FIRST BUSEY CORP /NV/
Form 10-Q
August 06, 2015

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 6/30/2015

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**

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 x No o

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 x No o

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 o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o 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 August 6, 2015**
Common Stock, $.001 par value	87,073,160

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED BALANCE SHEETS

June 30, 2015 and December 31, 2014

(Unaudited)

		June 30, 2015		December 31, 2014
		(dollars in thousands)		
Assets				
Cash and due from banks (interest-bearing 2015 $177,124; 2014 $243,769)	$	289,385	$	339,438
Securities available for sale, at fair value		888,215		759,065
Securities held to maturity, at amortized cost		35,992		2,373
Loans held for sale		23,816		10,400
Loans (net of allowance for loan losses 2015 $47,720; 2014 $47,453)		2,443,040		2,357,837
Premises and equipment, net		64,834		63,974
Goodwill		25,510		20,686
Other intangible assets, net		9,048		6,687
Cash surrender value of bank owned life insurance		42,381		41,470
Deferred tax asset, net		21,730		22,173
Other assets		41,323		41,504
Total assets	$	3,885,274	$	3,665,607
Liabilities and Stockholders Equity				
Liabilities				
Deposits:				
Noninterest-bearing	$	705,231	$	666,607
Interest-bearing		2,430,509		2,234,241
Total deposits	$	3,135,740	$	2,900,848
Securities sold under agreements to repurchase		174,352		198,893
Long-term debt		50,000		50,000
Junior subordinated debt owed to unconsolidated trusts		55,000		55,000
Other liabilities		27,594		27,227
Total liabilities	$	3,442,686	$	3,231,968
Stockholders Equity				
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		593,789		593,687
Accumulated deficit		(201,851)		(210,384)
Accumulated other comprehensive income		5,319		5,817
Total stockholders equity before treasury stock	$	470,009	$	461,872
Common stock shares held in treasury at cost 2015 1,381,951; 2014 1,426,323		(27,421)		(28,233)
Total stockholders equity	$	442,588	$	433,639
Total liabilities and stockholders equity	$	3,885,274	$	3,665,607
Common shares outstanding at period end		86,905,181		86,860,809

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

For the Six Months Ended June 30, 2015 and 2014

(Unaudited)

		2015		2014
		(dollars in thousands, except per share amounts)		
Interest income:				
Interest and fees on loans	$	48,752	$	44,970
Interest and dividends on investment securities:				
Taxable interest income		6,797		6,275
Non-taxable interest income		1,624		1,662
Total interest income	$	57,173	$	52,907
Interest expense:				
Deposits	$	2,449	$	2,668
Securities sold under agreements to repurchase		88		74
Long-term debt		21		
Junior subordinated debt owed to unconsolidated trusts		594		587
Total interest expense	$	3,152	$	3,329
Net interest income	$	54,021	$	49,578
Provision for loan losses		500		2,000
Net interest income after provision for loan losses	$	53,521	$	47,578
Other income:				
Trust fees	$	10,843	$	10,697
Commissions and brokers fees, net		1,603		1,347
Remittance processing		5,475		4,726
Service charges on deposit accounts		5,980		5,806
Other service charges and fees		3,269		3,106
Gain on sales of loans		3,294		2,215
Security (losses) gains, net		(21)		40
Other		2,145		2,061
Total other income	$	32,588	$	29,998
Other expense:				
Salaries and wages	$	27,816	$	24,827
Employee benefits		4,863		5,279
Net occupancy expense of premises		4,406		4,298
Furniture and equipment expense		2,474		2,357
Data processing		6,761		5,499
Amortization of intangible assets		1,577		1,480
Regulatory expense		1,203		1,056
Other		9,892		8,645
Total other expense	$	58,992	$	53,441
Income before income taxes	$	27,117	$	24,135
Income taxes		9,420		8,063
Net income	$	17,697	$	16,072
Preferred stock dividends		363		363
Net income available to common stockholders	$	17,334	$	15,709
Basic earnings per common share	$	0.20	$	0.18
Diluted earnings per common share	$	0.20	$	0.18
Dividends declared per share of common stock	$	0.10	$	0.09

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended June 30, 2015 and 2014

(Unaudited)

		2015		2014
		(dollars in thousands, except per share amounts)		
Interest income:				
Interest and fees on loans	$	24,586	$	22,437
Interest and dividends on investment securities:				
Taxable interest income		3,525		3,395
Non-taxable interest income		799		824
Total interest income	$	28,910	$	26,656
Interest expense:				
Deposits	$	1,210	$	1,306
Securities sold under agreements to repurchase		37		35
Long-term debt		11		
Junior subordinated debt owed to unconsolidated trusts		301		294
Total interest expense	$	1,559	$	1,635
Net interest income	$	27,351	$	25,021
Provision for loan losses				1,000
Net interest income after provision for loan losses	$	27,351	$	24,021
Other income:				
Trust fees	$	5,146	$	5,080
Commissions and brokers fees, net		819		676
Remittance processing		2,988		2,376
Service charges on deposit accounts		3,096		3,111
Other service charges and fees		1,685		1,618
Gain on sales of loans		1,868		1,234
Security (losses) gains, net		(22)		(3)
Other		1,043		920
Total other income	$	16,623	$	15,012
Other expense:				
Salaries and wages	$	13,310	$	12,578
Employee benefits		2,520		2,386
Net occupancy expense of premises		2,161		2,055
Furniture and equipment expense		1,283		1,153
Data processing		3,212		2,687
Amortization of intangible assets		808		733
Regulatory expense		560		501
Other		4,591		4,730
Total other expense	$	28,445	$	26,823
Income before income taxes	$	15,529	$	12,210
Income taxes		5,593		4,025
Net income	$	9,936	$	8,185
Preferred stock dividends		181		181
Net income available to common stockholders	$	9,755	$	8,004
Basic earnings per common share	$	0.11	$	0.09
Diluted earnings per common share	$	0.11	$	0.09
Dividends declared per share of common stock	$	0.05	$	0.05

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three and Six Months Ended June 30, 2015 and 2014

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(dollars in thousands)			
Net income	$ 9,936	$ 8,185	$ 17,697	$ 16,072
Other comprehensive income, before tax:				
Securities available for sale:				
Unrealized net (losses) gains on securities:				
Unrealized net holding (losses) gains arising during period	$ (4,882)	$ 4,222	$ (851)	$ 5,079
Reclassification adjustment for losses (gains) included in net income	22	3	21	(40)
Other comprehensive (loss) income, before tax	$ (4,860)	$ 4,225	$ (830)	$ 5,039
Income tax (benefit) expense related to items of other comprehensive income	(1,946)	1,740	(332)	2,075
Other comprehensive (loss) income , net of tax	$ (2,914)	$ 2,485	$ (498)	$ 2,964
Comprehensive income	$ 7,022	$ 10,670	$ 17,199	$ 19,036

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

For the Six Months Ended June 30, 2015 and 2014

(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, 2013	$ 72,664	$ 88	$ 593,144	$ (225,722)	$ 4,456	$ (29,266)	$ 415,364
Net income				16,072			16,072
Other comprehensive income					2,964		2,964
Issuance of treasury stock for employee stock purchase plan			(195)			280	85
Net issuance of treasury stock for restricted stock unit vesting and related tax benefit			(229)			208	(21)
Cash dividends common stock at $0.09 per share				(7,813)			(7,813)
Stock dividend equivalents restricted stock units at $0.09 per share			80	(80)			
Stock-based employee compensation			479				479
Preferred stock dividends				(363)			(363)
Balance, June 30, 2014	$ 72,664	$ 88	$ 593,279	$ (217,906)	$ 7,420	$ (28,778)	$ 426,767
Balance, December 31, 2014	$ 72,664	$ 88	$ 593,687	$ (210,384)	$ 5,817	$ (28,233)	$ 433,639
Net income				17,697			17,697
Other comprehensive loss					(498)		(498)
Issuance of treasury stock for employee stock purchase plan			(366)			559	193
Net issuance of treasury stock for restricted stock unit vesting and related tax benefit			(238)			219	(19)

Issuance of treasury stock						34	34
Cash dividends common stock at $0.10 per share				(8,687)			(8,687)
Stock dividend equivalents restricted stock units at $0.10 per share			114	(114)			
Stock-based employee compensation			592				592
Preferred stock dividends				(363)			(363)
Balance, June 30, 2015	$ 72,664	$ 88	$ 593,789	$ (201,851)	$ 5,319	$ (27,421)	$ 442,588

