271	12,441,922
Net income before income taxes	3,185,991	1,607,054
Federal and state income tax expense	954,507	392,121
Net income	\$ 2,231,484	\$ 1,214,933
Less: Net income (loss) attributable to noncontrolling interests	106,524	(77,076)
Net income attributable to QCR Holdings, Inc.	\$ 2,124,960	\$ 1,292,009
Less: Preferred stock dividends	1,032,371	1,033,419
Net income attributable to QCR Holdings, Inc. common stockholders	1,092,589	\$ 258,590
Earnings per common share attributable to QCR Holdings, Inc. common shareholders		
Basic	\$ 0.23	0.06
Diluted	\$ 0.23	0.06
Weighted average common shares outstanding	4,671,715	4,573,765
Weighted average common and common equivalent shares outstanding	4,683,717	4,582,319
Cash dividends declared per common share	\$ -	\$ -

See Notes to Consolidated Financial Statements

QCR HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
Three Months Ended March 31, 2011 and 2010

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Treasury Stock	Total
Balance December 31, 2010	\$63,237	\$4,732,428	\$86,478,269	\$40,550,900	\$704,165	\$1,648,219	\$(1,606,510)	\$132,570,708
Comprehensive income:								
Net income	-	-	-	2,124,960	-	106,524	-	2,231,484
Other comprehensive loss, net of tax	-	-	-	-	(1,345,554)	-	-	(1,345,554)
Comprehensive income								885,930
Preferred cash dividends declared and accrued	-	-	-	(915,462)	-	-	-	(915,462)
Discount accretion on cumulative preferred stock	-	-	116,909	(116,909)	-	-	-	-
Proceeds from issuance of 9,081 shares of common stock as a result of stock purchased under the Employee Stock Purchase Plan	-	9,081	49,249	-	-	-	-	58,330
Proceeds from issuance of 24,300 shares of common stock as a result of stock options exercised	-	24,300	146,067	-	-	-	-	170,367
Exchange of 2,171 shares of common stock	-	(2,171)	(14,070)	-	-	-	-	(16,241)

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in connection
with stock
options
exercised

Stock compensation expense	-	-	206,569					206,569
Restricted stock awards	-	69,924	(69,924)	-	-	-	-	-
Other adjustments to noncontrolling interests	-	-	-	-	-	(2,065)	-	(2,065)
Balance March 31, 2011	\$63,237	\$4,833,562	\$86,913,069	\$41,643,489	\$(641,389)	\$1,752,678	\$(1,606,510)	\$132,958,136

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Treasury Stock	Total
Balance December 31, 2009	\$38,805	\$4,674,536	\$82,194,330	\$38,458,477	\$135,608	\$1,699,630	\$(1,606,510)	\$125,594,876
Comprehensive income:								
Net income	-	-	-	1,292,009	-	(77,076)	-	1,214,933
Other comprehensive income, net of tax	-	-	-	-	1,663,236	-	-	1,663,236
Comprehensive income								2,878,169
Preferred cash dividends declared and accrued	-	-	-	(924,088)	-	-	-	(924,088)
Discount accretion on cumulative preferred stock	-	-	109,331	(109,331)	-	-	-	-
Proceeds from issuance of warrants to purchase 54,000 shares of common stock in conjunction with the issuance of	-	-	84,240	-	-	-	-	84,240

Series A Subordinated Notes								
Proceeds from issuance of 6,270 shares of common stock as a result of stock purchased under the Employee Stock Purchase Plan	-	6,270	40,849	-	-	-	-	47,119
Exchange of 367 shares of common stock in connection with payroll taxes for restricted stock	-	(367)	(2,730)	-	-	-	-	(3,097)
Stock compensation expense	-	-	181,489					181,489
Restricted stock awards	-	23,598	(23,598)	-	-	-	-	-
Other adjustments to noncontrolling interests	-	-	-	-	-	(2,065)	-	(2,065)
Balance March 31, 2010	\$38,805	\$4,704,037	\$82,583,911	\$38,717,067	\$1,798,844	\$1,620,489	\$(1,606,510)	\$127,856,643

