FIRST BUSEY CORP /NV/
Form 10-Q
November 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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 9/30/2009

Commission File No. 0-15950

FIRST BUSEY CORPORATION

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of Incorporation or organization)	**37-1078406** (I.R.S. Employer Identification No.)
100 W. University Ave.,	
Champaign, Illinois (Address of principal executive offices)	**61820** (Zip Code)

Registrant s telephone number, including area code: **(217) 365-4516**

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 ¨ 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 ¨ (Do not check if a smaller reporting company)	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.

Class	**Outstanding at November 9, 2009**
Common Stock, $.001 par value	56,515,892

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED BALANCE SHEETS

September 30, 2009 and December 31, 2008

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
Assets		
Cash and due from banks	$ 183,243	$ 190,113
Securities available for sale	601,129	654,130
Loans held for sale	29,284	14,206
Loans (net of allowance for loan losses 2009 $120,021 ; 2008 $98,671)	2,854,767	3,144,704
Premises and equipment	79,663	81,732
Cash surrender value of bank owned life insurance	35,501	34,530
Goodwill	20,686	228,863
Other intangible assets	24,734	28,005
Other assets	144,899	83,810
Total assets	$ 3,973,906	$ 4,460,093
Liabilities and Stockholders Equity		
Liabilities		
Deposits:		
Noninterest bearing	$ 427,267	$ 378,007
Interest bearing	2,855,386	3,128,686
Total deposits	$ 3,282,653	$ 3,506,693
Federal funds purchased and securities sold under agreements to repurchase	158,875	182,980
Short-term borrowings		83,000
Long-term debt	120,493	134,493
Junior subordinated debt owed to unconsolidated trusts	55,000	55,000
Other liabilities	33,826	43,110
Total liabilities	$ 3,650,847	$ 4,005,276
Stockholders Equity		
Preferred stock, $.001 par value, 1,000,000 shares authorized, issued and outstanding - 2009 Series T, 100,000 shares, $1,000 liquidation value; 2008 none	$ 98,610	$
Common stock, $.001 par value, authorized 60,000,000 shares; issued 2009 58,246,497; 2008 37,546,497	59	38
Surplus	472,609	393,005
Retained earnings (deficit)	(225,541)	85,810
Accumulated other comprehensive income	11,173	9,837
Total stockholders equity before treasury stock and unearned ESOP shares	$ 356,910	$ 488,690
Treasury stock, at cost 2009 1,650,605; 2008 1,651,887	(32,183)	(32,205)
Unearned ESOP shares 80,000 shares	(1,668)	(1,668)
Total stockholders equity	$ 323,059	$ 454,817
Total liabilities and stockholders equity	$ 3,973,906	$ 4,460,093
Common shares outstanding at period end	56,515,892	35,814,610

See accompanying notes to unaudited consolidated financial statements.

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FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Nine Months Ended September 30, 2009 and 2008

		2009		2008
	(dollars in thousands, except per share amounts)			
Interest income:				
Interest and fees on loans	$	122,945	$	149,033
Interest and dividends on investment securities:				
Taxable interest income		14,980		15,977
Non-taxable interest income		2,546		2,838
Dividends		87		123
Interest on Federal funds sold				173
Total interest income	$	140,558	$	168,144
Interest expense:				
Deposits	$	48,047	$	61,701
Federal funds purchased and securities sold under agreements to repurchase		900		3,257
Short-term borrowings		1,136		1,691
Long-term debt		3,800		4,615
Junior subordinated debt owed to unconsolidated trusts		2,216		2,651
Total interest expense	$	56,099	$	73,915
Net interest income	$	84,459	$	94,229
Provision for loan losses		197,500		22,450
Net interest income (loss) after provision for loan losses	$	(113,041)	$	71,779
Other income:				
Remittance processing	$	9,886	$	9,089
Trust		9,620		10,113
Commissions and brokers fees, net		1,378		2,180
Service charges on deposit accounts		9,168		8,837
Other service charges and fees		3,534		3,413
Gain on sales of loans		9,942		3,448
Security gains, net		140		509
Other operating income		6,345		6,268
Total other income	$	50,013	$	43,857
Other expenses:				
Salaries and wages	$	32,376	$	34,897
Employee benefits		8,186		8,430
Net occupancy expense of premises		7,385		7,115
Furniture and equipment expenses		5,576		6,256
Data processing		5,651		4,886
Amortization of intangible assets		3,271		3,388
FDIC insurance		6,680		857
Goodwill impairment expense		208,164		
Other operating expenses		16,448		16,606
Total other expenses	$	293,737	$	82,435
Income (loss) before income taxes	$	(356,765)	$	33,201
Income taxes		(61,210)		9,789
Net income (loss)	$	(295,555)	$	23,412
Preferred stock dividends and discount accretion		3,086		
Net income (loss) available to common shareholders	$	(298,641)	$	23,412
Basic earnings (loss) per share	$	(8.34)	$	0.65
Diluted earnings (loss) per share	$	(8.34)	$	0.65
Dividends declared per share of common stock	$	0.36	$	0.60

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended September 30, 2009 and 2008

		2009		2008
	(dollars in thousands, except per share amounts)			
Interest income:				
Interest and fees on loans	$	39,198	$	48,771
Interest and dividends on investment securities:				
Taxable interest income		4,574		5,064
Non-taxable interest income		833		948
Dividends		18		46
Interest on Federal funds sold				65
Total interest income	$	44,623	$	54,894
Interest expense:				
Deposits	$	13,732	$	19,680
Federal funds purchased and securities sold under agreements to repurchase		272		944
Short-term borrowings		238		489
Long-term debt		1,220		1,494
Junior subordinated debt owed to unconsolidated trusts		697		846
Total interest expense	$	16,159	$	23,453
Net interest income	$	28,464	$	31,441
Provision for loan losses		140,000		8,000
Net interest income (loss) after provision for loan losses	$	(111,536)	$	23,441
Other income:				
Remittance processing	$	3,251	$	3,114
Trust		3,067		3,342
Commissions and brokers fees, net		431		792
Service charges on deposit accounts		3,209		3,293
Other service charges and fees		1,204		1,112
Gain on sales of loans		3,809		1,082
Security gains, net		65		7
Other operating income		1,417		3,081
Total other income	$	16,453	$	15,823
Other expenses:				
Salaries and wages	$	10,955	$	11,534
Employee benefits		2,615		2,708
Net occupancy expense of premises		2,414		2,326
Furniture and equipment expenses		1,817		1,989
Data processing		1,989		1,570
Amortization of intangible assets		1,091		1,129
FDIC insurance		1,959		442
Goodwill impairment expense		208,164		
Other operating expenses		6,754		5,627
Total other expenses	$	237,758	$	27,325
Income (loss) before income taxes	$	(332,841)	$	11,939
Income taxes		(50,522)		3,122
Net income (loss)	$	(282,319)	$	8,817
Preferred stock dividends and discount accretion		1,356		
Net income (loss) available to common shareholders	$	(283,675)	$	8,817
Basic earnings (loss) per share	$	(7.92)	$	0.25
Diluted earnings (loss) per share	$	(7.92)	$	0.25
Dividends declared per share of common stock	$	0.08	$	0.20