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2015 and 2014

(Unaudited)

		2015		2014
		(dollars in thousands)		
Cash Flows from Operating Activities				
Net income	$	17,697	$	16,072
Adjustments to reconcile net income to net cash provided by operating activities:				
Stock-based and non-cash compensation		592		479
Depreciation		2,825		2,812
Amortization of intangible assets		1,577		1,480
Provision for loan losses		500		2,000
Provision for deferred income taxes		(767)		7,415
Amortization of security premiums and discounts, net		4,238		3,697
Accretion of premiums and discounts on loans, net		(603)		
Net security losses (gains)		21		(40)
Gain on sales of loans		(3,294)		(2,215)
Net (gain) on disposition of premises and equipment		(6)		(7)
Premises and equipment impairment		670		
Increase in cash surrender value of bank owned life insurance		(732)		(78)
Change in assets and liabilities:				
Decrease (increase) in other assets		894		(9)
Decrease in other liabilities		(2,265)		(3,943)
Decrease in interest payable		(79)		(107)
Decrease (increase) in income taxes receivable		3,412		(1,505)
Net cash provided by operating activities before activities for loans originated for sale	$	24,680	$	26,051
Loans originated for sale		(160,203)		(107,686)
Proceeds from sales of loans		151,829		103,455
Net cash provided by operating activities	$	16,306	$	21,820
Cash Flows from Investing Activities				
Proceeds from sales of securities classified available for sale		11,781		62,245
Proceeds from maturities of securities classified available for sale		114,842		105,049
Proceeds from maturities of securities classified held to maturity		6		3
Purchase of securities classified available for sale		(181,084)		(164,707)
Purchase of securities classified held to maturity		(1,643)		(1,026)
Net decrease (increase) in loans		19,968		(25,070)
Proceeds from disposition of premises and equipment		15		7
Proceeds from sale of other real estate owned (OREO) properties		600		1,252
Purchases of premises and equipment		(2,331)		(1,548)
Net cash received in acquisitions		12,114		
Net cash used in investing activities	$	(25,732)	$	(23,795)

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FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

For the Six Months Ended June 30, 2015 and 2014

(Unaudited)

		2015		2014
		(dollars in thousands)		
Cash Flows from Financing Activities				
Net decrease in certificates of deposit	$	(44,301)	$	(44,246)
Net increase in demand, money market and savings deposits		37,292		36,636
Cash dividends paid		(9,050)		(8,176)
Value of shares surrendered upon vesting of restricted stock units to cover tax obligations		(27)		(25)
Net decrease in securities sold under agreements to repurchase		(24,541)		(31,785)
Net cash used in financing activities	$	(40,627)	$	(47,596)
Net decrease in cash and due from banks	$	(50,053)	$	(49,571)
Cash and due from banks, beginning	$	339,438	$	231,603
Cash and due from banks, ending	$	289,385	$	182,032
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash payments for:				
Interest	$	3,197	$	3,436
Income taxes	$	5,770	$	2,563
Non-cash investing and financing activities:				
Other real estate acquired in settlement of loans	$	324	$	609

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 (First Busey or 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 (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, 2014.

The accompanying Consolidated Balance Sheet as of December 31, 2014, which has been derived from audited financial statements, and the unaudited consolidated interim financial statements have been prepared in accordance with 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 as of the dates and for the periods presented. All such adjustments are of a normal recurring nature. The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

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 the 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 June 30, 2015 through the issuance date of these consolidated financial statements that warranted adjustment to or disclosure in the consolidated financial statements.

Note 2: Acquisitions

On January 8, 2015, First Busey acquired Herget Financial Corp. (Herget Financial), headquartered in Pekin, Illinois and its wholly-owned bank subsidiary, Herget Bank, National Association (Herget Bank). First Busey operated Herget Bank as a separate banking subsidiary from January 9, 2015 until March 13, 2015, when it was merged with Busey Bank. At that time, Herget Bank s three branches in Pekin, Illinois became branches of Busey Bank. The operating results of Herget Financial are included with the Company s results of operations since the date of acquisition.

The acquisition of Herget Financial allowed First Busey to further increase its presence in the Pekin and greater Peoria market. Additionally, Herget Financial held a dominant deposit market position in its community and offered trust, estate and asset management services, as well as competitive commercial loan and mortgage offerings, all of which complement First Busey s offerings. First Busey acquired 100% of Herget Financial s outstanding common stock for aggregate cash consideration of $34.1 million which was funded through internal sources. Each shareholder of Herget Financial common stock received $588.00 per share in cash.

During the three and six months ended June 30, 2015, expenses related to the acquisition of Herget Financial totaled $0.1 million and $1.0 million, respectively. Additionally, during 2014, First Busey incurred $0.4 million of acquisition expenses related to this transaction. The expenses were comprised primarily of system conversion, restructuring, legal, consulting, regulatory and marketing costs, all of which are reported as a component of other expense in the accompanying unaudited consolidated interim financial statements.

This transaction was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at estimated fair values on the date of acquisition. Fair values are subject to refinement for up to one year after the closing date of January 8, 2015 as additional information regarding the closing date fair values becomes available; however, the Company does not expect any adjustments will be necessary.

The following table provides an assessment of the assets purchased and liabilities assumed *(dollars in thousands)*:

Cash and due from banks	$	46,214
Securities		111,760
Loans held for sale		1,933
Loans		105,207
Premises and equipment		2,034
Goodwill		4,824
Other intangible assets		3,937
Other assets		2,931
Deposits		241,901
Other liabilities		2,839

The loans acquired in this transaction were recorded at fair value with no carryover of any existing allowance for loan losses. Loans that were not deemed to be credit impaired at acquisition were accounted for under Financial Accounting Standards Board (FASB) ASC 310-20, *Receivables-Nonrefundable Fees and Other Costs* and were subsequently considered as part of the Company s determination for the adequacy of the allowance for loan losses. Purchased credit-impaired (PCI) loans, loans with evidence of credit quality deterioration, were accounted for under FASB ASC 310-30, *Receivables Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The fair value of the acquired performing loans totaled $103.7 million and the fair value of the PCI loans totaled $1.5 million. The other intangible assets acquired in this transaction will be amortized using an accelerated method over 10 years.

Note 3: Recent Accounting Pronouncements

Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 outlines a single model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract and will also require additional disclosures. The new authoritative guidance was originally effective for reporting periods after December 15, 2016. In July 2015, the FASB voted to delay the effective date of the ASU by one year. The Company is evaluating the impact this guidance will have on its consolidated financial statements and related disclosures.

Note 4: Securities

Securities are classified as held to maturity when First Busey has the ability and management has the positive intent to hold those securities to maturity. Accordingly, they are stated at cost, adjusted for amortization of premiums and accretion of discounts. Securities are classified as available for sale when First Busey may decide to sell those securities due to changes in market interest rates, liquidity needs, changes in yields on alternative investments, and for other reasons. They are carried at fair value with unrealized gains and losses, net of taxes, reported in other comprehensive income.

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

June 30, 2015:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
Available for sale				
U.S. Treasury securities	$ 65,122	$ 605	$	$ 65,727
Obligations of U.S. government corporations and agencies	160,210	703	(63)	160,850
Obligations of states and political subdivisions	193,994	2,449	(440)	196,003
Residential mortgage-backed securities	317,591	4,566	(102)	322,055
Corporate debt securities	137,277	444	(557)	137,164
Total debt securities	874,194	8,767	(1,162)	881,799
Mutual funds and other equity securities	5,150	1,266		6,416
Total	$ 879,344	$ 10,033	$ (1,162)	$ 888,215
Held to maturity				
Obligations of states and political subdivisions	$ 34,986	$ 120	$ (134)	$ 34,972
Commercial mortgage-backed securities	1,006	27		1,033
Total	$ 35,992	$ 147	$ (134)	$ 36,005

December 31, 2014:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
Available for sale				
U.S. Treasury securities	$ 50,280	$ 328	$ (2)	$ 50,606
Obligations of U.S. government corporations and agencies	166,207	981	(178)	167,010
Obligations of states and political subdivisions	218,250	2,672	(761)	220,161
Residential mortgage-backed securities	230,596	5,062	(22)	235,636
Corporate debt securities	79,087	296	(76)	79,307
Total debt securities	744,420	9,339	(1,039)	752,720
Mutual funds and other equity securities	4,944	1,401		6,345
Total	$ 749,364	$ 10,740	$ (1,039)	$ 759,065
Held to maturity				
Obligations of states and political subdivisions	$ 1,359	$ 15	$ (3)	$ 1,371
Commercial mortgage-backed securities	1,014	40		1,054
Total	$ 2,373	$ 55	$ (3)	$ 2,425

The amortized cost and fair value of debt securities available for sale and held to maturity as of June 30, 2015, 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.

