

FIRST BUSEY CORP /NV/  
Form 10-Q  
May 09, 2013

# 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 3/31/2013

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)

**100 W. University Ave.,  
Champaign, Illinois**  
(Address of principal  
executive offices)

**37-1078406**  
(I.R.S. Employer Identification No.)

**61820**  
(Zip code)

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

N/A

Edgar Filing: FIRST BUSEY CORP /NV/ - Form 10-Q

(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 definition 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 May 9, 2013
Common Stock, \$.001 par value	86,691,159

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED BALANCE SHEETS

March 31, 2013 and December 31, 2012

(Unaudited)

	March 31, 2013	December 31, 2012
	(dollars in thousands)	
<b>Assets</b>		
Cash and due from banks (interest-bearing 2013 \$383,530; 2012 \$235,428)	\$ 447,608	\$ 351,255
Securities available for sale	952,579	1,001,497
Loans held for sale	30,833	40,003
Loans (net of allowance for loan losses 2013 \$47,773; 2012 \$48,012)	1,982,074	1,985,095
Premises and equipment	70,136	71,067
Goodwill	20,686	20,686
Other intangible assets	11,920	12,703
Cash surrender value of bank owned life insurance	39,813	39,485
Other real estate owned (OREO)	2,632	3,450
Deferred tax asset, net	37,567	39,373
Other assets	52,462	53,442
<b>Total assets</b>	<b>\$ 3,648,310</b>	<b>\$ 3,618,056</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities</b>		
Deposits:		
Non-interest-bearing	\$ 547,226	\$ 611,043
Interest-bearing	2,469,719	2,369,249
<b>Total deposits</b>	<b>\$ 3,016,945</b>	<b>\$ 2,980,292</b>
Securities sold under agreements to repurchase	130,809	139,024
Long-term debt	6,000	7,000
Junior subordinated debt owed to unconsolidated trusts	55,000	55,000
Other liabilities	25,851	27,943
<b>Total liabilities</b>	<b>\$ 3,234,605</b>	<b>\$ 3,209,259</b>
<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	594,313	594,411
Accumulated deficit	(234,796)	(240,321)
Accumulated other comprehensive income	12,671	13,542
<b>Total stockholders equity before treasury stock</b>	<b>\$ 444,940</b>	<b>\$ 440,384</b>
Common stock shares held in treasury at cost 2013 1,595,973; 2012 1,616,282	(31,235)	(31,587)
<b>Total stockholders equity</b>	<b>\$ 413,705</b>	<b>\$ 408,797</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 3,648,310</b>	<b>\$ 3,618,056</b>
<b>Common shares outstanding at period end</b>	<b>86,691,159</b>	<b>86,670,850</b>

See accompanying notes to unaudited consolidated financial statements.



**FIRST BUSEY CORPORATION and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Three Months Ended March 31, 2013 and 2012**

(Unaudited)

	2013		2012	
	(dollars in thousands, except per share amounts)			
<b>Interest income:</b>				
Interest and fees on loans	\$	22,961	\$	25,526
Interest and dividends on investment securities:				
Taxable interest income		3,171		3,768
Non-taxable interest income		983		802
Total interest income	\$	27,115	\$	30,096
<b>Interest expense:</b>				
Deposits	\$	2,097	\$	3,748
Securities sold under agreements to repurchase		44		78
Short-term borrowings		9		9
Long-term debt		81		226
Junior subordinated debt owed to unconsolidated trusts		301		337
Total interest expense	\$	2,532	\$	4,398
Net interest income	\$	24,583	\$	25,698
Provision for loan losses		2,000		5,000
Net interest income after provision for loan losses	\$	22,583	\$	20,698
<b>Other income:</b>				
Trust fees	\$	5,208	\$	5,195
Commissions and brokers' fees, net		540		506
Remittance processing		2,098		2,167
Service charges on deposit accounts		2,727		2,811
Other service charges and fees		1,439		1,381
Gain on sales of loans		3,497		2,413
Other		1,132		3,407
Total other income	\$	16,641	\$	17,880
<b>Other expense:</b>				
Salaries and wages	\$	13,560	\$	12,111
Employee benefits		3,227		2,896
Net occupancy expense of premises		2,182		2,205
Furniture and equipment expense		1,254		1,272
Data processing		2,639		2,159
Amortization of intangible assets		783		827
Regulatory expense		646		626
OREO expense		543		5
Other		4,733		5,101
Total other expense	\$	29,567	\$	27,202
Income before income taxes	\$	9,657	\$	11,376
Income taxes		3,224		3,733
<b>Net income</b>	\$	6,433	\$	7,643
Preferred stock dividends		908		908
<b>Net income available to common stockholders</b>	\$	5,525	\$	6,735
<b>Basic earnings per common share</b>	\$	0.06	\$	0.08
<b>Diluted earnings per common share</b>	\$	0.06	\$	0.08
<b>Dividends declared per share of common stock</b>	\$		\$	0.04