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2009 and 2008

	2009	2008
	(dollars in thousands)	
Cash Flows from Operating Activities		
Net income (loss)	$ (295,555)	$ 23,412
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Stock-based and non-cash compensation	107	52
Depreciation and amortization	8,618	8,922
Provision for loan losses	197,500	22,450
Goodwill impairment	208,164	
Provision for deferred income taxes	(8,414)	(2,765)
Amortization (accretion) of security discounts, net	3,823	(784)
Gain on sales of investment securities, net	(140)	(509)
Gain on sales of loans	(9,942)	(3,448)
Net loss (gain) on sale of ORE properties	1,003	
Settlement of post retirement benefit liabilities	(2,021)	
Increase in cash surrender value of bank owned life insurance	(971)	(1,377)
Increase in deferred compensation, net	3	2
Change in assets and liabilities:		
Decrease (increase) in other assets	1,078	(2,313)
(Decrease) increase in other liabilities	(3,011)	3,357
Decrease in interest payable	(4,949)	(2,475)
(Increase) decrease in income taxes receivable	(51,007)	6,236
Increase in income taxes payable		914
Net cash provided by operating activities before loan originations and sales	$ 44,286	$ 51,674
Loans originated for sale	(537,016)	(221,501)
Proceeds from sales of loans	531,880	229,890
Net cash provided by operating activities	$ 39,150	$ 60,063
Cash Flows from Investing Activities		
Proceeds from sales of securities classified available for sale	14,848	24,507
Proceeds from maturities of securities classified available for sale	184,197	229,593
Purchase of securities classified available for sale	(149,350)	(268,024)
Proceeds from sale of Federal Reserve Stock	1,845	
Decrease in Federal funds sold		459
Decrease (increase) in loans	81,073	(203,636)
Proceeds from sale of premises and equipment	574	742
Proceeds from sale of ORE properties	6,732	3,241
Purchases of premises and equipment	(3,852)	(7,855)
Net cash provided by (used in) investing activities	$ 136,067	$ (220,973)

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FIRST BUSEY CORPORATION and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

For the Nine Months Ended September 30, 2009 and 2008

	2009	2008
	(dollars in thousands)	
Cash Flows From Financing Activities		
Net (decrease) increase in certificates of deposit	$ (217,934)	$ 248,676
Net decrease in demand, money market and savings deposits	(6,106)	(157,503)
Cash dividends paid	(15,102)	(21,523)
Net (decrease) increase in Federal funds purchased and securities sold under agreements to repurchase	(24,105)	24,267
Proceeds from short-term borrowings		616,000
Principal payments on short-term borrowings	(83,000)	(554,523)
Proceeds from issuance of long-term debt		26,000
Principal payments on long-term debt	(14,000)	(42,000)
Proceeds from issuance of common stock	78,160	
Purchase of treasury stock		(10,622)
Proceeds from sale of treasury stock		353
Proceeds from issuance of CPP preferred stock and warrants	100,000	
Net cash (used in) provided by financing activities	$ (182,087)	$ 129,125
Net decrease in cash and due from banks	$ (6,870)	$ (31,785)
Cash and due from banks, beginning	$ 190,113	$ 125,228
Cash and due from banks, ending	$ 183,243	$ 93,443
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Other real estate acquired in settlement of loans	$ 11,364	$ 6,190
Cash payments for:		
Interest	$ 61,045	$ 76,737
Income taxes	$	$ 6,145

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(dollars in thousands)			
Net income (loss)	$ (282,319)	$ 8,817	$ (295,555)	$ 23,412
Other comprehensive income (loss), before tax:				
Unrealized net gains (losses) on securities:				
Unrealized net holding gains (losses) arising during period	$ 4,002	$ (2,274)	$ 2,361	$ (5,146)
Less adjustment for gains included in net income	(65)	(7)	(140)	(509)
Other comprehensive income (loss), before tax	$ 3,937	$ (2,281)	$ 2,221	$ (5,655)
Income tax expense (benefit) related to items of other comprehensive loss	1,567	(907)	885	(2,247)
Other comprehensive income (loss), net of tax	$ 2,370	$ (1,374)	$ 1,336	$ (3,408)
Comprehensive income (loss)	$ (279,949)	$ 7,443	$ (294,219)	$ 20,004

See accompanying notes to unaudited consolidated financial statements

FIRST BUSEY CORPORATION and Subsidiaries

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

The accompanying unaudited consolidated interim financial statements of First Busey Corporation (the Company), a Nevada corporation, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for quarterly reports on Form 10-Q and do not include certain information and footnote disclosures required by U.S. generally accepted accounting principles (U.S. GAAP) for complete annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company s Annual Report on Form 10-K for the year ended December 31, 2008.

The accompanying consolidated balance sheet as of December 31, 2008, which has been derived from audited financial statements, and the unaudited consolidated interim financial statements have been prepared in accordance with U.S. GAAP and reflect all adjustments that are, in the opinion of management, necessary for the fair presentation of the financial position and results of operations for the periods presented. All such adjustments are of a normal recurring nature. The results of operations for the three and nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current presentation with no effect on net income (loss) or stockholders equity.

In preparing the accompanying consolidated financial statements, the Company s management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. Material estimates which are particularly susceptible to significant change in the near term relate to the market value of investment securities, the determination of the allowance for loan losses, including valuation of real estate and related collateral, determination of the need for a valuation allowance on the deferred tax asset, and the fair value of reporting unit goodwill.

The Company has evaluated subsequent events for potential recognition and/or disclosure through November 9, 2009, the date the consolidated financial statements included in this Quarterly Report on Form 10-Q were issued. All significant subsequent events have been disclosed in the Notes to the Financial Statements.

Note 2: Recent Accounting Pronouncements

On July 1, 2009, the Accounting Standards Codification (ASC) became FASB s officially recognized source of authoritative U.S. generally accepted accounting principles applicable to all public and non-public non-governmental entities, superseding existing FASB, AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

FASB ASC Topic 260, Earnings Per Share. On January 1, 2009, the Company adopted new authoritative accounting guidance under FASB ASC Topic 260, Earnings Per Share, which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The adoption did not have an impact on the Company s financial statements.

FASB ASC Topic 320, Investments - Debt and Equity Securities. New authoritative accounting guidance under ASC Topic 320, Investments - Debt and Equity Securities, (i) changes existing guidance for determining whether an impairment is other than temporary to debt securities and (ii) replaces the existing requirement that the entity s management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert: (a) it does not have the intent to sell the security; and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. Under ASC Topic 320, declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. The Company adopted the provisions of the new authoritative accounting guidance under ASC Topic 320 during the first quarter of 2009. Adoption of the new guidance did not significantly impact the Company s financial statements.

FASB ASC Topic 715, Compensation - Retirement Benefits. New authoritative accounting guidance under ASC Topic 715, Compensation - Retirement Benefits, provides guidance related to an employer s disclosures about plan assets of defined benefit pension or other post-retirement benefit plans. Under ASC Topic 715, disclosures should provide users of financial statements with an understanding of how investment allocation decisions are made, the factors that are pertinent to an understanding of investment policies and strategies, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and significant concentrations of risk within plan assets. The disclosures required by ASC Topic 715 will be included in the Company s financial statements beginning with the financial statements for the year-ended December 31, 2009.

FASB ASC Topic 805, Business Combinations. On January 1, 2009, new authoritative accounting guidance under ASC Topic 805, Business Combinations, became applicable to the Company s accounting for business combinations closing on or after January 1, 2009. ASC Topic 805 applies to all transactions and other events in which one entity obtains control over one or more other businesses. ASC Topic 805 requires an acquirer, upon initially obtaining control of another entity, to recognize the assets, liabilities and any non-controlling interest in the acquiree at fair value as of the acquisition date. Contingent consideration is required to be recognized and measured at fair value on the date of acquisition rather than at a later date when the amount of that consideration may be determinable beyond a reasonable doubt. This fair value approach replaces the cost-allocation process required under previous accounting guidance whereby the cost of an acquisition was allocated to the individual assets acquired and liabilities assumed based on their estimated fair value. ASC Topic 805 requires acquirers to expense acquisition-related costs as incurred rather than allocating such costs to the assets acquired and liabilities assumed, as was previously the case under prior accounting guidance. Assets acquired and liabilities assumed in a business combination that arise from contingencies are to be recognized at fair value if fair value can be reasonably estimated. If fair value of such an asset or liability cannot be reasonably estimated, the asset or liability would generally be recognized in accordance with ASC Topic 450, Contingencies. Under ASC Topic 805, the requirements of ASC Topic 420, Exit or Disposal Cost Obligations, would have to be met in order to accrue for a restructuring plan in purchase accounting.