	Available for sale		Held to maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(dollars in thousands)			
Due in one year or less	$ 117,201	$ 117,611	$ 1,065	$ 1,066
Due after one year through five years	396,718	398,585	8,211	8,242
Due after five years through ten years	131,024	134,248	19,563	19,588
Due after ten years	229,251	231,355	7,153	7,109
Total	$ 874,194	$ 881,799	$ 35,992	$ 36,005

Realized gains and losses related to sales of securities available for sale are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(dollars in thousands)			
Gross security gains	$	$	$ 1	$ 57
Gross security (losses)	(22)	(3)	(22)	(17)
Net security (losses) gains	$ (22)	$ (3)	$ (21)	$ 40

The tax provision for the net realized gains and losses was insignificant for the three and six months ended June 30, 2015 and 2014.

Investment securities with carrying amounts of $609.9 million and $536.2 million on June 30, 2015 and December 31, 2014, 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 June 30, 2015 and December 31, 2014 aggregated by investment category and length of time that individual securities have been in a continuous loss position follows:

June 30, 2015:	Continuous unrealized losses existing for less than 12 months, gross				Continuous unrealized losses existing for greater than 12 months, gross				Total, gross			
		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses
					(dollars in thousands)							
Available for sale												
Obligations of U.S. government corporations and agencies	$	35,114	$	(59)	$	10,151	$	(4)	$	45,265	$	(63)
Obligations of states and political subdivisions		26,839		(172)		18,341		(268)		45,180		(440)
Residential mortgage-backed securities		39,303		(102)						39,303		(102)
Corporate debt securities		76,220		(557)						76,220		(557)
Total temporarily impaired securities	$	177,476	$	(890)	$	28,492	$	(272)	$	205,968	$	(1,162)
Held to maturity												
Obligations of states and political subdivisions	$	16,322	$	(134)	$		$		$	16,322	$	(134)
Total temporarily impaired securities	$	16,322	$	(134)	$		$		$	16,322	$	(134)

December 31, 2014:	Continuous unrealized losses existing for less than 12 months, gross				Continuous unrealized losses existing for greater than 12 months, gross				Total, gross			
		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses
					(dollars in thousands)							
Available for sale												
U.S. Treasury securities	$		$		$	366	$	(2)	$	366	$	(2)
Obligations of U.S. government corporations and agencies						25,118		(178)		25,118		(178)
Obligations of states and political subdivisions		40,385		(140)		40,201		(621)		80,586		(761)
Residential mortgage-backed securities		10,630		(22)						10,630		(22)
Corporate debt securities		16,400		(72)		213		(4)		16,613		(76)
Total temporarily impaired securities	$	67,415	$	(234)	$	65,898	$	(805)	$	133,313	$	(1,039)
Held to maturity												
Obligations of states and political subdivisions	$	534	$	(3)	$		$		$	534	$	(3)
Total temporarily impaired securities	$	534	$	(3)	$		$		$	534	$	(3)

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 the Company has the intent to sell the security and it is more-likely-than-not it will have to sell the security before recovery of its cost basis.

The total number of securities in the investment portfolio in an unrealized loss position as of June 30, 2015 was 188, and represented a loss of 0.6% of the aggregate carrying value. Based upon a review of unrealized loss circumstances, 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 more-likely-than-not that the Company will recover the amortized cost prior to being required to sell the securities. 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 June 30, 2015.

The Company had available for sale obligations of state and political subdivisions with a fair value of $196.0 million and $220.2 million as of June 30, 2015 and December 31, 2014, respectively. In addition, the Company had held to maturity obligations of state and political subdivisions with a fair value of $35.0 million and $1.4 million at June 30, 2015 and December 31, 2014, respectively.

As of June 30, 2015, the fair value of the Company s obligations of state and political subdivisions portfolio was comprised of $194.3 million of general obligation bonds and $36.7 million of revenue bonds issued by 289 issuers, primarily consisting of states, counties, cities, towns, villages and school districts. The Company held investments in general obligation bonds in 30 states (including the District of Columbia), including seven states in which the aggregate fair value exceeded $5.0 million. The Company held investments in revenue bonds in 17 states, including two states where the aggregate fair value exceeded $5.0 million.

As of December 31, 2014, the Company s obligations of state and political subdivisions portfolio was comprised of $183.7 million of general obligation bonds and $37.9 million of revenue bonds issued by 220 issuers, primarily consisting of states, counties, cities, towns, villages and school districts. The Company held investments in general obligation bonds in 23 states (including the District of Columbia), including seven states in which the aggregate fair value exceeded $5.0 million. The Company held investments in revenue bonds in 15 states, including two states where the aggregate fair value exceeded $5.0 million.

The amortized cost and fair values of the Company s portfolio of general obligation bonds are summarized in the following tables by the issuers state:

June 30, 2015:

U.S. State	**Number of Issuers**	**Amortized Cost**	**Fair Value**	**Average Exposure Per Issuer (Fair Value)**
		(dollars in thousands)		
Illinois	83	$ 64,355	$ 65,266	$ 786
Wisconsin	36	30,123	30,389	844
Michigan	39	29,280	29,592	759
Pennsylvania	10	11,357	11,408	1,141
Ohio	10	11,017	11,023	1,102
Texas	18	12,239	12,224	679
Iowa	3	5,551	5,606	1,869

Other	50		28,258		28,718		574
Total general obligations bonds	249	$	192,180	$	194,226	$	780

December 31, 2014:

U.S. State	Number of Issuers		Amortized Cost		Fair Value		Average Exposure Per Issuer (Fair Value)
			(dollars in thousands)				
Illinois	63	$	59,979	$	61,058	$	969
Wisconsin	39		36,165		36,365		932
Michigan	33		30,400		30,739		931
Pennsylvania	10		12,756		12,761		1,276
Ohio	8		9,954		9,922		1,240
Texas	7		7,364		7,313		1,045
Iowa	3		6,116		6,142		2,047
Other	24		18,862		19,370		807
Total general obligations bonds	187	$	181,596	$	183,670	$	982

The general obligation bonds are diversified across many issuers, with $3.4 million being the largest exposure to a single issuer at June 30, 2015 and December 31, 2014. Accordingly, as of June 30, 2015 and December 31, 2014, the Company did not hold general obligation bonds of any single issuer, the aggregate book or market value of which exceeded 10% of the Company s stockholders equity. Of the general obligation bonds in the Company s portfolio, 98.0% had been rated by at least one nationally recognized statistical rating organization and 2.0% were unrated, based on the fair value as of June 30, 2015. Of the general obligation bonds in the Company s portfolio, 97.1% had been rated by at least one nationally recognized statistical rating organization and 2.9% were unrated, based on the fair value as of December 31, 2014.

The amortized cost and fair values of the Company s portfolio of revenue bonds are summarized in the following tables by the issuers state:

June 30, 2015:

U.S. State	Number of Issuers		Amortized Cost		Fair Value		Average Exposure Per Issuer (Fair Value)
			(dollars in thousands)				
Illinois	6	$	7,203	$	7,141	$	1,190
Indiana	11		12,601		12,611		1,147
Other	23		16,996		16,997		739
Total revenue bonds	40	$	36,800	$	36,749	$	919

December 31, 2014:

U.S. State	Number of Issuers		Amortized Cost		Fair Value		Average Exposure Per Issuer (Fair Value)
			(dollars in thousands)				
Illinois	4	$	6,772	$	6,708	$	1,677
Indiana	8		12,520		12,469		1,559
Other	21		18,721		18,685		890
Total revenue bonds	33	$	38,013	$	37,862	$	1,147

The revenue bonds are diversified across many issuers and revenue sources with $3.0 million being the largest exposure to a single issuer at each of June 30, 2015 and December 31, 2014. Accordingly, as of June 30, 2015 and December 31, 2014, the Company did not hold revenue bonds of any single issuer, the aggregate book or market value of which exceeded 10% of the Company s stockholders equity. All of the revenue bonds in the Company s portfolio had been rated by at least one nationally recognized statistical rating organization as of June 30, 2015 and December 31, 2014. Some of the primary types of revenue bonds owned in the Company s portfolio include: primary education or government building lease rentals secured by ad valorem taxes, utility systems secured by utility system net revenues, housing authorities secured by mortgage loans or principal receipts on mortgage loans, secondary education secured by student fees/tuitions, and pooled issuances (i.e. bond bank) consisting of multiple underlying municipal obligors.