See Notes to Consolidated Financial Statements

QCR HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Three Months Ended March 31,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,231,484	\$ 1,214,933
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	595,249	651,432
Provision for loan/lease losses	1,067,664	1,603,229
Amortization of offering costs on subordinated debentures	3,579	3,579
Stock-based compensation expense	246,074	202,995
Losses on sales of foreclosed assets, net	25,098	342,546
Amortization of premiums on securities, net	888,895	922,718
Securities gains	(880,312)	-
Loans originated for sale	(20,240,641)	(14,794,145)
Proceeds on sales of loans	33,816,963	17,221,270
Gains on sales of loans, net	(759,693)	(168,954)
Prepayment fees on Federal Home Loan Bank advances	832,099	-
Losses on lease residual values	-	617,000
Increase in accrued interest receivable	(99,677)	(102,488)
Decrease in prepaid FDIC insurance	621,382	564,847
Increase in cash value of bank-owned life insurance	(344,411)	(334,506)
Decrease (increase) in other assets	1,114,324	(151,088)
Decrease in other liabilities	(2,002,950)	(1,997,266)
Net cash provided by operating activities	\$ 17,115,127	\$ 5,796,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in federal funds sold	(7,300,000)	(54,471,667)
Net decrease in interest-bearing deposits at financial institutions	11,370,983	5,058,430
Proceeds from sales of foreclosed assets	1,850,360	21,167
Activity in securities portfolio:		
Purchases	(168,245,889)	(75,051,624)
Calls, maturities and redemptions	61,590,000	59,500,000
Paydowns	361,643	99,503
Sales	37,394,079	-
Redemptions (purchases) of restricted investment securities, net	1,247,300	(907,300)
Activity in bank-owned life insurance:		
Purchases	-	(3,150,000)
Surrender of policy	-	609,774
Net decrease in loans/leases originated and held for investment	1,553,348	1,667,807
Purchase of premises and equipment	(328,656)	(871,786)

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Net cash used in investing activities	\$ (60,506,832)	\$ (67,495,696)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposit accounts	80,042,029	59,966,105
Net decrease in short-term borrowings	(6,282,756)	(34,636,000)
Activity in Federal Home Loan Bank advances:		
Advances	-	18,000,000
Calls and maturities	(13,500,000)	(2,900,000)
Prepayments	(15,832,099)	-
Net (decrease) increase in other borrowings	(6,440,937)	9,537,679
Proceeds from issuance of Series A Subordinated Notes and detachable warrants to purchase 54,000 shares of common stock	-	2,700,000
Payment of cash dividends on common and preferred stock	(1,098,883)	(1,105,721)
Proceeds from issuance of common stock, net	212,456	44,022
Net cash provided by financing activities	\$ 37,099,810	\$ 51,606,085
Net decrease in cash and due from banks	(6,291,895)	(10,093,509)
Cash and due from banks, beginning	42,030,806	35,878,046
Cash and due from banks, ending	\$ 35,738,911	\$ 25,784,537
Supplemental disclosure of cash flow information, cash payments for:		
Interest	\$ 6,590,262	\$ 7,945,264
Income/franchise taxes	\$ 368,270	\$ 370,032
Supplemental schedule of noncash investing activities:		
Change in accumulated other comprehensive income,		
unrealized (losses) gains on securities available for sale, net	\$ (1,345,554)	\$ 1,663,236
Transfers of loans to other real estate owned	\$ 1,698,351	\$ -

See Notes to Consolidated Financial Statements

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QCR HOLDINGS, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2011

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, 2010, including QCR Holdings, Inc.'s (the "Company") Form 10-K filed with the Securities and Exchange Commission on March 7, 2011. 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, 2011, are not necessarily indicative of the results expected for the year ending December 31, 2011.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries which include three state-chartered commercial banks: Quad City Bank & Trust Company ("QCBT"), Cedar Rapids Bank & Trust Company ("CRBT"), and Rockford Bank & Trust Company ("RB&T"). The Company also engages in direct financing lease contracts through its 80% equity investment by QCBT in m2 Lease Funds, LLC ("m2 Lease Funds"), and in real estate holdings through its 91% equity investment in Velie Plantation Holding Company, LLC ("VPHC"). All material intercompany transactions and balances have been eliminated in consolidation.

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

Recent accounting developments: In January 2010, the Financial Accounting Standards Board ("FASB") issued ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820); Improving Disclosures about Fair Value Measurements. ASU 2010-06 requires new disclosures on transfers into and out of Level 1 and 2 measurements of the fair value hierarchy and requires separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures relating to the level of disaggregation and inputs and valuation techniques used to measure fair value. It is effective for the first reporting period (including interim periods) beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchase, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

In January 2011, FASB issued ASU 2011-01, Receivables (Topic 310): Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20. FASB determined that certain provisions relating to troubled debt restructures (“TDRs”) should be deferred until additional guidance and clarification on the definition of TDRs is issued. In April 2011, FASB issued ASU 2011-2, A Creditor’s Determination of Whether a Restructuring Is a Troubled Debt Restructuring. ASU 2011-2 amends ASC Topic 310, Receivables, by clarifying guidance for creditors in determining whether a concession has been granted and whether a debtor is experiencing financial difficulties. The amendments are effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. ASU 2011-2 also makes disclosure requirements deferred under ASU 2011-1 effective for interim and annual periods beginning on or after June 15, 2011. The Company has evaluated the effect of ASU 2011-2 and believes adoption will not have a material impact on the consolidated financial statements.