See accompanying notes to unaudited consolidated financial statements.

**FIRST BUSEY CORPORATION and Subsidiaries**

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**

**For the Three Months Ended March 31, 2013 and 2012**

**(Unaudited)**

	2013	2012
	(dollars in thousands)	
Net income	\$ 6,433	\$ 7,643
Other comprehensive (loss), before tax:		
Unrealized net (losses) on securities:		
Unrealized net holding (losses) arising during period	\$ (1,480)	\$ (196)
Other comprehensive (loss), before tax	\$ (1,480)	\$ (196)
Income tax (benefit) related to items of other comprehensive income	(609)	(80)
Other comprehensive (loss), net of tax	\$ (871)	\$ (116)
Comprehensive income	\$ 5,562	\$ 7,527

See accompanying notes to unaudited consolidated financial statements.



## FIRST BUSEY CORPORATION and Subsidiaries

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2013 and 2012

(Unaudited)

	2013	2012
	(dollars in thousands)	
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 6,433	\$ 7,643
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based and non-cash compensation	251	220
Depreciation and amortization	2,189	2,161
Provision for loan losses	2,000	5,000
Provision for deferred income taxes	2,415	3,488
Amortization of security premiums and discounts, net	2,549	2,225
Gain on sales of loans, net	(3,497)	(2,413)
Net loss (gain) on sales of OREO properties	51	(40)
Increase in cash surrender value of bank owned life insurance	(328)	(659)
Change in assets and liabilities:		
Decrease (increase) in other assets	1,257	(132)
Decrease in other liabilities	(1,924)	(1,845)
Decrease in interest payable	(165)	(276)
Decrease (increase) in income taxes receivable	(277)	520
<b>Net cash provided by operating activities before activities for loans originated for sale</b>	<b>\$ 10,954</b>	<b>\$ 15,892</b>
Loans originated for sale	(130,546)	(146,232)
Proceeds from sales of loans	143,213	134,477
<b>Net cash provided by operating activities</b>	<b>\$ 23,621</b>	<b>\$ 4,137</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of securities classified available for sale	2,295	4,152
Proceeds from maturities of securities classified available for sale	56,705	47,153
Purchase of securities classified available for sale	(14,111)	(162,724)
Net decrease in loans	774	46,588
Proceeds from disposition of premises and equipment	462	19
Proceeds from sale of OREO properties	1,014	2,869
Purchases of premises and equipment	(937)	(1,365)
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 46,202</b>	<b>\$ (63,308)</b>

(continued on next page)

## FIRST BUSEY CORPORATION and Subsidiaries

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

For the Three Months Ended March 31, 2013 and 2012

(Unaudited)

	2013	2012
	(dollars in thousands)	
<b>Cash Flows from Financing Activities</b>		
Net decrease in certificates of deposit	\$ (29,338)	\$ (54,240)
Net increase in demand, money market and savings deposits	65,991	171,013
Cash dividends paid	(908)	(4,373)
Principal payments on long-term debt	(1,000)	
Net (decrease) increase in securities sold under agreements to repurchase	(8,215)	16,842
<b>Net cash provided by financing activities</b>	<b>\$ 26,530</b>	<b>\$ 129,242</b>
<b>Net increase in cash and due from banks</b>	<b>\$ 96,353</b>	<b>\$ 70,071</b>
<b>Cash and due from banks, beginning</b>	<b>\$ 351,255</b>	<b>\$ 315,053</b>
<b>Cash and due from banks, ending</b>	<b>\$ 447,608</b>	<b>\$ 385,124</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
<b>Cash payments for:</b>		
Interest	\$ 2,697	\$ 4,674
Income taxes	\$ 1,110	\$ 70
<b>Non-cash investing and financing activities:</b>		
Other real estate acquired in settlement of loans	\$ 247	\$ 3,096
Dividends accrued	\$ 923	\$ 924

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 (the 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, 2012.