Substantially all of the Company s obligations of state and political subdivision securities are owned by Busey Bank**,** whose investment policy requires that state and political subdivision securities purchased be investment grade. Busey Bank s investment policy also limits the amount of rated state and political subdivision securities to an aggregate 100% of the Bank s Total Risk Based Capital at the time of purchase and an aggregate 15% of Total Risk Based Capital for unrated state and political subdivision securities issued by municipalities having taxing authority or located in counties/micropolitan statistical areas/metropolitan statistical areas in which an office of the Bank is located. The investment policy states fixed income investments that are not Office of the Comptroller of the Currency Type 1 securities (U.S. Treasuries, agencies, municipal government general obligation and, for well-capitalized institutions, most municipal revenue bonds) should be analyzed prior to acquisition to determine that (1) the security has low risk of default by the obligor, and (2) the full and timely repayment of principal and interest is expected over the expected life of the investment. All securities in the Bank s obligations of state and political subdivision securities portfolio are subject to ongoing review. Factors that may be considered as part of ongoing monitoring of state and political subdivision securities include credit rating changes by nationally recognized statistical rating organizations, market valuations, third-party municipal credit analysis, which may include indicative information regarding the issuer s capacity to pay, market and economic data and such other factors as are available and relevant to the security or the issuer such as its budgetary position and sources, strength and stability of taxes and/or other revenue.

As of June 30, 2015, the Company s regular monitoring of its obligations of state and political subdivisions portfolio had not uncovered any facts or circumstances resulting in significantly different credit ratings than those assigned by a nationally recognized statistical rating organization.

Note 5: Loans

Geographic distributions of loans were as follows:

	June 30, 2015			
	Illinois	**Florida**	**Indiana**	**Total**
	(dollars in thousands)			
Commercial	$ 551,706	$ 14,308	$ 31,498	$ 597,512
Commercial real estate	858,960	168,215	125,387	1,152,562
Real estate construction	50,939	13,487	33,021	97,447
Retail real estate	533,357	105,086	11,816	650,259
Retail other	16,175	621		16,796
Total	$ 2,011,137	$ 301,717	$ 201,722	$ 2,514,576
Less held for sale(1)				23,816
				$ 2,490,760
Less allowance for loan losses				47,720
Net loans				$ 2,443,040

(1)Loans held for sale are included in retail real estate.

	December 31, 2014			
	Illinois	Florida	Indiana	Total
	(dollars in thousands)			
Commercial	$ 554,779	$ 16,739	$ 30,242	$ 601,760
Commercial real estate	811,034	171,243	121,874	1,104,151
Real estate construction	60,994	17,950	28,110	107,054
Retail real estate	473,171	106,658	12,644	592,473
Retail other	9,690	562		10,252
Total	$ 1,909,668	$ 313,152	$ 192,870	$ 2,415,690
Less held for sale(1)				10,400
				$ 2,405,290
Less allowance for loan losses				47,453
Net loans				$ 2,357,837

(1) Loans held for sale are included in retail real estate.

Net deferred loan origination costs included in the tables above were $0.7 million as of June 30, 2015 and $0.6 million as of December 31, 2014. Gross loans increased to $2.51 billion at June 30, 2015 from $2.41 billion at December 31, 2014 as a result of organic growth and the addition of loans obtained as part of the Herget Financial acquisition.

The Company believes that making sound loans is a necessary and desirable means of employing funds available for investment. Recognizing the Company s obligations to its stockholders, depositors, and to the communities it serves, authorized personnel are expected to seek to develop and make sound, profitable loans that resources permit and that opportunity affords. The Company maintains lending policies and procedures designed to focus lending efforts on the types, locations and duration of loans most appropriate for its business model and markets. While not specifically limited, the Company attempts to focus its lending on short to intermediate-term (0-7 years) loans in geographies within 125 miles of its lending offices. The Company attempts to utilize government-assisted lending programs, such as the Small Business Administration and United States Department of Agriculture lending programs, when prudent. Generally, loans are collateralized by assets, primarily real estate, of the borrowers and guaranteed by individuals. The loans are expected to be repaid primarily from cash flows of the borrowers, or from proceeds from the sale of selected assets of the borrowers.

Management reviews and approves the Company s lending policies and procedures on a routine basis. Management routinely (at least quarterly) reviews the Company s allowance for loan losses and reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans. The Company s underwriting standards are designed to encourage relationship banking rather than transactional banking. Relationship banking implies a primary banking relationship with the borrower that includes, at a minimum, an active deposit banking relationship in addition to the lending relationship. The integrity and character of the borrower are significant factors in the Company s loan underwriting. As a part of underwriting, tangible positive or negative evidence of the borrower s integrity and character are sought out. Additional significant underwriting factors beyond location, duration, a sound and profitable cash flow basis and the borrower s character are the quality of the borrower s financial history, the liquidity of the underlying collateral and the reliability of the valuation of the underlying collateral.

Total borrowing relationships, including direct and indirect debt, are generally limited to $20 million, which is significantly less than the Company s regulatory lending limit. Borrowing relationships exceeding $20 million are reviewed by the Company s board of directors at least annually and more frequently by management. At no time is a borrower s total borrowing relationship permitted to exceed the Company s regulatory lending limit. Loans to related parties, including executive officers and the Company s various directorates, are reviewed for compliance with regulatory guidelines by the Company s board of directors at least annually.

The Company maintains an independent loan review department that reviews the loans for compliance with the Company s loan policy on a periodic basis. In addition to compliance with this policy, the loan review process reviews the risk assessments made by the Company s credit department, lenders and loan committees. Results of these reviews are presented to management and the audit committee at least quarterly.

The Company s lending can be summarized into five primary areas: commercial loans, commercial real estate loans, real estate construction loans, retail real estate loans, and other retail loans. A description of each of the lending areas can be found in the Company s Annual Report on Form 10-K for the year ended December 31, 2014. The significant majority of the lending activity occurs in the Company s Illinois and Indiana markets, with the remainder in the Florida market. Due to the small scale of the Indiana loan portfolio and its geographical proximity to the Illinois portfolio, the Company believes that quantitative or qualitative segregation between Illinois and Indiana is not material or warranted.

The Company utilizes a loan grading scale to assign a risk grade to all of its loans. Loans are graded on a scale of 1 through 10 with grades 2, 4 & 5 unused. A description of the general characteristics of the grades is as follows:

- *Grades 1, 3, 6-* These grades include loans which are all considered strong credits, with grade 1 being investment or near investment grade. A grade 3 loan is comprised of borrowers that exhibit credit fundamentals that exceed industry standards and loan policy guidelines. A grade 6 loan is comprised of borrowers that exhibit acceptable credit fundamentals.

- *Grade 7-* This grade includes loans on management s Watch List and is intended to be utilized on a temporary basis for a pass grade borrower where a significant risk-modifying action is anticipated in the near future.

- *Grade 8-* This grade is for Other Assets Specially Mentioned loans that have potential weaknesses which may, if not checked or corrected, weaken the asset or inadequately protect the Company s credit position at some future date.

- *Grade 9-* This grade includes Substandard loans, in accordance with regulatory guidelines, for which the accrual of interest has not been stopped. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

- *Grade 10-* This grade includes Doubtful loans that have all the characteristics of a substandard loan with additional factors that make collection in full highly questionable and improbable. Such loans are placed on non-accrual status and may be dependent on collateral having a value that is difficult to determine.

All loans are graded at the inception of the loan. Most commercial lending relationships that are $1.0 million or less are processed through an expedited underwriting process. If the credit receives a pass grade it is aggregated into a homogenous pool of either: $0.35 million or less or $0.35 million to $1.0 million. These pools are monitored on a quarterly basis for the first year, semiannually in the second year and annually thereafter. Homogenous pool credits which are subsequently downgraded to a grading of 7 or worse are subject to the same portfolio review as loans over $1.0 million. All commercial loans greater than $1.0 million receive a portfolio review at least annually. Commercial loans greater than $1.0 million that have a grading of 8 or worse receive a portfolio review on a quarterly basis. Interim grade reviews may take place if circumstances of the borrower warrant a more timely review.