NOTE 2 – INVESTMENT SECURITIES

The amortized cost and fair value of investment securities as of March 31, 2011 and December 31, 2010 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
March 31, 2011:				
Securities held to maturity,				
other bonds	\$300,000	\$-	\$-	\$300,000
Securities available for sale:				
U.S. govt. sponsored agency securities	\$390,497,368	\$1,456,272	\$(3,494,796)	\$388,458,844
Residential mortgage-backed securities	73,324,511	223,610	(367,835)	73,180,286
Municipal securities	26,974,063	1,008,347	(59,977)	27,922,433
Trust preferred securities	86,200	-	(26,200)	60,000
Other securities	1,421,258	215,869	(878)	1,636,249
	\$492,303,400	\$2,904,098	\$(3,949,686)	\$491,257,812
December 31, 2010:				
Securities held to maturity,				
other bonds	\$300,000	\$-	\$-	\$300,000
Securities available for sale:				
U.S. govt. sponsored agency securities	\$401,711,432	\$3,218,843	\$(2,704,919)	\$402,225,356
Residential mortgage-backed securities	64,912	5,526	-	70,438
Municipal securities	20,134,611	579,215	(110,346)	20,603,480
Trust preferred securities	86,200	-	(8,200)	78,000
Other securities	1,414,661	168,331	(13,499)	1,569,493
	\$423,411,816	\$3,971,915	\$(2,836,964)	\$424,546,767

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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, 2011 and December 31, 2010, 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, 2011:						
Securities available for sale:						
U.S. govt. sponsored agency securities	\$213,178,135	\$(3,494,796)	\$-	\$-	\$213,178,135	\$(3,494,796)
Residential mortgage-backed securities	20,973,089	(367,835)	-	-	20,973,089	(367,835)
Municipal securities	1,815,775	(15,398)	704,528	(44,579)	2,520,303	(59,977)
Trust preferred securities	60,000	(26,200)	-	-	60,000	(26,200)
Other securities	-	-	2,822	(878)	2,822	(878)
	\$236,026,999	\$(3,904,229)	\$707,350	\$(45,457)	\$236,734,349	\$(3,949,686)
December 31, 2010:						
Securities available for sale:						
U.S. govt. sponsored agency securities	\$159,302,061	\$(2,704,919)	\$-	\$-	\$159,302,061	\$(2,704,919)
Municipal securities	4,333,786	(47,884)	678,378	(62,462)	5,012,164	(110,346)
Trust preferred securities	86,200	(8,200)	-	-	86,200	(8,200)
Other securities	226,250	(12,671)	2,872	(828)	229,122	(13,499)
	\$163,948,297	\$(2,773,674)	\$681,250	\$(63,290)	\$164,629,547	\$(2,836,964)

At March 31, 2011, the investment portfolio included 353 securities. Of this number, 122 securities had current unrealized losses with aggregate depreciation less than 2% from the amortized cost basis. Of these 122, seven had unrealized losses 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, 2011 and December 31, 2010, 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, 2011 and 2010.

During the first quarter of 2011, the Company sold a portion of its U.S. government sponsored agency securities portfolio. The Company received proceeds of \$37,394,079 and recognized pre-tax gross gains of \$880,312. For the three months ended March 31, 2010, there were no sales of investment securities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

The amortized cost and fair value of securities as of March 31, 2011 by contractual maturity are shown below. Expected maturities of residential mortgage-backed securities may differ from contractual maturities because the residential mortgages underlying the residential mortgage-backed securities may be called or prepaid without any penalties. Therefore, these securities are not included in the maturity categories in the following summary. Other securities are excluded from the maturity categories as there is no fixed maturity date.

	Amortized Cost	Fair Value
Securities held to maturity:		
Due after one year through five years	\$250,000	\$250,000
Due after five years	50,000	50,000
	\$300,000	\$300,000
Securities available for sale:		
Due in one year or less	\$11,580,676	\$11,628,873
Due after one year through five years	83,992,519	84,117,506
Due after five years	321,984,436	320,694,898
	\$417,557,631	\$416,441,277
Residential mortgage-backed securities	73,324,511	73,180,286
Other securities	1,421,258	1,636,249
	\$492,303,400	\$491,257,812

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

NOTE 3 – LOANS/LEASES RECEIVABLE

The composition of the loan/lease portfolio as of March 31, 2011 and December 31, 2010 is presented as follows:

	As of March 31, 2011	As of December 31, 2010
Commercial and industrial loans	\$ 357,471,083	\$ 365,625,271
Commercial real estate loans		
Owner-occupied commercial real estate	154,616,199	141,411,027
Commercial construction, land development, and other land	59,916,498	65,529,058
Other non owner-occupied commercial real estate	335,238,402	346,777,179
	549,771,099	553,717,264
Direct financing leases *	83,993,417	83,009,647
Residential real estate loans **	79,707,747	82,196,622
Installment and other consumer loans	82,855,412	86,239,944
	1,153,798,758	1,170,788,748
Plus deferred loan/lease origination costs, net of fees	1,969,213	1,749,855
	1,155,767,971	1,172,538,603
Less allowance for estimated losses on loans/leases	(20,730,016)	(20,364,656)
	\$ 1,135,037,955	\$ 1,152,173,947
* Direct financing leases:		
Net minimum lease payments to be received	\$ 95,805,731	\$ 94,921,417
Estimated unguaranteed residual values of leased assets	1,172,271	1,204,865
Unearned lease/residual income	(12,984,585)	(13,116,635)
	83,993,417	83,009,647
Plus deferred lease origination costs, net of fees	2,543,943	2,341,628
	86,537,360	85,351,275
Less allowance for estimated losses on leases	(1,467,934)	(1,530,572)
	\$ 85,069,426	\$ 83,820,703

**Includes residential real estate loans held for sale totaling \$1,268,230 and \$14,084,859 as of March 31, 2011 and December 31, 2010, respectively.

