

FIRST BUSEY CORP /NV/  
Form 10-Q  
November 08, 2016

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

## FORM 10-Q

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

**For the Quarterly Period Ended 9/30/2016**

**o 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
Common Stock, \$.001 par value

Outstanding at November 8, 2016
38,207,190

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED BALANCE SHEETS

September 30, 2016 and December 31, 2015

(Unaudited)

	September 30, 2016		December 31, 2015
	(dollars in thousands)		
<b>Assets</b>			
Cash and due from banks (interest-bearing 2016 \$288,016; 2015 \$250,404)	\$	358,337	\$ 319,280
Federal funds sold		2,498	
Cash and cash equivalents	\$	360,835	\$ 319,280
Securities available for sale, at fair value		774,683	834,838
Securities held to maturity, at amortized cost		50,460	49,832
Loans held for sale		266,382	9,351
Portfolio loans (net of allowance for loan losses 2016 \$47,847; 2015 \$47,487)		3,759,766	2,580,252
Premises and equipment, net		80,287	63,088
Goodwill		102,356	25,510
Other intangible assets, net		19,743	7,432
Cash surrender value of bank owned life insurance		79,455	43,103
Deferred tax asset, net		20,651	21,638
Other assets		77,623	44,652
Total assets	\$	5,592,241	\$ 3,998,976
<b>Liabilities and Stockholders Equity</b>			
<b>Liabilities</b>			
Deposits:			
Noninterest-bearing	\$	996,750	\$ 881,685
Interest-bearing		3,339,756	2,407,421
Total deposits	\$	4,336,506	\$ 3,289,106
Securities sold under agreements to repurchase		212,363	172,972
Short-term borrowings		246,700	
Long-term debt		80,000	80,000
Junior subordinated debt owed to unconsolidated trusts		70,834	55,000
Other liabilities		49,764	28,712
Total liabilities	\$	4,996,167	\$ 3,625,790
Commitments and contingencies (See Note 13- Outstanding Commitments and Contingent Liabilities)			
<b>Stockholders Equity</b>			
Common stock, \$.001 par value, authorized 66,666,667 shares; shares issued 2016 38,869,519; 2015 29,427,738		39	29
Additional paid-in capital		783,409	591,053
Accumulated deficit		(168,552)	(190,265)
Accumulated other comprehensive income		6,758	2,340
Total stockholders equity before treasury stock	\$	621,654	\$ 403,157
Common stock shares held in treasury at cost, 2016 662,512; 2015 732,887		(25,580)	(29,971)
Total stockholders equity	\$	596,074	\$ 373,186
Total liabilities and stockholders equity	\$	5,592,241	\$ 3,998,976
Common shares outstanding at period end		38,207,007	28,694,851

See accompanying notes to unaudited Consolidated Financial Statements.

## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED STATEMENTS OF INCOME

For the Nine Months Ended September 30, 2016 and 2015

(Unaudited)

	2016		2015	
	(dollars in thousands, except per share amounts)			
<b>Interest income:</b>				
Interest and fees on loans	\$	104,333	\$	73,851
Interest and dividends on investment securities:				
Taxable interest income		10,585		10,588
Non-taxable interest income		2,332		2,464
Total interest income	\$	117,250	\$	86,903
<b>Interest expense:</b>				
Deposits	\$	4,998	\$	3,624
Federal funds purchased and securities sold under agreements to repurchase		274		132
Short-term borrowings		461		
Long-term debt		155		31
Junior subordinated debt owed to unconsolidated trusts		1,337		900
Total interest expense	\$	7,225	\$	4,687
Net interest income	\$	110,025	\$	82,216
Provision for loan losses		4,050		600
Net interest income after provision for loan losses	\$	105,975	\$	81,616
<b>Non-interest income:</b>				
Trust fees	\$	15,112	\$	15,385
Commissions and brokers' fees, net		2,095		2,402
Remittance processing		8,558		8,372
Service charges on deposit accounts		11,562		9,292
Other service charges and fees		5,512		4,883
Gain on sales of loans, net		8,130		4,843
Security gains (losses), net		1,230		(21)
Other income		3,969		3,321
Total non-interest income	\$	56,168	\$	48,477
<b>Non-interest expense:</b>				
Salaries and wages	\$	44,103	\$	41,181
Employee benefits		11,472		7,215
Net occupancy expense of premises		8,300		6,496
Furniture and equipment expense		4,564		3,793
Data processing		12,677		9,843
Amortization of intangible assets		3,157		2,384
Regulatory expense		2,274		1,813
Other expense		16,904		14,217
Total non-interest expense	\$	103,451	\$	86,942
Income before income taxes	\$	58,692	\$	43,151
Income taxes		20,453		14,828
<b>Net income</b>	\$	38,239	\$	28,323
Preferred stock dividends				545
<b>Net income available to common stockholders</b>	\$	38,239	\$	27,778
<b>Basic earnings per common share</b>	\$	1.12	\$	0.96
<b>Diluted earnings per common share</b>	\$	1.11	\$	0.95
<b>Dividends declared per share of common stock</b>	\$	0.51	\$	0.45

See accompanying notes to unaudited Consolidated Financial Statements.