Loans in the highest grades, represented by grades 1, 3, 6 and 7, totaled $2.32 billion at June 30, 2015 compared to $2.28 billion at December 31, 2014. Loans in the lowest grades, represented by grades 8, 9 and 10, totaled $162.0 million at June 30, 2015, compared to $124.0 million at December 31, 2014. The June 30, 2015 totals reflect the post-combination results of acquiring Herget Financial.

The following table presents weighted average risk grades segregated by category of loans (excluding held for sale, loan accretion, non-posted and clearings) and geography:

	June 30, 2015					
	Weighted Avg. Risk Grade	Grades 1,3,6	Grade 7	Grade 8	Grade 9	Grade 10
	(dollars in thousands)					
Illinois/Indiana						
Commercial	4.97	$ 516,352	$ 40,160	$ 19,399	$ 6,755	$ 756
Commercial real estate	5.69	873,759	46,737	41,957	20,092	3,164
Real estate construction	6.46	55,705	16,164	10,658	1,116	384
Retail real estate	5.90	493,476	11,987	8,994	3,898	2,362
Retail other	6.15	14,815	193	580		439
Total Illinois/Indiana		$ 1,954,107	$ 115,241	$ 81,588	$ 31,861	$ 7,105
Florida						
Commercial	4.96	$ 12,847	$ 135	$ 67	$ 573	$ 686
Commercial real estate	6.12	120,495	18,799	13,209	15,189	523
Real estate construction	6.23	12,266		577	631	13
Retail real estate	6.31	82,915	11,441	8,889	1,014	50
Retail other	6.02	615		6		
Total Florida		$ 229,138	$ 30,375	$ 22,748	$ 17,407	$ 1,272
Total		$ 2,183,245	$ 145,616	$ 104,336	$ 49,268	$ 8,377

	December 31, 2014					
	Weighted Avg. Risk Grade	Grades 1, 3, 6	Grade 7	Grade 8	Grade 9	Grade 10
	(dollars in thousands)					
Illinois/Indiana						
Commercial	4.80	$ 542,796	$ 27,032	$ 8,549	$ 5,498	$ 1,146
Commercial real estate	5.67	819,708	64,975	25,719	19,821	2,685
Real estate construction	5.91	71,074	5,332	11,448	1,204	46
Retail real estate	3.46	453,560	10,478	4,569	3,179	1,414
Retail other	3.21	9,632	26	24		8
Total Illinois/Indiana		$ 1,896,770	$ 107,843	$ 50,309	$ 29,702	$ 5,299
Florida						
Commercial	5.40	$ 13,455	$ 105	$ 78	$ 1,459	$ 1,642
Commercial real estate	6.00	123,807	25,520	6,002	15,404	510
Real estate construction	6.21	16,475		615	842	18
Retail real estate	4.09	82,185	11,686	9,601	1,031	1,531
Retail other	2.94	562				
Total Florida		$ 236,484	$ 37,311	$ 16,296	$ 18,736	$ 3,701
Total		$ 2,133,254	$ 145,154	$ 66,605	$ 48,438	$ 9,000

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on non-accrual status when, in management s opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of the principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

An age analysis of past due loans still accruing and non-accrual loans is as follows:

	June 30, 2015			
	Loans past due, still accruing			Non-
	30-59 Days	60-89 Days	90+Days	accrual Loans
	(dollars in thousands)			
Illinois/Indiana				
Commercial	$ 497	$ 665	$	$ 756
Commercial real estate	309			3,164
Real estate construction	935			384
Retail real estate	1,332	143		2,362
Retail other		2		439
Total Illinois/Indiana	$ 3,073	$ 810	$	$ 7,105
Florida				
Commercial	$	$	$	$ 686
Commercial real estate				523
Real estate construction				13
Retail real estate	229		64	50
Retail other				
Total Florida	$ 229	$	$ 64	$ 1,272
Total	$ 3,302	$ 810	$ 64	$ 8,377

	December 31, 2014			
	Loans past due, still accruing			Non-
	30-59 Days	60-89 Days	90+Days	accrual Loans
	(dollars in thousands)			
Illinois/Indiana				
Commercial	$ 15	$ 105	$	$ 1,146
Commercial real estate	1,068		10	2,685
Real estate construction				46
Retail real estate	488	128		1,414
Retail other	15			8
Total Illinois/Indiana	$ 1,586	$ 233	$ 10	$ 5,299
Florida				
Commercial	$	$	$	$ 1,642
Commercial real estate				510
Real estate construction				18
Retail real estate				1,531
Retail other				
Total Florida	$	$	$	$ 3,701
Total	$ 1,586	$ 233	$ 10	$ 9,000

A loan is impaired when, based on current information and events, it is probable the Company will be unable to collect scheduled principal and interest payments when due according to the terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower s prior payment record, and the amount of the shortfall in relation to the principal and interest owed. The following loans are assessed for impairment by the Company: loans 60 days or more past due and over $0.25 million, loans graded 8 over $0.35 million and loans graded 9 or 10.

Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of the expected future cash flows discounted at the loan s effective interest rate, the loan s observable market price, or the fair value of the collateral if the loan is collateral dependent. PCI loans are considered impaired. Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures unless such loans are the subject of a restructuring agreement.

The gross interest income that would have been recorded in the three and six months ended June 30, 2015 if impaired loans had been current in accordance with their original terms was $0.1 million and $0.2 million, respectively. The amount of interest collected on those loans and recognized on a cash basis that was included in interest income was insignificant for the three and six months ended June 30, 2015.

The Company s loan portfolio includes certain loans that have been modified in a troubled debt restructuring (TDR), where concessions have been granted to borrowers who have experienced financial difficulties. The Company will restructure loans for its customers who appear to be able to meet the terms of their loan over the long term, but who may be unable to meet the terms of the loan in the near term due to individual circumstances.

The Company considers the customer s past performance, previous and current credit history, the individual circumstances surrounding the current difficulties and the customer s plan to meet the terms of the loan in the future prior to restructuring the terms of the loan. Generally, all five primary areas of lending are restructured through short-term interest rate relief, short-term principal payment relief, short-term principal and interest payment relief or forbearance (debt forgiveness). Once a restructured loan has gone 90+ days past due or is placed on non-accrual status, it is included in the non-performing loan totals. A summary of restructured loans as of June 30, 2015 and December 31, 2014 is as follows:

	June 30, 2015 (dollars in thousands)	December 31, 2014
Restructured loans:		
In compliance with modified terms	$ 9,323	$ 11,866
30 89 days past due	90	
Included in non-performing loans	2,200	1,126
Total	$ 11,613	$ 12,992

All TDRs are considered to be impaired for purposes of assessing the adequacy of the allowance for loan losses and for financial reporting purposes. When the Company modifies a loan in a TDR, it evaluates any possible impairment similar to other impaired loans based on present value of the expected future cash flows discounted at the loan s effective interest rate, the loan s observable market price, or the fair value of the collateral if the loan is collateral dependent. If the Company determines that the value of the TDR is less than the recorded investment in the loan, impairment is recognized through an allowance estimate in the period of the modification and in periods subsequent to the modification.

Performing loans classified as TDRs during the three months ended June 30, 2015 included one retail real estate modification in Illinois/Indiana for short-term interest rate relief, with a recorded investment of $0.1 million. Performing loans classified as TDRs during the six months ended June 30, 2015 included one retail real estate modification in Illinois/Indiana for short-term interest rate relief, with a recorded investment of $0.1 million, two retail real estate modifications in Illinois/Indiana for short-term principal payment relief, with a recorded investment of $0.1 million and two retail real estate modifications in Florida for short-term principal payment relief, with a recorded investment of $0.3 million.

Performing loans classified as TDRs during the three and six months ended June 30, 2014 were insignificant.

The gross interest income that would have been recorded in the three and six months ended June 30, 2015 and 2014 if performing TDRs had been in accordance with their original terms instead of modified terms was insignificant.