Management performs an evaluation of the estimated unguaranteed residual values of leased assets on an annual basis, at a minimum. The evaluation consists of discussions with reputable and current vendors and management's expertise and understanding of the current states of particular industries to determine informal valuations of the equipment. As necessary and where available, management will utilize valuations by independent appraisers. The large majority of leases with residual values contain a lease options rider which requires the lessee to pay the residual value directly, finance the payment of the residual value, or extend the lease term to pay the residual value. In these cases, the

residual value is protected and the risk of loss is minimal.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

For the three months ended March 31, 2011, there were no losses on residual values. For the three months ended March 31, 2010, the Company recognized losses totaling \$617,000 in residual values for two direct financing equipment leases. At March 31, 2011, the Company had 49 leases remaining with residual values totaling \$1,172,271 that were not protected with a lease end options rider. At December 31, 2010, the Company had 54 leases remaining with residual values totaling \$1,204,865 that were not protected with a lease end options rider. Management has performed specific evaluations of these residual values and determined that the valuations are appropriate.

The aging of the loan/lease portfolio by classes of loans/leases as of March 31, 2011 is presented as follows:

Classes of Loans/Leases	Current	30-59 Days Past Due	60-89 Days Past Due	Accruing Past Due 90 Days or More	Nonaccrual Loans/Leases	Total
Commercial and Industrial	\$341,766,382	\$4,607,643	\$51,611	\$-	\$11,045,447	\$357,471,083
Commercial Real Estate						
Owner-Occupied Commercial Real Estate	151,030,259	1,255,637	802,240	100,429	1,427,634	154,616,199
Commercial Construction, Land Development, and Other Land	55,282,015	-	-	-	4,634,483	59,916,498
Other Non Owner-Occupied Commercial Real Estate	317,447,115	4,350,907	2,054,363	-	11,386,017	335,238,402
Direct Financing Leases	80,935,506	1,740,170	76,700	-	1,241,041	83,993,417
Residential Real Estate	77,323,134	1,120,458	-	-	1,264,155	79,707,747
Installment and Other Consumer	81,136,987	457,853	80,334	22,670	1,157,568	82,855,412
	\$1,104,921,398	\$13,532,668	\$3,065,248	\$123,099	\$32,156,345	\$1,153,798,758
As a percentage of total loan/lease portfolio	95.76	% 1.17	% 0.27	% 0.01	% 2.79	% 100.00

The aging of the loan/lease portfolio by classes of loans/leases as of December 31, 2010 is presented as follows:

Classes of Loans/Leases	Current	30-59 Days Past Due	60-89 Days Past Due	Accruing Past Due	Nonaccrual Loans/Leases	Total
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90 Days
or More

Commercial and Industrial	\$ 353,437,063	\$ 300,224	\$ 203,722	\$ -	\$ 11,684,262	\$ 365,625,271
Commercial Real Estate						
Owner-Occupied Commercial Real Estate	139,880,634	236,910	-	103,015	1,190,468	141,411,027
Commercial Construction, Land Development, and Other Land	55,552,352	746,545	-	-	9,230,161	65,529,058
Other Non Owner-Occupied Commercial Real Estate	335,171,858	275,000	546,019	70,125	10,714,177	346,777,179
Direct Financing Leases	79,708,979	1,605,836	92,244	-	1,602,588	83,009,647
Residential Real Estate	79,910,279	876,509	-	123,557	1,286,277	82,196,622
Installment and Other Consumer	84,214,010	101,770	182,349	23,139	1,718,676	86,239,944
	\$ 1,127,875,175	\$ 4,142,794	\$ 1,024,334	\$ 319,836	\$ 37,426,609	\$ 1,170,788,748
As a percentage of total loan/lease portfolio	96.33	% 0.35	% 0.09	% 0.03	% 3.20	% 100.00

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

Nonperforming loans/leases by classes of loans/leases as of March 31, 2011 is presented as follows:

Classes of Loans/Leases	Accruing Past Due 90 Days or More	Nonaccrual Loans/Leases *	Troubled Debt Restructures - Accruing	Total Nonperforming Loans/Leases	Percentage of Total Nonperforming Loans/Leases	
Commercial and Industrial Commercial Real Estate	\$-	\$ 11,045,447	\$ 1,075,817	\$ 12,121,264	33.99	%
Owner-Occupied Commercial Real Estate	100,429	1,427,634	-	1,528,063	4.29	%
Commercial Construction, Land Development, and Other Land	-	4,634,483	961,879	5,596,362	15.69	%
Other Non Owner-Occupied Commercial Real Estate	-	11,386,017	954,352	12,340,369	34.61	%
Direct Financing Leases	-	1,241,041	387,339	1,628,380	4.57	%
Residential Real Estate	-	1,264,155	-	1,264,155	3.55	%
Installment and Other Consumer	22,670	1,157,568	-	1,180,238	3.31	%
	\$ 123,099	\$ 32,156,345	\$ 3,379,387	\$ 35,658,831	100.00	%

*Nonaccrual loans/leases includes \$8,393,182 of troubled debt restructures, including \$1,771,517 in commercial and industrial loans and \$6,116,331 in commercial real estate loans.

Nonperforming loans/leases by classes of loans/leases as of December 31, 2010 is presented as follows:

Classes of Loans/Leases	Accruing Past Due 90 Days or More	Nonaccrual Loans/Leases **	Troubled Debt Restructures - Accruing	Total Nonperforming Loans/Leases	Percentage of Total Nonperforming Loans/Leases	
Commercial and Industrial Commercial Real Estate	\$-	\$ 11,684,262	\$ 180,228	\$ 11,864,490	28.83	%
Owner-Occupied Commercial Real Estate	103,015	1,190,468	-	1,293,483	3.14	%
Commercial Construction, Land Development, and Other Land	-	9,230,161	961,879	10,192,040	24.77	%
Other Non Owner-Occupied Commercial Real Estate	70,125	10,714,177	2,100,837	12,885,139	31.31	%
Direct Financing Leases	-	1,602,588	162,502	1,765,090	4.29	%
Residential Real Estate	123,557	1,286,277	-	1,409,834	3.43	%
Installment and Other Consumer	23,139	1,718,676	-	1,741,815	4.23	%
	\$ 319,836	\$ 37,426,609	\$ 3,405,446	\$ 41,151,891	100.00	%

**Nonaccrual loans/leases includes \$12,631,343 of troubled debt restructures, including \$2,200,986 in commercial and industrial loans and \$9,407,276 in commercial real estate loans.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

Changes in the allowance for estimated losses on loans/leases by portfolio segment for the three months ended March 31, 2011 are presented as follows:

	Commercial and Industrial	Commercial Real Estate	Direct Financing Leases	Residential Real Estate	Installment and Other Consumer	Total
Balance, beginning	\$ 7,548,922	\$ 9,087,315	\$ 1,530,572	\$ 748,028	\$ 1,449,819	\$ 20,364,656
Provisions charged to expense	991,519	(472,152)	180,664	(41,723)	409,356	1,067,664
Loans/leases charged off	(196,716)	(130)	(243,446)	-	(440,635)	(880,927)
Recoveries on loans/leases previously charged off	110,374	16,666	144	-	51,439	178,623
Balance, ending	\$ 8,454,099	\$ 8,631,699	\$ 1,467,934	\$ 706,305	\$ 1,469,979	\$ 20,730,016

Changes in the allowance for estimated losses on loans/leases by portfolio segment for the three months ended March 31, 2010 are presented as follows:

	Commercial and Industrial	Commercial Real Estate	Direct Financing Leases	Residential Real Estate	Installment and Other Consumer	Total
Balance, beginning	\$ 5,425,624	\$ 12,665,721	\$ 1,681,376	\$ 685,732	\$ 2,046,281	\$ 22,504,734
Provisions charged to expense	1,055,572	406,857	174,230	(66,803)	33,373	1,603,229
Loans/leases charged off	(588,031)	(315,851)	(6,568)	-	(462,551)	(1,373,001)
Recoveries on loans/leases previously charged off	59,263	4,218	594	-	86,453	150,528
Balance, ending	\$ 5,952,428	\$ 12,760,945	\$ 1,849,632	\$ 618,929	\$ 1,703,556	\$ 22,885,490

The allowance for estimated losses on loans/leases by impairment evaluation and by portfolio segment as of March 31, 2011 is presented as follows:

	Commercial and Industrial	Commercial Real Estate	Direct Financing Leases	Residential Real Estate	Installment and Other Consumer	Total
Allowance for loans/leases individually evaluated for impairment	\$ 3,289,836	\$ 2,871,906	\$ 430,000	\$ 71,890	\$ 48,162	\$ 6,711,794
Allowance for loans/leases collectively evaluated for impairment	5,164,263	5,759,793	1,037,934	634,415	1,421,817	14,018,222