Pre-acquisition contingencies are to be recognized at fair value, unless it is a non-contractual contingency that is not likely to materialize, in which case, nothing should be recognized in purchase accounting and, instead, that contingency would be subject to the probable and estimable recognition criteria of ASC Topic 450, Contingencies. Adoption of the new guidance is expected to impact the Company only in the instance of a business combination.

FASB ASC Topic 810, Consolidation. New authoritative accounting guidance under ASC Topic 810, Consolidation, amended prior guidance to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Under ASC Topic 810, a non-controlling interest in a subsidiary, which is sometimes referred to as minority interest, is an ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. Among other requirements, ASC Topic 810 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. The new authoritative accounting guidance under ASC Topic 810 became effective for the Company on January 1, 2009 and did not have a significant impact on the Company s financial statements.

Further new authoritative accounting guidance under ASC Topic 810 amends prior guidance to change how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. The new authoritative accounting guidance requires additional disclosures about the reporting entity s involvement with variable-interest entities and any significant changes in risk exposure due to that involvement as well as its affect on the entity s financial statements. The new authoritative accounting guidance under ASC Topic 810 will be effective January 1, 2010 and is not expected to have a significant impact on the Company s financial statements.

FASB ASC Topic 820, Fair Value Measurements and Disclosures. New authoritative accounting guidance under ASC Topic 820, Fair Value Measurements and Disclosures, affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction, and clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active. ASC Topic 820 requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence. The new accounting guidance amended prior guidance to expand certain disclosure requirements. The Company adopted the new authoritative accounting guidance under ASC Topic 820 during the first quarter of 2009. Adoption of the new guidance did not significantly impact the Company s financial statements.

Further new authoritative accounting guidance (Accounting Standards Update No. 2009-5) under ASC Topic 820 provides guidance for measuring the fair value of a liability in circumstances in which a quoted price in an active market for the identical liability is not available. In such instances, a reporting entity is required to measure fair value utilizing a valuation technique that uses (i) the quoted price of the identical liability when traded as an asset, (ii) quoted prices for similar liabilities or similar liabilities when traded as assets, or (iii) another valuation technique that is consistent with the existing principles of ASC Topic 820, such as an income approach or market approach. The new authoritative accounting guidance also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The forgoing new authoritative accounting guidance under ASC Topic 820 will be effective for the Company s financial statements beginning October 1, 2009 and is not expected to have a significant impact on the Company s financial statements.

FASB ASC Topic 825 Financial Instruments. New authoritative accounting guidance under ASC Topic 825, Financial Instruments, requires an entity to provide disclosures about the fair value of financial instruments in interim financial information and amends prior guidance to require those disclosures in summarized financial information at interim reporting periods. The new interim disclosures required under Topic 825 are included in these financial statements.

FASB ASC Topic 855, Subsequent Events. New authoritative accounting guidance under ASC Topic 855, Subsequent Events, establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. ASC Topic 855 defines (i) the period after the balance sheet date during which a reporting entity s management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (iii) the disclosures an entity should make about events or transactions that occurred after the balance sheet date. The new authoritative accounting guidance under

ASC Topic 855 became effective for the Company s financial statements for periods ending after June 15, 2009 and did not have a significant impact on the Company s financial statements.

FASB ASC Topic 860, Transfers and Servicing. New authoritative accounting guidance under ASC Topic 860, Transfers and Servicing, amends prior accounting guidance to enhance reporting about transfers of financial assets, including securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. The new authoritative accounting guidance eliminates the concept of a qualifying special-purpose entity and changes the requirements for derecognizing financial assets. The new authoritative accounting guidance also requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. The new authoritative accounting guidance under ASC Topic 860 will be effective January 1, 2010 and is not expected to have a significant impact on the Company s financial statements.

Note 3: Capital

Common Stock Issuance

On September 30, 2009, the Company completed an underwritten public common stock offering by issuing 20,700,000 shares of the Company s common stock at a public offering price of $4.00 per share. The net proceeds after deducting underwriting discounts and commissions and estimated offering expenses are expected to be $78.1 million. Due to the timing of the closing of the offering, the Company expects to finalize expenses in November.

Series A Mandatorily Convertible Preferred Stock

On October 29, 2009, the Company closed on the issuance and sale of 393 shares of Series A Mandatorily Convertible Preferred Stock Cumulative Preferred Stock (the Series A Preferred Stock) at a price of $100,000 per share, or $39.3 million in the aggregate. The Series A Preferred Stock has a liquidation preference of $100,000 per share, an annual dividend of 9.0% and no voting rights. Upon approval by the Company s stockholders to amend the Company s restated articles of incorporation to increase the number of authorized shares of common stock from 60,000,000 shares to 100,000,000 shares and to issue shares of common stock upon the conversion of the shares of the Series A Preferred Stock issued in the private placement, each share of Series A Preferred Stock will automatically convert into shares of common stock at $4.00 per share, the same price at which the shares of common stock were issued in the underwritten public offering. If converted, the Company will have 9,825,000 additional common shares outstanding. Because the shares were not issued until October 29, 2009, the Series A Preferred Stock have not been included in the balance sheet of these financial statements

Series T Cumulative Perpetual Preferred Stock

On March 6, 2009, the Company, pursuant to the Capital Purchase Program (the CPP) implemented under the Emergency Economic Stabilization Act, entered into a Letter Agreement, which includes the Securities Purchase Agreement Standard Terms (collectively, the Purchase Agreement), with the U.S. Treasury (the Treasury) pursuant to which the Company issued and sold to Treasury 100,000 shares of the Company s Fixed Rate Cumulative Perpetual Preferred Stock, Series T (Series T Preferred Stock), together with a warrant to purchase 1,147,666 shares of the Company s common stock for an aggregate purchase price of $100 million in cash. The warrant has a ten-year term and is immediately exercisable upon its issuance, with an exercise price equal to $13.07 per share of the common stock.

The fair value of the warrant was calculated utilizing the Black-Scholes pricing model. The inputs to the Black-Scholes model are consistent with those inputs utilized by the Company for a 10-year employee stock option.

Number of shares underlying the warrant		1,147,666
Exercise price	$	13.07
Grant date fair market value	$	6.15
Estimated forfeiture rate		
Risk-free interest rate		2.83%
Expected life, in years		10.0
Expected volatility		42.1%
Expected dividend yield		3.07%
Estimated fair value per warrant	$	1.37

We received $100.0 million in proceeds from participation in the CPP, of which $98.4 million was allocated to the Series T Preferred Stock and $1.6 million was allocated to the warrants. The resulting discount on the Series T Preferred Stock (i.e. the difference between the allocated value of $98.4 million and the liquidation value of $100.0 million), is being accreted on a straight-line basis over 60 months, which is not significantly different from the effective interest method. The calculated fair value discount utilizing a 12% discount rate was not significant, and therefore not recorded.

The Series T Preferred Stock qualifies as Tier 1 capital and pays cumulative dividends at a rate of 5% per annum for the first five years, and 9% per annum thereafter. The Series T Preferred Stock may be redeemed by the Company at any time, subject to approval of the Federal Reserve and the Treasury. Any redemption of the Series T Preferred Stock will be at the per share liquidation amount of $1,000 per share, plus any accrued and unpaid dividends.

Prior to the third anniversary of Treasury s purchase of the Series T Preferred Stock, unless the Series T Preferred Stock has been redeemed or Treasury has transferred all of the Series T Preferred Stock to one or more third parties, the consent of

Treasury will be required for the Company to increase the dividend paid on its common stock above its most recent quarterly dividend prior to issuance of $0.20 per share or repurchase shares of its common stock (other than in connection with benefit plans). The Series T Preferred Stock is non-voting except for class voting rights on matters that would adversely affect the rights of the holders of the Series T Preferred Stock.

Warrant Reduction

In conjunction with the closing of the underwritten public common offering and the closing of the Series A Preferred Stock, we have notified Treasury of our intent to reduce the warrant issued in conjunction with the Series T Preferred Stock by half pursuant to the terms of the warrant. The reduction will reduce the number of shares subject to exercise under the warrant to 573,833.