TDRs that were entered into during the last twelve months that subsequently were classified as non-performing and had payment defaults (a default occurs when a loan is 90 days or more past due or transferred to non-accrual) during the three months ended June 30, 2015 consisted of one Illinois/Indiana commercial real estate modification totaling $1.0 million. TDRs that were entered into during the last twelve months that subsequently were classified as non-performing and had payment defaults during the six months ended June 30, 2015 consisted of one Illinois/Indiana commercial real estate modification totaling $1.0 million and one Florida commercial modification totaling $1.0 million.

There were no TDRs that were entered into during the last twelve months that subsequently were classified as non-performing and had payment defaults during the three and six months ended June 30, 2014.

The following tables provide details of impaired loans, segregated by category and geography. The unpaid contractual principal balance represents the recorded balance prior to any partial charge-offs. The recorded investment represents customer balances net of any partial charge-offs recognized on the loan. The average recorded investment is calculated using the most recent four quarters.

	June 30, 2015					
	Unpaid Contractual Principal Balance	**Recorded Investment with No Allowance**	**Recorded Investment with Allowance**	**Total Recorded Investment**	**Related Allowance**	**Average Recorded Investment**
	(dollars in thousands)					
Illinois/Indiana						
Commercial	$ 2,057	$ 661	$ 503	$ 1,164	$ 454	$ 2,111
Commercial real estate	4,929	1,718	2,111	3,829	1,328	4,213
Real estate construction	1,027	348	36	384	36	974
Retail real estate	4,381	3,459	25	3,484	25	2,844
Retail other	572	439		439		181
Total Illinois/Indiana	$ 12,966	$ 6,625	$ 2,675	$ 9,300	$ 1,843	$ 10,323
Florida						
Commercial	$ 1,786	$ 686	$	$ 686	$	$ 656
Commercial real estate	5,687	4,351	1,249	5,600	345	5,274
Real estate construction	594	525		525		531
Retail real estate	8,222	8,222		8,222		9,361
Retail other	6		6	6	6	7
Total Florida	$ 16,295	$ 13,784	$ 1,255	$ 15,039	$ 351	$ 15,829
Total	$ 29,261	$ 20,409	$ 3,930	$ 24,339	$ 2,194	$ 26,152

	December 31, 2014					
	Unpaid Contractual Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(dollars in thousands)					
Illinois/Indiana						
Commercial	$ 2,944	$ 1,376	$ 741	$ 2,117	$ 595	$ 2,479
Commercial real estate	4,007	1,140	2,854	3,994	1,975	5,473
Real estate construction	46		46	46	46	2,269
Retail real estate	2,794	2,403	25	2,428	25	3,061
Retail other	8	8		8		2
Total Illinois/Indiana	$ 9,799	$ 4,927	$ 3,666	$ 8,593	$ 2,641	$ 13,284
Florida						
Commercial	$ 2,742	$ 1,642	$	$ 1,642	$	$ 330
Commercial real estate	5,775	4,414	1,274	5,688	370	5,032
Real estate construction	620	551		551		485
Retail real estate	11,181	9,755	350	10,105	150	9,532
Retail other	7		7	7	7	5
Total Florida	$ 20,325	$ 16,362	$ 1,631	$ 17,993	$ 527	$ 15,384
Total	$ 30,124	$ 21,289	$ 5,297	$ 26,586	$ 3,168	$ 28,668

Management s opinion as to the ultimate collectability of loans is subject to estimates regarding future cash flows from operations and the value of property, real and personal, pledged as collateral. These estimates are affected by changing economic conditions and the economic prospects of borrowers.

Allowance for Loan Losses

The allowance for loan losses represents an estimate of the amount of losses believed inherent in the Company s loan portfolio at the balance sheet date. The allowance for loan losses is evaluated geographically, by class of loans. The allowance calculation involves a high degree of estimation that management attempts to mitigate through the use of objective historical data where available. Loan losses are charged against the allowance for loan losses when management believes the uncollectibility of the loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Overall, the Company believes the allowance methodology is consistent with prior periods and the balance was adequate to cover the estimated losses in the Company s loan portfolio at June 30, 2015 and December 31, 2014.

The general portion of the Company s allowance contains two components: (i) a component for historical loss ratios, and (ii) a component for adversely graded loans. The historical loss ratio component is an annualized loss rate calculated using a sum-of-years digits weighted 20-quarter historical average.

The Company s component for adversely graded loans attempts to quantify the additional risk of loss inherent in the grade 8 and grade 9 portfolios. The grade 9 portfolio has an additional allocation placed on those loans determined by a one-year charge-off percentage for the respective loan type/geography. The minimum additional reserve on a grade 9 loan was 3.00% as of June 30, 2015 and December 31, 2014, which is an estimate of the additional loss inherent in these loan grades based upon a review of overall historical charge-offs. As of June 30, 2015, the Company believed this minimum reserve remained adequate.

Grade 8 loans have an additional allocation placed on them determined by the trend difference of the respective loan type/geography s rolling 12- and 20-quarter historical loss trends. If the rolling 12-quarter average is higher (more current information) than the rolling 20-quarter average, the Company adds the additional amount to the allocation. The minimum additional amount for grade 8 loans was 1.00% as of June 30, 2015 and December 31, 2014, based upon a review of the differences between the rolling 12- and 20-quarter historical loss averages by region. As of June 30, 2015, the Company believed this minimum additional amount remained adequate.

The specific portion of the Company s allowance relates to loans that are impaired, which includes non-performing loans, TDRs and other loans determined to be impaired. The impaired loans are subtracted from the general loans and are allocated specific reserves as discussed above.

Impaired loans are reported at the fair value of the underlying collateral, less estimated costs to sell, if repayment is expected solely from the collateral. Collateral values are estimated using a combination of observable inputs, including recent appraisals discounted for collateral specific changes and current market conditions, and unobservable inputs based on customized discounting criteria.

The general quantitative allocation based upon historical charge off rates is adjusted for qualitative factors based on current general economic conditions and other qualitative risk factors both internal and external to the Company. In general, such valuation allowances are determined by evaluating, among other things: (i) Management & Staff; (ii) Loan Underwriting, Policy and Procedures; (iii) Internal/External Audit & Loan Review; (iv) Valuation of Underlying Collateral; (v) Macro and Local Economic Factor; (vi) Impact of Competition, Legal & Regulatory Issues; (vii) Nature and Volume of Loan Portfolio; (viii) Concentrations of Credit; (ix) Net Charge-Off Trend; and (x) Non-Accrual, Past Due and Classified Trend. Management evaluates the degree of risk that each one of these components has on the quality of the loan portfolio on a quarterly basis. Based on each component s risk factor, a qualitative adjustment to the reserve may be applied to the appropriate loan categories.

During the second quarter of 2015, the Company adjusted Illinois/Indiana qualitative factors relating to Macro and Local Economic Factor and Nature and Volume of Loan Portfolio. The adjustment of these factors increased our allowance requirements by $1.8 million at June 30, 2015 compared to the method used for March 31, 2015. Adjustments to increase these qualitative factors were made to recognize perceived changing degrees of risk, offset decreasing quantitative factors and reflect management s evaluation of risk. The Company will continue to monitor its qualitative factors on a quarterly basis.

The following table details activity on the allowance for loan losses. Allocation of a portion of the allowance to one category does not preclude its availability to absorb losses in other categories.