## FIRST BUSEY CORPORATION and Subsidiaries

## CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended September 30, 2016 and 2015

(Unaudited)

	2016		2015	
	(dollars in thousands, except per share amounts)			
<b>Interest income:</b>				
Interest and fees on loans	\$	43,002	\$	25,099
Interest and dividends on investment securities:				
Taxable interest income		3,398		3,791
Non-taxable interest income		788		840
Total interest income	\$	47,188	\$	29,730
<b>Interest expense:</b>				
Deposits	\$	2,099	\$	1,175
Federal funds purchased and securities sold under agreements to repurchase		102		44
Short-term borrowings		263		
Long-term debt		55		10
Junior subordinated debt owed to unconsolidated trusts		538		306
Total interest expense	\$	3,057	\$	1,535
Net interest income	\$	44,131	\$	28,195
Provision for loan losses		1,950		100
Net interest income after provision for loan losses	\$	42,181	\$	28,095
<b>Non-interest income:</b>				
Trust fees	\$	4,520	\$	4,542
Commissions and brokers' fees, net		740		799
Remittance processing		2,803		2,897
Service charges on deposit accounts		4,518		3,312
Other service charges and fees		1,977		1,614
Gain on sales of loans, net		4,526		1,549
Security gains (losses), net		11		
Other income		1,650		1,176
Total non-interest income	\$	20,745	\$	15,889
<b>Non-interest expense:</b>				
Salaries and wages	\$	17,197	\$	13,365
Employee benefits		4,519		2,352
Net occupancy expense of premises		3,401		2,090
Furniture and equipment expense		1,836		1,319
Data processing		4,430		3,082
Amortization of intangible assets		1,282		807
Regulatory expense		802		610
Other expense		5,948		4,325
Total non-interest expense	\$	39,415	\$	27,950
Income before income taxes	\$	23,511	\$	16,034
Income taxes		8,089		5,408
<b>Net income</b>	\$	15,422	\$	10,626
Preferred stock dividends				182
<b>Net income available to common stockholders</b>	\$	15,422	\$	10,444
<b>Basic earnings per common share</b>	\$	0.40	\$	0.36
<b>Diluted earnings per common share</b>	\$	0.40	\$	0.36
<b>Dividends declared per share of common stock</b>	\$	0.17	\$	0.15



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, 2016 and 2015

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Net income	\$ 15,422	\$ 10,626	\$ 38,239	\$ 28,323
Other comprehensive income, before tax:				
Securities available for sale:				
Unrealized net (losses) gains on securities:				
Unrealized net holding (losses) gains arising during period	\$ (2,017)	\$ 2,512	\$ 8,582	\$ 1,661
Reclassification adjustment for (gains) losses included in net income	(11)		(1,230)	21
Other comprehensive (loss) income, before tax	\$ (2,028)	\$ 2,512	\$ 7,352	\$ 1,682
Income tax (benefit) expense related to items of other comprehensive income	(815)	1,005	2,934	673
Other comprehensive (loss) income, net of tax	\$ (1,213)	\$ 1,507	\$ 4,418	\$ 1,009
Comprehensive income	\$ 14,209	\$ 12,133	\$ 42,657	\$ 29,332

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, 2016 and 2015**

**(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, 2014	\$ 72,664	\$ 29	\$ 593,746	\$ (210,384)	\$ 5,817	\$ (28,233)	\$ 433,639
Net income				28,323			28,323
Other comprehensive income					1,009		1,009
Issuance of treasury stock for employee stock purchase plan			(495)			745	250
Net issuance of treasury stock for restricted stock unit vesting and related tax benefit			(3,784)			3,643	(141)
Issuance of treasury stock						34	34
Cash dividends on common stock of \$0.45 per share				(13,041)			(13,041)
Stock dividend equivalents on restricted stock units of \$0.45 per share			185	(185)			
Stock-based employee compensation			1,001				1,001
Preferred stock dividends				(545)			(545)
Purchase of treasury stock						(6,296)	(6,296)
Cash paid in lieu of fractional shares in reverse stock split			(5)				(5)
Balance, September 30, 2015	\$ 72,664	\$ 29	\$ 590,648	\$ (195,832)	\$ 6,826	\$ (30,107)	\$ 444,228
Balance, December 31, 2015	\$	\$ 29	\$ 591,053	\$ (190,265)	\$ 2,340	\$ (29,971)	\$ 373,186
Net income				38,239			38,239
Other comprehensive income					4,418		4,418
Stock issued for acquisition of Pulaski, net of stock issuance costs							