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	\$8,454,099	\$8,631,699	\$1,467,934	\$706,305	\$1,469,979	\$20,730,016				
Loans/leases individually evaluated for impairment	\$9,132,201	\$19,411,305	\$1,628,380	\$1,500,047	\$726,738	\$32,398,671				
Loans/leases collectively evaluated for impairment	348,338,882	530,359,794	82,365,037	78,207,700	82,128,674	1,121,400,087				
	\$357,471,083	\$549,771,099	\$83,993,417	\$79,707,747	\$82,855,412	\$1,153,798,758				
Allowance as a percentage of loans/leases individually evaluated for impairment	36.02	% 14.80	% 26.41	% 4.79	% 6.63	% 20.72				%
Allowance as a percentage of loans/leases collectively evaluated for impairment	1.48	% 1.09	% 1.26	% 0.81	% 1.73	% 1.25				%
	2.36	% 1.57	% 1.75	% 0.89	% 1.77	% 1.80				%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

The allowance for estimated losses on loans/leases by impairment evaluation and by portfolio segment as of December 31, 2010 is presented as follows:

	Commercial and Industrial	Commercial Real Estate	Direct Financing Leases	Residential Real Estate	Installment and Other Consumer	Total	
Allowance for loans/leases individually evaluated for impairment	\$3,331,437	\$3,709,177	\$335,000	\$27,355	\$49,777	\$7,452,746	
Allowance for loans/leases collectively evaluated for impairment	4,217,485	5,378,138	1,195,572	720,673	1,400,042	12,911,910	
	\$7,548,922	\$9,087,315	\$1,530,572	\$748,028	\$1,449,819	\$20,364,656	
Loans/leases individually evaluated for impairment	\$8,824,670	\$24,770,032	\$1,765,090	\$1,286,277	\$1,611,098	\$38,257,167	
Loans/leases collectively evaluated for impairment	356,800,601	528,947,232	81,244,557	80,910,345	84,628,846	1,132,531,581	
	\$365,625,271	\$553,717,264	\$83,009,647	\$82,196,622	\$86,239,944	\$1,170,788,748	
Allowance as a percentage of loans/leases individually evaluated for impairment	37.75	% 14.97	% 18.98	% 2.13	% 3.09	% 19.48	%
Allowance as a percentage of loans/leases collectively evaluated for impairment	1.18	% 1.02	% 1.47	% 0.89	% 1.65	% 1.14	%
	2.06	% 1.64	% 1.84	% 0.91	% 1.68	% 1.74	%

Information for impaired loans/leases by classes of financing receivable as of and for the period ended March 31, 2011 is as follows:

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Classes of Loans/Leases	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Interest Income for Cash Payments Received
Impaired Loans/Leases with No Specific Allowance Recorded:						
Commercial and Industrial	\$ 1,759,718	\$2,694,564	\$ -	\$ 1,729,347	\$ -	\$ -
Commercial Real Estate						
Owner-Occupied Commercial Real Estate	1,278,267	1,278,267	-	1,316,373	-	-
Commercial Construction, Land Development, and Other Land						
Land	1,413,397	1,505,879	-	1,797,506	-	-
Other Non Owner-Occupied Commercial Real Estate						
Commercial Real Estate	1,361,650	1,389,598	-	1,361,650	-	-
Direct Financing Leases	870,680	870,680	-	912,337	-	-
Residential Real Estate	1,006,289	1,006,289	-	1,012,629	-	-
Installment and Other Consumer						
Consumer	678,576	774,371	-	998,891	-	-
	\$ 8,368,577	\$9,519,648	\$ -	\$ 9,128,733	\$ -	\$ -
Impaired Loans/Leases with Specific Allowance Recorded:						
Commercial and Industrial	\$ 7,372,483	\$7,820,494	\$ 3,289,836	\$ 7,184,670	\$ 14,256	\$ 14,256
Commercial Real Estate						
Owner-Occupied Commercial Real Estate	621,371	621,371	168,433	627,335	24,260	24,260
Commercial Construction, Land Development, and Other Land						
Land	3,580,004	3,595,297	1,096,505	3,828,871	-	-
Other Non Owner-Occupied Commercial Real Estate						
Commercial Real Estate	11,156,616	11,306,616	1,606,968	12,500,772	-	-
Direct Financing Leases	757,700	757,700	430,000	784,398	-	-
Residential Real Estate	493,758	528,436	71,890	496,979	-	-
Installment and Other Consumer						
Consumer	48,162	48,162	48,162	48,652	-	-
	\$ 24,030,094	\$24,678,076	\$ 6,711,794	\$ 25,471,677	\$ 38,516	\$ 38,516
Total Impaired Loans/Leases:						
	\$ 9,132,201	\$10,515,058	\$ 3,289,836	\$ 8,914,017	\$ 14,256	\$ 14,256