	As of and for the Three Months Ended June 30, 2015 (dollars in thousands)					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
Illinois/Indiana						
Beginning balance	$ 8,717	$ 16,325	$ 1,917	$ 12,324	$ 295	$ 39,578
Provision for loan loss	479	477	123	(372)	98	805
Charged-off	(76)			(253)	(177)	(506)
Recoveries	111	136	14	29	92	382
Ending Balance	$ 9,231	$ 16,938	$ 2,054	$ 11,728	$ 308	$ 40,259
Florida						
Beginning balance	$ 811	$ 4,188	$ 179	$ 2,883	$ 13	$ 8,074
Provision for loan loss	(135)	(190)	(12)	(452)	(16)	(805)
Charged-off				(29)	(1)	(30)
Recoveries	48	9		148	17	222
Ending Balance	$ 724	$ 4,007	$ 167	$ 2,550	$ 13	$ 7,461

	As of and for the Six Months Ended June 30, 2015					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
			(dollars in thousands)			
Illinois/Indiana						
Beginning balance	$ 8,869	$ 16,434	$ 2,590	$ 10,745	$ 304	$ 38,942
Provision for loan loss	281	1,041	(708)	1,276	88	1,978
Charged-off	(77)	(708)		(492)	(184)	(1,461)
Recoveries	158	171	172	199	100	800
Ending Balance	$ 9,231	$ 16,938	$ 2,054	$ 11,728	$ 308	$ 40,259
Florida						
Beginning balance	$ 1,172	$ 4,205	$ 205	$ 2,917	$ 12	$ 8,511
Provision for loan loss	(531)	(416)	(38)	(460)	(33)	(1,478)
Charged-off				(106)	(1)	(107)
Recoveries	83	218		199	35	535
Ending Balance	$ 724	$ 4,007	$ 167	$ 2,550	$ 13	$ 7,461

	As of and for the Three Months Ended June 30, 2014					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
			(dollars in thousands)			
Illinois/Indiana						
Beginning balance	$ 7,917	$ 15,498	$ 2,461	$ 9,192	$ 213	$ 35,281
Provision for loan loss	(221)	797	935	1,981	70	3,562
Charged-off	(30)	(889)	(657)	(416)	(91)	(2,083)
Recoveries	29	20	37	45	46	177
Ending Balance	$ 7,695	$ 15,426	$ 2,776	$ 10,802	$ 238	$ 36,937
Florida						
Beginning balance	$ 2,291	$ 5,729	$ 233	$ 3,888	$ 4	$ 12,145
Provision for loan loss	(524)	(753)	(1,036)	(242)	(7)	(2,562)
Charged-off				(117)		(117)
Recoveries	15		978	25	7	1,025
Ending Balance	$ 1,782	$ 4,976	$ 175	$ 3,554	$ 4	$ 10,491

	As of and for the Six Months Ended June 30, 2014					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
			(dollars in thousands)			
Illinois/Indiana						
Beginning balance	$ 8,452	$ 16,379	$ 2,540	$ 6,862	$ 216	$ 34,449
Provision for loan loss	(152)	180	382	5,526	112	6,048
Charged-off	(704)	(1,173)	(657)	(1,691)	(192)	(4,417)
Recoveries	99	40	511	105	102	857
Ending Balance	$ 7,695	$ 15,426	$ 2,776	$ 10,802	$ 238	$ 36,937
Florida						
Beginning balance	$ 1,926	$ 5,733	$ 1,168	$ 4,287	$ 4	$ 13,118
Provision for loan loss	(268)	(1,028)	(1,988)	(751)	(13)	(4,048)
Charged-off	(20)			(137)		(157)
Recoveries	144	271	995	155	13	1,578
Ending Balance	$ 1,782	$ 4,976	$ 175	$ 3,554	$ 4	$ 10,491

The following table presents the allowance for loan losses and recorded investments in loans by category and geography:

	As of June 30, 2015					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
	(dollars in thousands)					
Illinois/Indiana						
Amount allocated to:						
Loans individually evaluated for impairment	$ 454	$ 1,328	$ 36	$ 25	$	$ 1,843
Loans collectively evaluated for impairment	8,777	15,610	2,018	11,703	308	38,416
Ending Balance	$ 9,231	$ 16,938	$ 2,054	$ 11,728	$ 308	$ 40,259
Loans:						
Loans individually evaluated for impairment	$ 1,164	$ 3,448	$ 36	$ 3,058	$ 268	$ 7,974
Loans collectively evaluated for impairment	582,040	980,518	83,576	518,650	15,736	2,180,520
PCI loans evaluated for impairment		381	348	426	171	1,326
Ending Balance	$ 583,204	$ 984,347	$ 83,960	$ 522,134	$ 16,175	$ 2,189,820
Florida						
Amount allocated to:						
Loans individually evaluated for impairment	$	$ 345	$	$	$ 6	$ 351
Loans collectively evaluated for impairment	724	3,662	167	2,550	7	7,110
Ending Balance	$ 724	$ 4,007	$ 167	$ 2,550	$ 13	$ 7,461
Loans:						
Loans individually evaluated for impairment	$ 686	$ 5,600	$ 525	$ 8,222	$ 6	$ 15,039
Loans collectively evaluated for impairment	13,622	162,615	12,962	96,087	615	285,901
Ending Balance	$ 14,308	$ 168,215	$ 13,487	$ 104,309	$ 621	$ 300,940

	Commercial	Commercial Real Estate	As of December 31, 2014 Real Estate Construction	Retail Real Estate	Retail Other	Total
			(dollars in thousands)			
Illinois/Indiana						
Amount allocated to:						
Loans individually evaluated for impairment	$ 595	$ 1,975	$ 46	$ 25	$	$ 2,641
Loans collectively evaluated for impairment	8,274	14,459	2,544	10,720	304	36,301
Ending Balance	$ 8,869	$ 16,434	$ 2,590	$ 10,745	$ 304	$ 38,942
Loans:						
Loans individually evaluated for impairment	$ 2,117	$ 3,994	$ 46	$ 2,428	$ 8	$ 8,593
Loans collectively evaluated for impairment	582,904	928,914	89,058	473,611	9,682	2,084,169
Ending Balance	$ 585,021	$ 932,908	$ 89,104	$ 476,039	$ 9,690	$ 2,092,762
Florida						
Amount allocated to:						
Loans individually evaluated for impairment	$	$ 370	$	$ 150	$ 7	$ 527
Loans collectively evaluated for impairment	1,172	3,835	205	2,767	5	7,984
Ending Balance	$ 1,172	$ 4,205	$ 205	$ 2,917	$ 12	$ 8,511
Loans:						
Loans individually evaluated for impairment	$ 1,642	$ 5,688	$ 551	$ 10,105	$ 7	$ 17,993
Loans collectively evaluated for impairment	15,097	165,555	17,399	95,929	555	294,535
Ending Balance	$ 16,739	$ 171,243	$ 17,950	$ 106,034	$ 562	$ 312,528

Note 6: OREO

OREO represents properties acquired through foreclosure or other proceedings in settlement of loans. OREO is held for sale and is recorded at the date of foreclosure at the fair value of the properties less estimated costs of disposal, which establishes a new cost basis. Any adjustment to fair value at the time of transfer to OREO is charged to the allowance for loan losses. Property is evaluated regularly to ensure the recorded amount is supported by its current fair value, and valuation allowances to reduce the carrying amount to fair value less estimated costs to dispose are recorded as necessary. Revenue, expense, gains and losses from the operations of foreclosed assets are included in operations. At June 30, 2015, the Company held $0.1 million in commercial OREO, $0.2 million in residential OREO and an insignificant amount of other repossessed assets. At December 31, 2014, the Company held $0.2 million of other repossessed assets. At June 30, 2015 the Company had $1.3 million of residential real estate in the process of foreclosure. The following table summarizes activity related to OREO:

	Six Months Ended June 30, 2015	Year Ended December 31, 2014
	(dollars in thousands)	
OREO:		
Beginning balance	$ 216	$ 2,133
Additions, transfers from loans	324	660
Additions, fair value from Herget Financial acquisition	284	

Proceeds from sales of OREO		(600)		(2,739)
Gain on sales of OREO		86		162
Valuation allowance for OREO				
Ending balance	$	310	$	216

Note 7: Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature either daily or within one year from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The underlying securities are held by the Company s safekeeping agent. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The following table sets forth the distribution of securities sold under agreements to repurchase and weighted average interest rates:

		June 30, 2015		December 31, 2014
		(dollars in thousands)		
Balance at end of period	$	174,352	$	198,893
Weighted average interest rate at end of period		0.09%		0.14%
Maximum outstanding at any month end in year-to-date period	$	191,531	$	198,893
Average daily balance for the year-to-date period	$	179,759	$	148,452
Weighted average interest rate during period (1)		0.10%		0.12%

(1)The weighted average interest rate is computed by dividing total annualized interest for the year-to-date period by the average daily balance outstanding.

Note 8: Earnings Per Common Share

Earnings per common share have been computed as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
		2015		2014		2015		2014
	(in thousands, except per share data)							
Net income available to common stockholders	$	9,755	$	8,004	$	17,334	$	15,709
Shares:								
Weighted average common shares outstanding		87,006		86,895		86,982		86,880
Dilutive effect of outstanding options, warrants and restricted stock units as determined by the application of the treasury stock method		557		368		546		365
Weighted average common shares outstanding, as adjusted for diluted earnings per share calculation		87,563		87,263		87,528		87,245
Basic earnings per common share	$	0.11	$	0.09	$	0.20	$	0.18
Diluted earnings per common share	$	0.11	$	0.09	$	0.20	$	0.18

Basic earnings per share are computed by dividing net income available to common stockholders for the period by the weighted average number of common shares outstanding, which include deferred stock units that are vested but not delivered.