Note 4: Goodwill

Other than goodwill, the Company does not have any other intangible assets that are not amortized. Goodwill is tested for impairment using a two-step process that begins with an estimation of the fair value of a reporting unit, which for the Company is our operating segments. The first step is a screen for potential impairment and the second step measures the amount of impairment, if any. The first step utilizes level 2 inputs to establish the estimated fair value of the reporting unit, which are primarily valuations of comparable public companies and comparable public transaction multiples. Due to the significant loss experienced by Busey Bank in the third quarter of 2009, the Company conducted interim preliminary goodwill impairment testing for the goodwill associated with Busey Bank as of September 30, 2009 rather than waiting until the annual impairment analysis in December.

Based upon the first step of preliminary impairment testing, the Company identified potential impairment of goodwill associated with Busey Bank and subjected that goodwill to the second step of impairment testing. Busey Bank experienced significant operating losses driven primarily by the deterioration in the real estate markets in southwest Florida. The operating losses and the effects of the current economic environment on the valuation of financial institutions and the capital markets had a significant, negative effect on the fair value of Busey Bank. As a result of applying the second step of the preliminary impairment test, the Company recorded $208.2 million of goodwill impairment for the quarter ended September 30, 2009, including $204.8 million at Busey Bank and $3.4 million at First Busey Corporation that was related to our banking operations.

The remaining goodwill on the balance relates to FirsTech, our remittance processing subsidiary, and Busey Wealth Management. Due to the decline in the Company s stock price, it is possible we will evaluate our goodwill for impairment on a more frequent basis than annually. The evaluation may result in further impairment.

Note 5: Securities

Securities classified as available for sale are those debt securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity, and marketable equity securities. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Company s assets and liabilities, liquidity needs, regulatory capital considerations and other similar factors. Securities available for sale are carried at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Federal Home Loan Bank stock and Federal Reserve Bank stock are carried at cost and are included in securities available for sale in the balance sheets. The Company is required to maintain these equity securities as a member of both the Federal Home Loan Bank and the Federal Reserve System, and in amounts as required by these institutions. These equity securities are restricted in that they can only be sold back to the respective institutions or another member institution at par. Therefore, they are less liquid than other tradable equity securities, their fair value is equal to amortized cost, and no impairment has been recorded during 2009 or 2008.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and, whether we have the intent to sell the security and it is more likely than not we will not have to sell the security before recovery of its cost basis. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The amortized cost and fair values of securities available for sale are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
September 30, 2009:				
U.S. Treasury securities	$ 712	$ 12	$	$ 724
Obligations of U.S. government corporations and agencies	329,400	9,375	28	338,747
Obligations of states and political subdivisions	85,775	3,077	93	88,759
Mortgage-backed securities	144,416	5,288	1	149,703
Corporate debt securities	1,871	62	6	1,927
	562,174	17,814	128	579,860
Mutual funds and other equity securities	1,266	857		2,123
Federal Home Loan Bank and Federal Reserve Bank stock	19,146			19,146
	$ 582,586	$ 18,671	$ 128	$ 601,129

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
December 31, 2008:				
U.S. Treasury securities	$ 716	$ 42	$	$ 758
Obligations of U.S. government corporations and agencies	394,496	13,611		408,107
Obligations of states and political subdivisions	92,907	652	1,365	92,194
Mortgage-backed securities	122,747	2,488	17	125,218
Corporate debt securities	3,159	14	76	3,097
	614,025	16,807	1,458	629,374
Mutual funds and other equity securities	2,324	1,141	168	3,297
Federal Home Loan Bank and Federal Reserve Bank stock	21,459			21,459
	$ 637,808	$ 17,948	$ 1,626	$ 654,130

The following presents information pertaining to securities with gross unrealized losses as of September 30, 2009, aggregated by investment category and length of time that individual securities have been in continuous loss position:

	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(dollars in thousands)			
September 30, 2009:						
Obligations of U.S. government agencies and corporations	$ 26,371	$ 28	$	$	$ 26,371	$ 28
Obligations of states and political subdivisions	525	3	5,818	90	6,343	93
Mortgage-backed securities	107	1			107	1
Corporate debt securities	94	6			94	6
Total temporarily impaired securities	$ 27,097	$ 38	$ 5,818	$ 90	$ 32,915	$ 128

	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(dollars in thousands)			
December 31, 2008:						
Obligations of states and political subdivisions	$ 48,662	$ 1,321	$ 2,075	$ 44	$ 50,737	$ 1,365
Mortgage-backed securities	3,573	17			3,573	17
Corporate debt securities	1,991	57	181	19	2,172	76
Subtotal, debt securities	$ 54,226	$ 1,395	$ 2,256	$ 63	$ 56,482	$ 1,458
Equity securities	161	118	9	50	170	168
Total temporarily impaired securities	$ 54,387	$ 1,513	$ 2,265	$ 113	$ 56,652	$ 1,626

The total number of investment securities in an unrealized loss position as of September 30, 2009 and December 31, 2008 was 21 and 164, respectively. The unrealized losses resulted from changes in market interest rates and liquidity, not from changes in the probability of receiving the contractual cash flows. The Company does not intend to sell the securities and it is not more-likely-than-not that the Company will be required to sell the securities prior to recovery of amortized cost. Full collection of the amounts due according to the contractual terms of the securities is expected; therefore, the Company does not consider these investments to be other-than-temporarily impaired at September 30, 2009.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and whether we have the intent to sell the security and it is more likely than not we will not have to sell the security before recovery of its cost basis.

The amortized cost and fair value of debt securities available for sale as of September 30, 2009, by contractual maturity, are shown below. Mutual funds and other equity securities, and Federal Home Loan Bank and Federal Reserve Bank stock do not have stated maturity dates and therefore are not included in the following maturity summary.

	Amortized Cost	Fair Value
	(dollars in thousands)	
Due in one year or less	$ 131,593	$ 133,625
Due after one year through five years	246,437	255,320
Due after five years through ten years	69,171	71,944
Due after ten years	114,973	118,971
	$ 562,174	$ 579,860

Investment securities with carrying amounts of $486.2 million and $515.9 million on September 30, 2009 and December 31, 2008, respectively, were pledged as collateral on public deposits, securities sold under agreements to repurchase and for other purposes as required or permitted by law.

Note 6: Loans

The major classifications of loans as of September 30, 2009 and December 31, 2008 were as follows:

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
Commercial	$ 393,959	$ 455,592
Real estate construction	566,215	743,371
Real estate - farmland	55,067	54,337
Real estate - 1-4 family residential mortgage	662,384	715,853
Real estate - multifamily mortgage	256,071	278,345
Real estate - non-farm nonresidential mortgage	934,826	893,011
Installment	67,498	59,692
Agricultural	37,668	41,781
	$ 2,973,688	$ 3,241,982
Plus:		
Net deferred loan costs	1,100	1,393
	2,974,788	3,243,375
Less:		
Allowance for loan losses	120,021	98,671
Net loans	$ 2,854,767	$ 3,144,704

Changes in the allowance for loan losses were as follows:

	Nine Months Ended September 30, 2009	2008
	(dollars in thousands)	

Balance, beginning of year	$	98,671	$	42,560
Provision for loan losses		197,500		22,450
Recoveries applicable to loan balances previously charged off		1,637		830
Loan balances charged off		(177,787)		(17,166)
Balance, June 30	$	120,021	$	48,674

Non-performing and impaired loan totals in the categories below are net of cumulative charge-offs taken against those loans. The balance shown does not reflect the total amounts due from the customer. The following table presents data on non-performing and impaired loans:

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
Total loans 90 days past due and still accruing	14,526	15,845
Total non-accrual loans	157,978	68,347
Total non-performing loans	$ 172,504	$ 84,192
Impaired loans for which a specific allowance has been provided	$ 46,226	$ 25,850
Impaired loans for which no specific allowance has been provided	$ 115,437	$ 45,097
Allowance for loan loss for impaired loans included in the allowance for loan losses	$ 15,954	$ 6,665

Note 7: Earnings Per Share

Net income (loss) per common share has been computed as follows:

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
	(in thousands, except per share data)			
Net income (loss) available to common shareholders	$ (283,675)	$ 8,817	$ (298,641)	$ 23,412
Shares:				
Weighted average common shares outstanding	35,816	35,787	35,816	35,853
Dilutive effect of outstanding options as determined by the application of the treasury stock method		69		119
Weighted average common shares outstanding, as adjusted for diluted earnings per share calculation	35,816	35,856	35,816	35,972
Basic earnings (loss) per share	$ (7.92)	$ 0.25	$ (8.34)	$ 0.65
Diluted earnings (loss) per share	$ (7.92)	$ 0.25	$ (8.34)	$ 0.65

Basic earnings per share are computed by dividing net income for the year by the weighted average number of shares outstanding.