Commercial and Industrial						
Commercial Real Estate						
Owner-Occupied						
Commercial Real Estate	1,899,638	1,899,638	168,433	1,943,708	24,260	24,260
Commercial Construction, Land Development, and Other						
Land	4,993,401	5,101,176	1,096,505	5,626,377	-	-
Other Non						
Owner-Occupied						
Commercial Real Estate	12,518,266	12,696,214	1,606,968	13,862,422	-	-
Direct Financing Leases	1,628,380	1,628,380	430,000	1,696,735	-	-
Residential Real Estate	1,500,047	1,534,725	71,890	1,509,608	-	-
Installment and Other						
Consumer	726,738	822,533	48,162	1,047,543	-	-
	\$ 32,398,671	\$34,197,724	\$ 6,711,794	\$ 34,600,410	\$ 38,516	\$ 38,516

Impaired loans/leases for which no allowance has been provided have adequate collateral, based on management's current estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

Information for impaired loans/leases by classes of financing receivable as of December 31, 2010 is as follows:

Classes of Loans/Leases	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired Loans/Leases with No Specific Allowance Recorded:			
Commercial and Industrial	\$1,459,790	\$3,350,036	\$-
Commercial Real Estate			
Owner-Occupied Commercial Real Estate	681,727	681,727	-
Commercial Construction, Land Development, and Other Land	2,538,621	2,872,083	-
Other Non Owner-Occupied Commercial Real Estate	2,942,189	3,792,226	-
Direct Financing Leases	953,994	953,994	-
Residential Real Estate	758,031	758,031	-
Installment and Other Consumer	1,561,322	1,561,322	-
	\$10,895,674	\$13,969,419	\$-
Impaired Loans/Leases with Specific Allowance Recorded:			
Commercial and Industrial	\$7,364,880	\$7,866,634	\$3,331,436
Commercial Real Estate			
Owner-Occupied Commercial Real Estate	1,074,210	1,074,210	232,194
Commercial Construction, Land Development, and Other Land	7,660,458	7,660,458	1,818,193
Other Non Owner-Occupied Commercial Real Estate	9,872,826	10,091,777	1,658,791
Direct Financing Leases	811,096	811,096	335,000
Residential Real Estate	528,246	528,246	27,355
Installment and Other Consumer	49,777	49,777	49,777
	\$27,361,493	\$28,082,198	\$7,452,746
Total Impaired Loans/Leases:			
Commercial and Industrial	\$8,824,670	\$11,216,670	\$3,331,436
Commercial Real Estate			
Owner-Occupied Commercial Real Estate	1,755,937	1,755,937	232,194
Commercial Construction, Land Development, and Other Land	10,199,079	10,532,541	1,818,193
Other Non Owner-Occupied Commercial Real Estate	12,815,015	13,884,003	1,658,791
Direct Financing Leases	1,765,090	1,765,090	335,000
Residential Real Estate	1,286,277	1,286,277	27,355
Installment and Other Consumer	1,611,099	1,611,099	49,777
	\$38,257,167	\$42,051,617	\$7,452,746

Impaired loans/leases for which no allowance has been provided have adequate collateral, based on management's current estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of March 31, 2011:

Internally Assigned Risk Rating	Commercial Real Estate Non Owner-Occupied Commercial Construction, Land Owner-Occupied Development, and Other				Total
	Commercial and Industrial	Commercial Real Estate	Land	Other Commercial Real Estate	
Pass (Ratings 1 through 5)	\$313,806,266	\$128,825,917	\$43,421,183	\$292,644,431	\$778,697,797
Special Mention (Rating 6)	9,352,497	11,887,099	9,503,019	15,099,705	45,842,320
Substandard (Rating 7)	31,788,063	13,903,183	6,992,296	27,494,266	80,177,808
Doubtful (Rating 8)	2,524,257	-	-	-	2,524,257
	\$357,471,083	\$154,616,199	\$59,916,498	\$335,238,402	\$907,242,182

Delinquency Status *	As of March 31, 2011			Total
	Direct Financing Leases	Residential Real Estate	Installment and Other Consumer	
Performing	\$82,365,037	\$78,443,592	\$81,675,174	\$242,483,803
Nonperforming	1,628,380	1,264,155	1,180,238	4,072,773
	\$83,993,417	\$79,707,747	\$82,855,412	\$246,556,576

*Performing = loans/leases accruing and less than 90 days past due. Nonperforming = loans/leases on nonaccrual, accruing loans/leases that are greater than or equal to 90 days past due, or troubled debt restructures.