The accompanying consolidated balance sheet as of December 31, 2012, 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 months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.

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 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 fair value of investment securities, the determination of the allowance for loan losses, and valuation allowance on the deferred tax asset.

The Company has evaluated subsequent events for potential recognition and/or disclosure through the date the consolidated financial statements included in this Quarterly Report on Form 10-Q were issued. There were no significant subsequent events for the quarter ended March 31, 2013 through the issuance date of these financial statements that warranted adjustment to or disclosure in the consolidated financial statements.

**Note 2: Recent Accounting Pronouncements**

The Company reviews new accounting standards as issued. Information relating to accounting pronouncements issued and applicable to the Company in 2012 appear in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The Company has not identified any standards applicable to the Company for 2013 that it believes merit discussion.



**Note 3: Securities**

The amortized cost, unrealized gains and losses and fair values of securities classified available for sale are summarized as follows:

	Amortized Cost	Gross Unrealized Gains (dollars in thousands)	Gross Unrealized Losses	Fair Value
<b>March 31, 2013:</b>				
U.S. Treasury securities	\$ 103,225	\$ 1,292	\$	\$ 104,517
Obligations of U.S. government corporations and agencies	332,583	5,644	(16)	338,211
Obligations of states and political subdivisions	276,195	5,819	(220)	281,794
Residential mortgage-backed securities	190,989	7,105		198,094
Corporate debt securities	24,484	154	(10)	24,628
Total debt securities	927,476	20,014	(246)	947,244
Mutual funds and other equity securities	3,563	1,772		5,335
	\$ 931,039	\$ 21,786	\$ (246)	\$ 952,579

	Amortized Cost	Gross Unrealized Gains (dollars in thousands)	Gross Unrealized Losses	Fair Value
<b>December 31, 2012:</b>				
U.S. Treasury securities	\$ 103,353	\$ 1,303	\$	\$ 104,656
Obligations of U.S. government corporations and agencies	363,583	6,616	(5)	370,194
Obligations of states and political subdivisions	274,350	6,176	(238)	280,288
Residential mortgage-backed securities	210,139	7,576		217,715
Corporate debt securities	24,601	139	(26)	24,714
Total debt securities	976,026	21,810	(269)	997,567
Mutual funds and other equity securities	2,451	1,479		3,930
	\$ 978,477	\$ 23,289	\$ (269)	\$ 1,001,497

The amortized cost and fair value of debt securities available for sale as of March 31, 2013, by contractual maturity, are shown below. Mutual funds and other equity securities do not have stated maturity dates and therefore are not included in the following maturity summary. Mortgages underlying the residential mortgage-backed securities may be called or prepaid without penalties; therefore, actual maturities could differ from the contractual maturities. All residential mortgage-backed securities were issued by U.S. government agencies and corporations.

	Amortized Cost	Fair Value
	(dollars in thousands)	
Due in one year or less	\$ 143,583	\$ 144,951
Due after one year through five years	518,792	527,045
Due after five years through ten years	202,954	209,884
Due after ten years	62,147	65,364
	\$ 927,476	\$ 947,244



Edgar Filing: FIRST BUSEY CORP /NV/ - Form 10-Q

There were no realized gains and losses related to sales of securities and no tax provision related to net realized gains and losses for the three months ended March 31, 2013 and 2012.

Investment securities with carrying amounts of \$418.2 million and \$489.1 million on March 31, 2013 and December 31, 2012, respectively, were pledged as collateral for public deposits, securities sold under agreements to repurchase and for other purposes as required or permitted by law.

Information pertaining to securities with gross unrealized losses at March 31, 2013 and December 31, 2012 aggregated by investment category and length of time that individual securities have been in a continuous loss position follows:

	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(dollars in thousands)					
<b>March 31, 2013:</b>						
U.S. Treasury securities(1)	\$					