Diluted earnings per share are determined by dividing net income for the year by the weighted average number of shares of common stock and common stock equivalents outstanding. Common stock equivalents assume exercise of stock options and use of proceeds to purchase treasury stock at the average market price for the period. If the average market price for the period exceeds the strike price of a stock option, that option is considered anti-dilutive and is excluded from the calculation of common stock equivalents. The calculation of the diluted loss per share for the three and nine-months ended September 30, 2009 does not reflect the assumed exercise of potentially dilutive stock options because the effect would have been anti-dilutive due to the net loss for the period. None of the Company s 1,643,755 outstanding options or 1,147,666 warrants were potentially dilutive for the three and nine months ended September 30, 2009.

Note 8: Stock-based Compensation

Under the terms of the Company s stock option plans, the Company is allowed, but not required to source stock option exercises from its inventory of treasury stock. The Company has historically sourced stock option exercises from its treasury stock inventory, including exercises for the periods presented. As of September 30, 2009, under the Company s 2008 stock repurchase plan, 895,655 additional shares were authorized for repurchase. The repurchase plan has no expiration date and expires when the Company has repurchased all of the remaining authorized shares. However, because of First Busey s participation in CPP, it will not be permitted to repurchase any shares of its common stock, other than in connection with benefit plans consistent with past practice, until such time as Treasury no longer holds any equity securities in the Company.

The fair value of the stock options granted has been estimated using the Black-Scholes option pricing model. The components of the Black-Scholes option pricing model are determined on a grant-by-grant basis. Expected life and estimated forfeiture rate is based on historical exercise and termination behavior. Expected stock price volatility is based on historical volatility of the Company s common stock and correlates with the expected life of the options. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term approximately equal to the expected life of the option. The expected dividend yield represents the annual dividend yield as of the date of grant. Management reviews and adjusts the assumptions used to calculate the fair value of an option on a periodic basis to better reflect expected trends.

On June 16, 2009, the Company issued 67,500 stock options to First Busey Corporation s non-employee directors. The stock options have an exercise price of $7.53, vest on June 1, 2010 and expire on June 30, 2019.

Number of options granted		67,500
Exercise Price	$	7.53
Estimated forfeiture rate		%
Risk-free interest rate		2.7%
Expected life, in years		4.6
Expected volatility		42.1%
Expected dividend yield		3.9%
Estimated fair value per option	$	2.08

A summary of the status of and changes in the Company s stock option plans for the nine months ended September 30, 2009 follows:

	Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at beginning of year	1,918,888	$	17.11	
Granted	67,500		7.53	
Exercised	4,883		11.29	
Forfeited	337,750		19.52	
Outstanding at end of period	1,643,755	$	16.24	3.67
Exercisable at end of period	1,576,255	$	16.61	3.41

The total intrinsic value of stock options exercised in the nine months ended September 30, 2009 and 2008 was insignificant.

The following table summarizes information about stock options outstanding at September 30, 2009:

	Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Intrinsic Value	Number	Intrinsic Value
			(intrinsic value in thousands)			
$ 7.53	67,500	$ 7.53	9.75			
11.29-12.00	424,512	$ 11.72	1.58		424,512	
14.56-16.03	292,014	15.36	2.47		292,014	
19.83	51,000	19.83	0.21		51,000	
17.12-19.74	637,229	19.17	5.65		637,229	
20.16-20.71	171,500	20.34	2.21		171,500	
	1,643,755	$ 16.24	3.67	$	1,576,255	$

Stock option expense and stock expense remaining to be recognized was insignificant for the Company as of and for the periods ended September 30, 2009 and 2008.

Note 9: Income Taxes

The Company is subject to income taxes in the U.S. federal and various state jurisdictions. The Company and its subsidiaries file consolidated federal and state income tax returns with each subsidiary computing its taxes on a separate entity basis. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require the application of significant judgment. With few exceptions, the Company is no longer subject to U.S. federal, state or local tax examinations by tax authorities for the years before 2005. The provision for income taxes is based on income as reported in the financial statements.

There were no uncertain tax positions as of January 1, 2009. There have been no adjustments to uncertain tax positions since January 1, 2009. There are no material tax positions for which it is reasonably possible that uncertain tax positions will significantly change in the twelve months subsequent to September 30, 2009.

When applicable, the Company recognizes interest accrued related to uncertain tax positions and penalties in operating expenses. The Company has no accruals for payments of interest and penalties at September 30, 2009.

At September 30, 2009, the Company was under examination by the Internal Revenue Service for the Company s 2007 U.S. Federal income tax filing.

The Company evaluated the recoverability of its net deferred tax asset position at September 30, 2009 and determined there was no need for a valuation allowance. The evaluation was based upon the Company s expected ability to carry back tax losses, available tax planning strategies and the ability to generate future earnings. The recoverability of the net deferred tax asset may to be tested in future periods, which may result in the need to record a valuation allowance against the net deferred tax asset.

Note 10: Junior Subordinated Debt Owed to Unconsolidated Trusts

The Company has established statutory trusts for the sole purpose of issuing trust preferred securities and related trust common securities. The proceeds from such issuances were used by the trusts to purchase junior subordinated notes of the Company, which are the sole assets of each trust. Concurrent with the issuance of the trust preferred securities, the Company issued guarantees for the benefit of the holders of the trust preferred securities. The Company owns all of the common securities of each trust. The trust preferred securities issued by each trust rank equally with the common securities in right of payment, except that if an event of default under the indenture governing the notes has occurred and is continuing, the preferred securities will rank senior to the common securities in right of payment.

The table below summarizes the outstanding junior subordinated notes and the related trust preferred securities issued by each trust as of September 30, 2009:

	First Busey Statutory Trust II	**First Busey Statutory Trust III**	**First Busey Statutory Trust IV**
Junior Subordinated Notes:			
Principal balance	$15,000,000	$10,000,000	$30,000,000
Annual interest rate(1)	3-mo LIBOR + 2.65%	3-mo LIBOR + 1.75%	6.94%
Stated maturity date	June 17, 2034	June 15, 2035	June 15, 2036
First call date	June 17, 2009	June 15, 2010	June 15, 2011
Trust Preferred Securities:			
Face value	$15,000,000	$10,000,000	$30,000,000
Annual distribution rate(1)	3-mo LIBOR + 2.65%	3-mo LIBOR + 1.75%	6.94%
Issuance date	April 30, 2004	June 15, 2005	June 15, 2006
Distribution dates(2)	Quarterly	Quarterly	Quarterly

(1) First Busey Statutory Trust IV maintains a 5-year fixed coupon of 6.94% through June 10, 2011, subsequently converting to a floating 3-month LIBOR +1.55%.

(2) All cash distributions are cumulative.