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of December 31, 2010:

Internally Assigned Risk Rating	Commercial Real Estate Non Owner-Occupied Commercial Construction, Land Owner-Occupied Development, and Other				Total
	Commercial and Industrial	Commercial Real Estate	Land	Other Commercial Real Estate	
Pass (Ratings 1 through 5)	\$327,875,886	\$120,271,507	\$43,881,561	\$308,631,488	\$800,660,442
Special Mention (Rating 6)	10,457,805	7,510,519	10,338,187	15,244,142	43,550,653
Substandard (Rating 7)	27,270,474	13,629,001	11,309,310	22,901,549	75,110,334

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Doubtful (Rating 8)	21,106	-	-	-	21,106
	\$365,625,271	\$141,411,027	\$65,529,058	\$346,777,179	\$919,342,535

Delinquency Status *	As of December 31, 2010			Total
	Direct Financing Leases	Residential Real Estate	Installment and Other Consumer	
Performing	\$81,244,557	\$80,786,788	\$84,498,129	\$246,529,474
Nonperforming	1,765,090	1,409,834	1,741,815	4,916,739
	\$83,009,647	\$82,196,622	\$86,239,944	\$251,446,213

*Performing = loans/leases accruing and less than 90 days past due. Nonperforming = loans/leases on nonaccrual, accruing loans/leases that are greater than or equal to 90 days past due, or troubled debt restructures.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

For commercial and industrial and commercial real estate loans, the Company's credit quality indicator is internally assigned risk ratings. Each commercial loan is assigned a risk rating upon origination. The risk rating is reviewed every 15 months, at a minimum, and on as needed basis depending on the specific circumstances of the loan.

For direct financing leases, residential real estate loans, and installment and other consumer loans, the Company's credit quality indicator is performance determined by delinquency status. Delinquency status is updated daily by the Company's loan system.

NOTE 4 – FEDERAL HOME LOAN BANK ADVANCES

The subsidiary banks are members of the Federal Home Loan Bank ("FHLB") of Des Moines or Chicago. As of March 31, 2011 and December 31, 2010, the subsidiary banks held \$11,739,900 and \$12,980,200, respectively, of FHLB stock, which is included in restricted investment securities on the consolidated balance sheet.

During the first quarter of 2011, the Company's largest subsidiary bank, QCBT, prepaid \$15,000,000 of FHLB advances with a weighted average interest rate of 4.87% and a weighted average maturity of May 2012. In addition, QCBT modified \$20,350,000 of fixed rate FHLB advances with a weighted average interest rate of 4.33% and a weighted average maturity of October 2013 into new fixed rate FHLB advances with a weighted average interest rate of 3.35% and a weighted average maturity of February 2014.

Maturity and interest rate information on FHLB advances for the Company as of March 31, 2011 and December 31, 2010 is as follows:

	Amount Due	March 31, 2011		Weighted Average Interest Rate at Quarter-End	Weighted Average Interest Rate at Quarter-End
		Weighted Average Interest Rate at Quarter-End	Amount Due with Putable Option *		
Maturity:					
Year ending December 31:					
2011	\$ 10,500,000	3.52	% \$-	-	%
2012	19,400,000	3.94	5,000,000	4.93	
2013	24,000,000	2.64	2,000,000	3.48	
2014	23,850,000	3.37	-	-	
2015	14,000,000	1.68	-	-	
Thereafter	118,500,000	4.19	108,500,000	4.22	
Total FHLB advances	\$ 210,250,000	3.78	\$ 115,500,000	4.24	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued

	Amount Due	December 31, 2010	
		Weighted Average Interest Rate at Year-End	Weighted Average Interest Rate at Year-End
Maturity:			
Year ending December 31:			
2011	\$ 19,000,000	2.99 %	\$ 7,500,000
2012	49,750,000	4.43	35,000,000
2013	24,000,000	2.64	2,000,000
2014	3,500,000	2.19	-
2015	14,000,000	1.68	-
Thereafter	128,500,000	4.11	118,500,000
Total FHLB advances	\$ 238,750,000	3.84	\$ 163,000,000

*Of the advances outstanding, a large portion have putable options which allow the FHLB, at its discretion, to terminate the advances and require the subsidiary banks to repay at predetermined dates prior to the stated maturity date of the advances.

Advances are collateralized by securities with a carrying value of \$40,108,695 and \$65,376,627 as of March 31, 2011 and December 31, 2010, respectively, and by loans pledged of \$398,995,811 and \$386,087,610, respectively, in aggregate. On pledged loans, the FHLB applies varying collateral maintenance levels from 125% to 333% based on the loan type.

NOTE 5 - EARNINGS PER SHARE

The following information was used in the computation of earnings per share on a basic and diluted basis:

	Three months ended March 31,	
	2011	2010
Net income	\$ 2,231,484	\$ 1,214,933
Less: Net income (loss) attributable to noncontrolling interests	106,524	(77,076)
Net income attributable to QCR Holdings, Inc.	\$ 2,124,960	\$ 1,292,009
Less: Preferred stock dividends and discount accretion	1,032,371	1,033,419
Net income attributable to QCR Holdings, Inc. common stockholders	\$ 1,092,589	\$ 258,590
Earnings per common share attributable to QCR Holdings, Inc. common stockholders		
Basic	\$ 0.23	\$ 0.06
Diluted	\$ 0.23	\$ 0.06
Weighted average common shares outstanding	4,671,715	4,573,765

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Weighted average common shares issuable upon exercise of stock options and under the employee stock purchase plan	12,002	8,554
Weighted average common and common equivalent shares outstanding	4,683,717	4,582,319

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Part I
Item 1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-continued