

FIRST BUSEY CORP /NV/  
Form 10-Q  
November 06, 2014

# 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 9/30/2014**

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**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) 365-4544**

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N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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

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

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 6, 2014
Common Stock, \$.001 par value	86,852,116

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED BALANCE SHEETS

September 30, 2014 and December 31, 2013

(Unaudited)

	September 30, 2014	December 31, 2013
	(dollars in thousands)	
<b>Assets</b>		
Cash and due from banks (interest-bearing 2014 \$95,358; 2013 \$118,228)	\$ 179,724	\$ 231,603
Securities available for sale, at fair value	803,065	841,310
Securities held to maturity, at amortized cost	2,384	834
Loans held for sale	12,090	13,840
Loans (net of allowance for loan losses 2014 \$47,014; 2013 \$47,567)	2,320,811	2,233,893
Premises and equipment	64,369	65,827
Goodwill	20,686	20,686
Other intangible assets	7,390	9,571
Cash surrender value of bank owned life insurance	41,110	40,674
Other real estate owned (OREO)	216	2,133
Deferred tax asset, net	22,799	35,642
Other assets	46,273	43,562
Total assets	\$ 3,520,917	\$ 3,539,575
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 579,550	\$ 547,531
Interest-bearing	2,245,844	2,321,607
Total deposits	\$ 2,825,394	\$ 2,869,138
Securities sold under agreements to repurchase	157,282	172,348
Long-term debt	30,000	
Junior subordinated debt owed to unconsolidated trusts	55,000	55,000
Other liabilities	23,213	27,725
Total liabilities	\$ 3,090,889	\$ 3,124,211
<b>Stockholders Equity</b>		
Series C Preferred stock, \$.001 par value, 72,664 shares authorized, issued and outstanding, \$1,000.00 liquidation value per share	\$ 72,664	\$ 72,664
Common stock, \$.001 par value, authorized 200,000,000 shares; shares issued 88,287,132	88	88
Additional paid-in capital	593,520	593,144
Accumulated deficit	(213,386)	(225,722)
Accumulated other comprehensive income	5,667	4,456
Total stockholders equity before treasury stock	\$ 458,553	\$ 444,630
Common stock shares held in treasury at cost 2014 1,442,257; 2013 1,482,777	(28,525)	(29,266)
Total stockholders equity	\$ 430,028	\$ 415,364
Total liabilities and stockholders equity	\$ 3,520,917	\$ 3,539,575
Common shares outstanding at period end	86,844,875	86,804,355

See accompanying notes to unaudited consolidated financial statements.



## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED STATEMENTS OF INCOME

For the Nine Months Ended September 30, 2014 and 2013

(Unaudited)

	2014		2013	
	(dollars in thousands, except per share amounts)			
<b>Interest income:</b>				
Interest and fees on loans	\$	68,523	\$	69,257
Interest and dividends on investment securities:				
Taxable interest income		9,423		9,616
Non-taxable interest income		2,472		2,938
Total interest income	\$	80,418	\$	81,811
<b>Interest expense:</b>				
Deposits	\$	3,928	\$	5,577
Securities sold under agreements to repurchase		114		128
Short-term borrowings		1		15
Long-term debt		1		125
Junior subordinated debt owed to unconsolidated trusts		885		905
Total interest expense	\$	4,929	\$	6,750
Net interest income	\$	75,489	\$	75,061
Provision for loan losses		2,000		6,000
Net interest income after provision for loan losses	\$	73,489	\$	69,061
<b>Other income:</b>				
Trust fees	\$	14,879	\$	13,956
Commissions and brokers' fees, net		2,023		1,819
Remittance processing		7,120		6,288
Service charges on deposit accounts		8,981		8,876
Other service charges and fees		4,681		4,452
Gain on sales of loans		3,554		8,944
Security gains, net		40		82
Other		2,924		3,637
Total other income	\$	44,202	\$	48,054
<b>Other expense:</b>				
Salaries and wages	\$	37,418	\$	39,342
Employee benefits		7,542		8,754
Net occupancy expense of premises		6,384		6,340
Furniture and equipment expense		3,607		3,687
Data processing		8,099		7,813
Amortization of intangible assets		2,181		2,349
Regulatory expense		1,559		1,808
OREO expense		87		394
Other		12,862		14,239
Total other expense	\$	79,739	\$	84,726
Income before income taxes	\$	37,952	\$	32,389
Income taxes		12,771		10,583
<b>Net income</b>	\$	25,181	\$	21,806
Preferred stock dividends		545		2,725
<b>Net income available to common stockholders</b>	\$	24,636	\$	19,081
<b>Basic earnings per common share</b>	\$	0.28	\$	0.22
<b>Diluted earnings per common share</b>	\$	0.28	\$	0.22
<b>Dividends declared per share of common stock</b>	\$	0.14	\$	0.08

See accompanying notes to unaudited consolidated financial statements.

## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended September 30, 2014 and 2013

(Unaudited)

	2014		2013	
	(dollars in thousands, except per share amounts)			
<b>Interest income:</b>				
Interest and fees on loans	\$	23,553	\$	23,096
Interest and dividends on investment securities:				
Taxable interest income		3,148		3,162
Non-taxable interest income		810		978
Total interest income	\$	27,511	\$	27,236
<b>Interest expense:</b>				
Deposits	\$	1,260	\$	1,656
Securities sold under agreements to repurchase		40		44
Short-term borrowings		1		
Long-term debt		1		
Junior subordinated debt owed to unconsolidated trusts		298		303
Total interest expense	\$	1,600	\$	2,003
Net interest income	\$	25,911	\$	25,233
Provision for loan losses				2,000
Net interest income after provision for loan losses	\$	25,911	\$	23,233
<b>Other income:</b>				
Trust fees	\$	4,182	\$	4,035
Commissions and brokers' fees, net		676		710
Remittance processing		2,394		2,105
Service charges on deposit accounts		3,175		3,126
Other service charges and fees		1,575		1,486
Gain on sales of loans		1,339		2,684
Security gains, net				82
Other		863		1,402
Total other income	\$	14,204	\$	15,630
<b>Other expense:</b>				
Salaries and wages	\$	12,591	\$	13,001
Employee benefits		2,263		2,580
Net occupancy expense of premises		2,086		2,055
Furniture and equipment expense		1,250		1,211
Data processing		2,600		2,606
Amortization of intangible assets		701		783
Regulatory expense		503		545
OREO expense		16		(207)
Other		4,288		4,784
Total other expense	\$	26,298	\$	27,358
Income before income taxes	\$	13,817	\$	11,505
Income taxes		4,708		3,572
<b>Net income</b>	\$	9,109	\$	7,933
Preferred stock dividends		182		909
<b>Net income available to common stockholders</b>	\$	8,927	\$	7,024
<b>Basic earnings per common share</b>	\$	0.10	\$	0.08
<b>Diluted earnings per common share</b>	\$	0.10	\$	0.08
<b>Dividends declared per share of common stock</b>	\$	0.05	\$	0.04



See accompanying notes to unaudited consolidated financial statements.

## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three and Nine Months Ended September 30, 2014 and 2013

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(dollars in thousands)			
Net income	\$ 9,109	\$ 7,933	\$ 25,181	\$ 21,806
Other comprehensive income (loss), before tax:				
Securities available for sale:				
Unrealized net (losses) gains on securities:				
Unrealized net holding (losses) gains arising during period	\$ (2,980)	\$ 1,092	\$ 2,099	\$ (12,125)
Reclassification adjustment for (gains) included in net income		(82)	(40)	(82)
Other comprehensive (loss) income, before tax	\$ (2,980)	\$ 1,010	\$ 2,059	\$ (12,207)
Income tax (benefit) expense related to items of other comprehensive income	(1,227)	416	848	(5,026)
Other comprehensive (loss) income, net of tax	\$ (1,753)	\$ 594	\$ 1,211	\$ (7,181)
Comprehensive income	\$ 7,356	\$ 8,527	\$ 26,392	\$ 14,625

See accompanying notes to unaudited consolidated financial statements.

**FIRST BUSEY CORPORATION and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**

**For the Nine Months Ended September 30, 2014 and 2013**

**(Unaudited)**

*(dollars in thousands, except per share amounts)*

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance, December 31, 2012	\$ 72,664	\$ 88	\$ 594,411	\$ (240,321)	\$ 13,542	\$ (31,587)	\$ 408,797
Net income				21,806			21,806
Other comprehensive loss					(7,181)		(7,181)
Issuance of treasury stock for employee stock purchase plan			(234)			316	82
Net issuance of treasury stock for restricted stock unit vesting and related tax benefit			(1,414)			1,301	(113)
Cash dividends common stock at \$0.08 per share				(6,937)			(6,937)
Stock dividend equivalents restricted stock units at \$0.08 per share			45	(45)			
Stock-based employee compensation			650				650
Preferred stock dividends				(2,725)			(2,725)
Balance, September 30, 2013	\$ 72,664	\$ 88	\$ 593,458	\$ (228,222)	\$ 6,361	\$ (29,970)	\$ 414,379
Balance, December 31, 2013	\$ 72,664	\$ 88	\$ 593,144	\$ (225,722)	\$ 4,456	\$ (29,266)	\$ 415,364
Net income				25,181			25,181
Other comprehensive income					1,211		1,211
Issuance of treasury stock for employee stock purchase plan			(376)			533	157
Net issuance of treasury stock for restricted stock unit vesting and related tax benefit			(229)			208	(21)
Cash dividends common stock at \$0.14 per share				(12,154)			(12,154)
Stock dividend equivalents restricted stock units at \$0.14 per share			146				