The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated notes at par value at the stated maturity date or upon redemption of the junior subordinated notes on a date no earlier than June 17, 2009, for First Busey Statutory Trust II, June 15, 2010, for First Busey Statutory Trust III, and June 15, 2011, for First Busey Statutory Trust IV. Prior to these respective redemption dates, the junior subordinated notes may also be redeemed by the Company (in which case the trust preferred securities would also be redeemed) after the occurrence of certain events that would have a negative tax effect on the Company or the trusts, would cause the trust preferred securities to no longer qualify for Tier 1 capital, or would result in a trust being treated as an investment company. Each trust s ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated notes. The Company s obligations under the junior subordinated notes and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by the Company of each trust s obligations under the trust preferred securities issued by each trust. The Company has the right to defer payment of interest on the notes and, therefore, distributions on the trust preferred securities, for up to five years, but not beyond the stated maturity date in the table above, but does not expect to exercise this right.

In March 2005, the Board of Governors of the Federal Reserve System issued a final rule allowing bank holding companies to continue to include qualifying trust preferred securities in their Tier I Capital for regulatory capital purposes, subject to a 25% limitation to all core (Tier I) capital elements, net of goodwill and other intangible assets less any associated deferred tax liability. The final rule provided a five-year transition period, which has been extended to March 31, 2011, for applications of the aforementioned quantitative limitation. As of September 30, 2009, 100% of the trust preferred securities noted in the table above qualified as Tier I capital under the final rule adopted in March 2005.

Note 11: Outstanding Commitments and Contingent Liabilities

Debt Covenant Violation

As expected and disclosed during our September 2009 capital offering, as of September 30, 2009, we were in default on two of our loan covenants contained in the debt facility at the holding company. We were in default on performance covenants by exceeding the non-performing loans as a percentage of assets ratio and falling below the return on assets ratio as prescribed in the debt agreement. The facility consists of $26.0 million of term debt and a $20.0 million line of credit, which has zero outstanding as of September 30, 2009. We are in negotiations with the lender to resolve covenant violations. The means of resolution is unknown at this time, but may include one or a combination of a waiver of the covenants for a defined period, a renegotiation of the debt agreement and part or total principal pay down.

Legal Matters

The Company and its subsidiaries are parties to legal actions which arise in the normal course of their business activities. In the opinion of management, the ultimate resolution of these matters is not expected to have a material effect on the financial position or the results of operations of the Company and its subsidiaries.

Credit Commitments and Contingencies

The Company and its subsidiaries are parties to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of their customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company s and its subsidiaries exposure to credit loss are represented by the contractual amount of those commitments. The Company and its subsidiaries use the same credit policies in making commitments and conditional obligations as they do for on-balance-sheet instruments. A summary of the contractual amount of the Company s exposure to off-balance-sheet risk follows:

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 601,953	$ 705,231
Standby letters of credit	16,595	27,862

Commitments to extend credit are agreements to lend to a customer as long as no condition established in the contract has been violated. These commitments are generally at variable interest rates and generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company upon extension of credit, is based on management s credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer s obligation to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including bond financing and similar transactions and primarily have terms of one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral, which may include accounts receivable, inventory, property and equipment, and income producing properties, supporting those commitments if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded, the Company would be entitled to seek recovery from the customer. As of September 30, 2009, and December 31, 2008, no amounts were recorded as liabilities for the Company s potential obligations under these guarantees.

As of September 30, 2009, the Company had no futures, forwards, swaps or option contracts, or other financial instruments with similar characteristics with the exception of interest rate lock commitments on mortgage loans to be held for sale.

Note 12: Reportable Segments and Related Information

Following the August 2009 merger of Busey Bank, N.A. into Busey Bank, the Company has three reportable segments, Busey Bank, FirsTech and Busey Wealth Management. Busey Bank provides a full range of banking services to individual and corporate customers through its branch network in downstate Illinois, through its branch in Indianapolis, Indiana, and through its branch network in southwest Florida. FirsTech provides remittance processing for online bill payments, lockbox and walk-in payments. Busey Wealth Management is the parent company of Busey Trust Company, which provides a full range of trust and investment management services, including estate and financial planning, securities brokerage, investment advice, tax preparation, custody services and philanthropic advisory services.

The Company s three reportable segments are strategic business units that are separately managed as they offer different products and services and have different marketing strategies.

Busey Bank, N.A. information has been combined with the information presented for Busey Bank restrospectively. The segment financial information provided below has been derived from the internal accounting system used by management to monitor and manage the financial performance of the Company. The accounting policies of the three segments are the same as those described in the summary of significant accounting policies in the Company s Annual Report on Form 10-K for the year ended December 31, 2008.

Following is a summary of selected financial information for the Company s business segments:

	Goodwill		Total Assets	
	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
	(dollars in thousands)		(dollars in thousands)	
Goodwill:				
Busey Bank	$	$ 204,800	$ 3,920,749	$ 4,414,535
FirsTech	8,992	8,992	22,078	19,911
Busey Wealth Management	11,694	11,694	24,320	25,255
All Other		3,377	6,759	392
Total Goodwill	$ 20,686	$ 228,863	$ 3,973,906	$ 4,460,093

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(dollars in thousands)		(dollars in thousands)	
Interest Income:				
Busey Bank	$ 44,577	**$** 54,809	$ 140,381	**$** 167,849
FirsTech	12	11	34	28
Busey Wealth Management	60	69	174	257
All Other	(26)	5	(31)	10
Total Interest Income	$ 44,623	**$** 54,894	$ 140,558	**$** 168,144
Interest Expense:				
Busey Bank	$ 15,347	$ 22,174	$ 53,203	$ 69,709
FirsTech				
Busey Wealth Management				
All Other	812	1,279	2,896	4,206
Total Interest Expense	$ 16,159	$ 23,453	$ 56,099	$ 73,915
Other Income:				
Busey Bank	$ 10,012	$ 7,189	$ 29,335	$ 22,505
FirsTech	3,279	3,144	9,964	9,233
Busey Wealth Management	3,109	3,696	9,520	10,934
All Other	53	1,794	1,194	1,374
Total Other Income	$ 16,453	$ 15,823	$ 50,013	$ 43,857
Net Income (loss):				
Busey Bank	$ (280,677)	$ 6,671	$ (294,942)	$ 21,619
FirsTech	728	705	2,397	2,037
Busey Wealth Management	629	766	1,908	2,083
All Other	(2,999)	675	(4,918)	(2,327)
Total Net Income (loss)	$ (282,319)	$ 8,817	$ (295,555)	$ 23,412

Note 13 - Fair Value Measurements

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. FASB ASC Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity s own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Company s assets and liabilities, which are carried at fair value, effective January 1, 2009. Prior to 2009, these valuation methodologies were applied to only financial assets and liabilities that were carried at fair value.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable data. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality, the Company s creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company s valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company s valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Securities Available for Sale. Securities classified as available for sale are reported at fair value utilizing level 1 and level 2 measurements. For equity securities, unadjusted quoted prices in active markets for identical assets are utilized to determine fair value at the measurement date. For all other securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond s terms and conditions, among other things.

Federal Home Loan Bank stock and Federal Reserve Bank stock are carried at cost and are included in securities available for sale in the balance sheets. The Company is required to maintain these equity securities as a member of both the Federal Home Loan Bank and the Federal Reserve System, and in amounts as required by these institutions. These equity securities are restricted in that they can only be sold back to the respective institutions or another member institution at par. Therefore, they are less liquid than other tradable equity securities, their fair value is equal to amortized cost, and are not included in the table below.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of September 30, 2009, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Securities available-for-sale:				
U.S. Treasury securities	$	$ 724	$	$ 724
U.S. government agencies and corporations		338,747		338,747
Obligations of states and political subdivisions		88,759		88,759
Mortgage-backed securities		149,703		149,703
Corporate debt securities	1,927			1,927
Mutual funds and other equity securities	2,123			2,123
	$ 4,050	$ 577,933	$	$ 581,983

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

Impaired Loans. The Company does not record impaired loans at fair value on a recurring basis. However, periodically, a loan is considered impaired and is reported at the fair value of the underlying collateral, less estimated costs to sell, if repayment is expected solely from the collateral. Impaired loans measured at fair value typically consist of loans on non-accrual status, which were $161.7 million at September 30, 2009. Collateral values are estimated using a combination of observable inputs, including recent appraisals and unobservable inputs based on customized discounting criteria. Due to the significance of the level 3 inputs, all impaired loan fair values have been classified as level 3.

Non-financial assets and non-financial liabilities measured at fair value include foreclosed assets (upon initial recognition or subsequent impairment) and reporting units measured at fair value in the first step of a goodwill impairment test. At September 30, 2009, foreclosed assets measured at fair value were $16.6 million using a combination of observable inputs, including recent appraisals and unobservable inputs based on customized discounting criteria. Due to the significance of the unobservable inputs, all foreclosed asset fair values have been classified as level 3.

FASB ASC Topic 825 requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis. A detailed description of the valuation methodologies used in estimating the fair value of financial instruments is set forth in the 2008 Form 10-K.

The estimated fair values of financial instruments were as follows:

	September 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(dollars in thousands)		
Financial assets:				
Cash and cash equivalents	$ 183,243	$ 183,243	$ 190,113	$ 190,113

Securities	601,129	601,129	654,130	654,130
Loans held for sale	29,284	29,835	14,206	14,452
Loans, net	2,854,767	2,873,562	3,144,704	3,150,342
Accrued interest receivable	17,391	17,391	20,405	20,405
Financial liabilities:				
Deposits	3,282,653	3,292,360	3,506,693	3,513,902
Federal funds purchased and securities sold under agreements to repurchase	158,875	158,875	182,980	182,980
Short-term borrowings			83,000	83,000
Long-term debt	120,493	123,466	134,493	138,563
Junior subordinated debt owed to unconsolidated trusts	55,000	53,075	55,000	53,272
Accrued interest payable	9,106	9,106	14,055	14,055

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management s discussion and analysis of the financial condition of First Busey Corporation and subsidiaries (referred to herein as First Busey , we , or our) at September 30, 2009 (unaudited), as compared with December 31, 2008, and the results of operations for the three and nine months ended September 30, 2009 and 2008 (unaudited). Management s discussion and analysis should be read in conjunction with First Busey s consolidated financial statements and notes thereto appearing elsewhere in this quarterly report, as well as our 2008 Annual Report on Form 10-K.

SUMMARY

Operating Results

Net income (loss) by segment and consolidated net income (loss) available to common shareholders follows (in thousands, except per share amounts):

	Three Months Ended			Nine Months Ended	
	9/30/2009	6/30/2009	9/30/2008	9/30/2009	9/30/2008
Consolidated	$ (283,675)	$ (20,472)	$ 8,817	$ (298,641)	$ 23,412
Busey Bank	(280,677)	(20,135)	6,671	(294,942)	21,619
Busey Wealth Management	629	717	766	1,908	2,083
FirsTech	728	847	705	2,397	2,037
Consolidated EPS, fully-diluted	$ (7.92)	$ (0.57)	$ 0.25	$ (8.34)	$ 0.65

Consolidated net loss for the three and nine months ended September 30, 2009 was primarily due to a goodwill impairment charge and an increased provision for loans losses, which were anticipated and disclosed during our September 2009 capital raise. Excluding goodwill charges, our pre-tax, pre-provision operating profit remained strong.

Net interest income increased to $28.5 million in the third quarter of 2009 as compared to $28.4 million in the second quarter of 2009 and $27.6 million in the first quarter of 2009, our second straight quarterly increase. The increase in net interest income occurred despite reversing over $0.8 million in interest income due to placing loans on nonaccrual status.

The goodwill impairment charge of $208.2 million, which is the full amount of goodwill attributable to our banking operations, is a reflection of the reduction in the market capitalization of the Company. The goodwill impairment charge does not affect tangible capital, regulatory capital, cash flows or liquidity. The net loss excluding the goodwill impairment charge was $75.5 million and $90.5 million for the quarter and year-to-date periods ended September 30, 2009, respectively.

We recorded $140.0 million in provision for loan losses in the third quarter of 2009 as compared to $8.0 million in the same period of 2008. The $140.0 million provision for loan losses was $15.0 million higher than initially anticipated once the quarter ending allowance estimate was finalized. Our year-to-date provision for loan losses was $197.5 million, as compared to $22.5 million in 2008. Following the increased provision for loan losses, our allowance for loan losses to loans ratio was 4.0% at September 30, 2009, as compared to 2.8% at June 30, 2009 and 1.5% at September 30, 2008. The allowance as a percentage of nonperforming loans has remained stable at 69.6% at September 30, 2009, as compared to 69.7% and 68.4% at June 30, 2009 and September 30, 2008, respectively. Additional discussion of our loan portfolio is located under *Asset Quality*.

We believe our outsized provisioning for loan losses is behind us; however, we still face challenges managing our existing nonperforming loan portfolio. Although we will continue to provision for loan losses, we expect our rate of provisions for loan losses in future quarters to be significantly lower than in the last two quarters. Our expectation is the rate of loans being placed on nonaccrual will begin to decline in the fourth quarter. Our challenge will shift toward managing our existing nonperforming loans out of the bank. As noted in prior releases, nonperforming loans weigh heavily on the performance of the Company. In addition to not producing interest income, nonperforming loans are costly to manage due to the allocated capital, legal and maintenance costs associated with such loans.

We expect that a timely reduction of nonperforming loans will likely involve a significant amount of loan sales. The timeline for working through nonperforming loans is generally measured in years. While we expect any loan sale will be at a discount to the face value of the loan, we must weigh this discount against the costs of carrying the loan through resolution.

In August 2009, we merged our Florida based bank, Busey Bank, N.A., into Busey Bank, an Illinois state chartered bank. We merged the two banks to provide a more consistent infrastructure that not only benefits Busey operations, but makes it easier for our customers to conduct their business. Our aggregate southwest Florida loan portfolio totals $549.7 million, or 18.3% of our loan portfolio, down from 21.1% at June 30, 2009 and 22.7% at December 31, 2008. The remainder of our loan portfolio is primarily in the downstate Illinois market with the exception of our branch in the Indianapolis, Indiana market with loans of $182.6 million at September 30, 2009.

Quarterly net interest margin increased again to 3.03% in the third quarter of 2009 from 2.92% in the second quarter of 2009, representing our second straight quarterly net interest margin increase. Additionally, our expense reduction efforts associated with the continued integration following the merger had a positive impact during 2009. Excluding goodwill impairment, non-interest expense increased $2.2 million to $29.6 million in the third quarter of 2009 as compared to $27.9 million in the third quarter of 2008, this increase was due primarily to increased FDIC insurance, increased commissions from mortgage loans, employee severance and other real estate expenses.

Economic Conditions of Markets

Our Illinois markets continue to perform remarkably well. Our credit challenges are primarily within our Indianapolis and southwest Florida markets.

The Illinois markets possess strong industrial, academic and healthcare employment bases that have performed well relative to the rest of the United States. Our primary downstate Illinois markets of Champaign, Macon, McLean and Peoria counties are anchored by several strong, familiar and stable organizations.

Champaign County is home to the University of Illinois Urbana/Champaign (U of I), the University s primary campus. U of I has in excess of 42,000 students, and has grown annually over the last decade. Additionally, Champaign County healthcare providers serve a significant area of downstate Illinois and western Indiana. Macon County is home to Archer Daniels Midland (ADM), a Fortune 100 company and one of the largest agricultural processors in the world. ADM s presence in Macon County supports many derivative businesses in the agricultural processing arena. Additionally, Macon County is home to Millikin University, and its healthcare providers serve a significant role in the market. McLean County is home to State Farm, Country Financial, Illinois State University and Illinois Wesleyan University. State Farm, a Fortune 100 company, is the largest employer in McLean County, and Country Financial and the universities provide additional stability to a growing area of downstate Illinois. Peoria County is home to Caterpillar, a Fortune 100 company, and Bradley University in addition to a large health care presence serving much of the western portion of downstate Illinois. The institutions noted above, coupled with over $1.5 billion in agricultural output, anchor the communities in which they are located, and have provided a comparatively stable foundation for housing, employment and small business.

Southwest Florida has been affected by the current economic downturn as severely as any location in the United States. Southwest Florida has experienced double digit percentage value deterioration in commercial and residential real estate values over the past two years. Even if the valuation downturn in southwest Florida were to abate, our issues would not be over in the market, as the market continues to struggle under the weight of significant real estate inventory, increasing vacancy rates and high unemployment. Management expects that it will take southwest Florida a number of years to return to the economic strength it demonstrated just a few years ago.

EARNINGS PERFORMANCE

NET INTEREST INCOME

Net interest income is the difference between interest income and fees earned on earning assets and interest expense incurred on interest-bearing liabilities. Interest rate levels and volume fluctuations within earning assets and interest-bearing liabilities impact net interest income. Net interest margin is tax-equivalent net interest income as a percent of average earning assets.

Certain assets with tax favorable treatment are evaluated on a tax-equivalent basis. Tax-equivalent basis assumes a federal income tax rate of 35%. Tax favorable assets generally have lower contractual pre-tax yields than fully taxable assets. A tax-equivalent analysis is performed by adding the tax savings to the earnings on tax favorable assets. After factoring in the tax favorable effects of these assets, the yields may be more appropriately evaluated against alternative earning assets. In addition to yield, various other risks are factored into the evaluation process.

The following table shows the consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the interest expense paid for the interest-bearing liabilities, and the related interest rates for the periods, or as of the dates, shown. All average information is provided on a daily average basis.

AVERAGE BALANCE SHEETS AND INTEREST RATES

THREE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

	2009			2008			Change due to (1)		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Volume	Average Yield/Rate	Total Change
				(dollars in thousands)					
Assets									
Interest-bearing bank deposits	$ 45,132	$ 23	0.20%	$ 301	$	%	$	$ 23	$ 23
Federal funds sold			%	14,146	65	1.82%	(32)	(33)	(65)
Investment securities									
U.S. Government obligations	359,021	3,047	3.37%	348,121	3,456	3.94%	105	(514)	(409)
Obligations of states and political subdivisions (1)	87,450	1,281	5.81%	97,416	1,458	5.94%	(147)	(30)	(177)
Other securities	182,450	1,592	3.46%	149,860	1,654	4.38%	321	(383)	(62)
Loans (net of unearned interest)(1) (2)	3,131,279	39,295	4.98%	3,194,361	48,858	6.07%	(948)	(8,615)	(9,563)
Total interest-earning assets	$ 3,805,332	$ 45,238	4.72%	$ 3,804,205	$ 55,491	5.79%	$ (700)	$ (9,553)	$ (10,253)
Cash and due from banks	80,763			101,746					
Premises and equipment	80,163			82,270					
Allowance for loan losses	(85,039)			(46,823)					
Other assets	327,284			359,728					
Total Assets	$ 4,208,503			$ 4,301,126					
Liabilities and Stockholders Equity									
Interest-bearing transaction deposits	$ 30,916	$ 19	0.24%	$ 29,412	$ 35	0.47%	$ 2	$ (18)	$ (16)
Savings deposits	167,380	125	0.30%	156,166	198	0.50%	13	(86)	(73)
Money market deposits	1,162,240	2,120	0.72%	1,226,046	4,212	1.36%	(209)	(1,883)	(2,092)
Time deposits	1,521,774	11,468	2.99%	1,526,909	15,235	3.96%	(51)	(3,716)	(3,767)
Short-term borrowings:									
Federal funds purchased	6,592	10	0.60%	26,964	154	2.27%	(73)	(71)	(144)
Repurchase agreements	150,178	262	0.69%	144,125	790	2.17%	32	(560)	(528)
Other	30,455	238	3.10%	69,771	489	2.78%	(302)	51	(251)
Long-term debt	122,667	1,220	3.98%	140,758	1,494	4.21%	(184)	(91)	(275)
Junior subordinated debt owed to unconsolidated trusts	55,000	697	5.03%	55,000	846	6.10%		(149)	(149)
Total interest-bearing liabilities	$ 3,247,202	$ 16,159	1.97%	$ 3,375,151	$ 23,453	2.76%	$ (772)	$ (6,523)	$ (7,295)
Net interest spread			2.75%			3.03%			
Noninterest-bearing deposits	443,633			374,101					
Other liabilities	39,733			38,489					
Stockholders equity	477,935			513,385					
Total Liabilities and Stockholders Equity	$ 4,208,503			$ 4,301,126					
Interest income / earning assets (1)	$ 3,805,332	$ 45,238	4.72%	$ 3,804,205	$ 55,491	5.79%			
Interest expense / earning assets	$ 3,805,332	$ 16,158	1.68%	$ 3,804,205	$ 23,453	2.45%			

Net interest margin (1)	$ 29,080	3.03%	$ 32,038	3.34%	$ 72	$ (3,030)	$ (2,958)

(1) On a tax-equivalent basis assuming a federal income tax rate of 35% for 2009 and 2008.

(2) Non-accrual loans have been included in average loans, net of unearned interest.

AVERAGE BALANCE SHEETS AND INTEREST RATES

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

	2009 Average Balance	2009 Income/ Expense	2009 Yield/ Rate	2008 Average Balance	2008 Income/ Expense	2008 Yield/ Rate	Change due to (1) Average Volume	Change due to (1) Average Yield/Rate	Total Change
				(dollars in thousands)					
Assets									
Interest-bearing bank deposits	$ 54,804	$ 93	0.23%	$ 416	$ 4	1.28%	$ 95	$ (6)	$ 89
Federal funds sold	373		%	8,659	173	2.67%	(85)	(88)	(173)
Investment securities									
U.S. Government obligations	381,577	10,066	3.52%	372,677	12,039	4.32%	281	(2,254)	(1,973)
Obligations of states and political subdivisions (1)	88,790	3,917	5.89%	102,215	4,366	5.71%	(588)	139	(449)
Other securities	185,262	4,908	3.54%	128,892	4,057	4.20%	1,567	(716)	851
Loans (net of unearned interest)(1) (2)	3,200,974	123,217	5.14%	3,131,100	149,305	6.37%	3,260	(29,348)	(26,088)
Total interest-earning assets	$ 3,911,780	$ 142,201	4.86%	$ 3,743,959	$ 169,944	6.06%	$ 4,530	$ (32,273)	$ (27,743)
Cash and due from banks	83,693			103,060					
Premises and equipment	80,856			81,808					
Allowance for loan losses	(90,993)			(44,181)					
Other assets	353,117			359,123					
Total Assets	$ 4,338,453			$ 4,243,769					
Liabilities and Stockholders Equity									
Interest-bearing transaction deposits	$ 31,931	$ 82	0.34%	$ 36,620	$ 209	0.76%	$ (24)	$ (103)	$ (127)
Savings deposits	165,167	415	0.34%	155,617	659	0.57%	38	(282)	(244)
Money market deposits	1,131,789	6,761	0.80%	1,266,301	15,369	1.62%	(1,489)	(7,119)	(8,608)
Time deposits	1,640,428	40,789	3.32%	1,408,843	45,464	4.31%	6,750	(11,425)	(4,675)
Short-term borrowings:									
Federal funds purchased	2,497	10	0.53%	26,018	487	2.50%	(255)	(222)	(477)
Repurchase agreements	149,342	890	0.80%	142,023	2,770	2.61%	136	(2,016)	(1,880)
Other	51,536	1,136	2.94%	78,853	1,691	2.86%	(601)	46	(555)
Long-term debt	129,205	3,800	3.93%	136,822	4,615	4.51%	(247)	(568)	(815)
Junior subordinated debt owed to unconsolidated trusts	55,000	2,216	5.38%	55,000	2,651	6.44%		(435)	(435)
Total interest-bearing liabilities	$ 3,356,895	$ 56,099	2.23%	$ 3,306,097	$ 73,915	2.99%	$ 4,307	$ (22,123)	$ (17,816)
Net interest spread			2.63%			3.07%			
Noninterest-bearing deposits	446,186			380,386					
Other liabilities	42,692			39,692					