Diluted earnings per common share is computed using the treasury stock method and reflects the potential dilution that could occur if the Company s outstanding stock options were exercised and restricted stock units were vested. Stock options and restricted stock units for which the exercise or the grant price exceeds the average market price over the period have an anti-dilutive effect and are excluded from the calculation. At June 30, 2015, 259,756 outstanding options, 573,833 warrants, and 380,531 restricted stock units were anti-dilutive and excluded from the calculation of common stock equivalents. At June 30, 2014, 476,230 outstanding options, 573,833 warrants, and 353,976 restricted stock units were anti-dilutive and excluded from the calculation of common stock equivalents.

Note 9: Share-based Compensation

The Company grants share-based compensation awards to its employees and members of its board of directors as provided for under the Company s 2010 Equity Incentive Plan. The Company currently grants share-based compensation in the form of restricted stock units (RSUs) and deferred stock units (DSUs). The Company grants RSUs to members of management periodically throughout the year. Each RSU is equivalent to one share of the Company s common stock. These units have a requisite service period ranging from one to five years. The Company annually grants share-based awards in the form of DSUs, which are RSUs with a deferred settlement date, to its board of directors. Each DSU is equivalent to one share of the Company s common stock. The DSUs vest over a twelve-month period following the grant date or on the date of the next annual shareholder s meeting, whichever is earlier. These units generally are subject to the same terms as RSUs under the Company s 2010 Equity Incentive Plan, except that, following vesting, settlement occurs within 30 days following the earlier of separation from the board or a change in control of the Company. Subsequent to vesting and prior to delivery, these units will continue to earn dividend equivalents. The Company also has outstanding stock options granted prior to 2011.

Under the terms of the Company s 2010 Equity Incentive Plan, the Company is allowed, but not required, to source stock option exercises and grants of RSUs and DSUs from its inventory of treasury stock. As of June 30, 2015, the Company held 1,381,951 shares in treasury. On February 3, 2015, First Busey announced that its board of directors approved a repurchase plan under which the Company is authorized to repurchase, from time to time as the Company deems appropriate, up to an aggregate of two million shares of its common stock. The repurchase plan has no expiration date and replaced the prior repurchase plan that was originally approved in 2008.

A description of the 2010 Equity Incentive Plan can be found in the Company s Proxy Statement for the 2015 Annual Meeting of Stockholders. The Company s 2010 Equity Incentive Plan is designed to encourage ownership of its common stock by its employees and directors, to provide additional incentive for them to promote the success of its business, and to attract and retain talented personnel. All of the Company s employees and directors, and those of its subsidiaries, are eligible to receive awards under the plan.

A summary of the status of and changes in the Company s stock option awards for the six months ended June 30, 2015 follows:

	Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at beginning of year	510,130	$	16.33	
Granted				
Exercised				
Forfeited	1,550		19.41	
Expired	143,824		19.09	
Outstanding at end of period	364,756	$	15.23	1.84
Exercisable at end of period	364,756	$	15.23	1.84

The Company did not record any stock option compensation expense for the three and six months ended June 30, 2015 or 2014.

A summary of the changes in the Company s stock unit awards for the six months ended June 30, 2015, is as follows:

	Restricted Stock Units	Director Deferred Stock Units	Total		Weighted-Average Grant Date Fair Value
Non-vested at beginning of year	1,183,870	55,745	1,239,615	$	5.25
Granted	326,836	53,695	380,531		6.69
Dividend Equivalents Earned	19,005	2,369	21,374		6.19
Vested	(16,268)	(38,695)	(54,963)		5.60
Forfeited	(39,158)		(39,158)		5.19
Non-vested at end of period	1,474,285	73,114	1,547,399	$	5.61
Outstanding at end of period	1,474,285	202,121	1,676,406	$	5.58

All recipients earn quarterly dividend equivalents on their respective units. These dividend equivalents are not paid out during the vesting period, but instead entitle the recipients to additional units. Therefore, dividends earned each quarter compound based upon the updated unit balances. Upon vesting/delivery, shares are expected (though not required) to be issued from treasury.

On June 25, 2015, under the terms of the 2010 Equity Incentive Plan, the Company granted 326,836 RSUs to members of management. As the stock price on the grant date of June 25, 2015 was $6.69, total compensation cost to be recognized is $2.2 million. This cost will be recognized over a period of five years. Subsequent to the requisite service period, the awards will vest 100%.

In addition, on June 25, 2015, under the terms of the 2010 Equity Incentive Plan, the Company granted 38,000 DSUs to directors. As the stock price on the grant date of June 25, 2015 was $6.69, total compensation cost to be recognized is $0.3 million. This cost will be recognized over the requisite service period of one year from the date of grant or the next annual shareholders meeting; whichever is earlier. The Company also granted 15,695 DSUs to the Chairman of the board. As the stock price on the grant date of June 25, 2015 was $6.69, total compensation cost to be recognized is $0.1 million. This cost will be recognized over a period of five years. Subsequent to the requisite service period, the awards will vest 100%.

The Company recognized $0.3 million of compensation expense related to non-vested stock units for the three months ended June 30, 2015 and 2014. The Company recognized $0.6 million and $0.5 million of compensation expense related to non-vested stock units for the six months ended June 30, 2015 and 2014, respectively. As of June 30, 2015, there was $5.3 million of total unrecognized compensation cost related to these non-vested stock units. This cost is expected to be recognized over a period of 3.9 years.

Note 10: Income Taxes

At June 30, 2015, the Company was under examination by the Illinois Department of Revenue for the Company s 2011 and 2012 Illinois income tax filings. This examination is expected to be finalized in the third quarter of 2015 and result in an insignificant additional payment. The Company was notified by the Florida Department of Revenue that an examination of the 2011, 2012 and 2013 Florida income tax filings will begin in the third quarter of 2015.

Note 11: Outstanding Commitments and Contingent Liabilities

Legal Matters

The Company is a party to legal actions which arise in the normal course of its 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.

Credit Commitments and Contingencies

The Company is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its 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 exposure to credit loss is represented by the contractual amount of those commitments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. A summary of the contractual amount of the Company s exposure to off-balance-sheet risk relating to the Company s commitments to extend credit and standby letters of credit follows:

	June 30, 2015	December 31, 2014
	(dollars in thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 600,180	$ 561,439
Standby letters of credit	22,500	20,466

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 June 30, 2015 and December 31, 2014, no amounts were recorded as liabilities for the Company s potential obligations under these guarantees.

Note 12: Capital

The ability of the Company to pay cash dividends to its stockholders and to service its debt historically was dependent on the receipt of cash dividends from its subsidiaries. However, Busey Bank sustained significant losses during 2008 and 2009 resulting in pressure on its capital, which was relieved through injections of capital from the Company. State chartered banks have certain statutory and regulatory restrictions on the amount of cash dividends they may pay. Due to the significant losses in the past and the Company s desire to maintain a strong capital position at Busey Bank, no dividends have been paid from Busey Bank since 2009. Until such time as retained earnings have been restored, Busey Bank will not be permitted to pay dividends, and we will need to request permission from Busey Bank s primary regulator to distribute any capital out of Busey Bank. On January 22, 2013, with the approval of its primary regulator, Busey Bank transferred $50.0 million to the Company, representing a return of capital and associated surplus as a result of an amendment to Busey Bank s charter. Further, on October 22, 2014, with the approval of its primary regulator, Busey Bank transferred $60.0 million to the Company, representing a return of capital and associated surplus as a result of a further amendment to Busey Bank s charter.

The Company and Busey Bank are subject to regulatory capital requirements administered by federal and state banking agencies that involve the quantitative measure of their assets, liabilities, and certain off-balance-sheet items, as calculated under regulatory accounting practices. Quantitative measures established by regulations to ensure capital adequacy require the Company and Busey Bank to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 capital and Common Equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and, for the Bank, Tier 1 capital (as defined in the regulations) to average assets (as defined in the regulations). Failure to meet minimum capital requirements may cause regulatory bodies to initiate certain discretionary and/or mandatory actions that, if undertaken, may have a direct material effect on our financial statements. The Company, as a financial holding company, is required to be well capitalized in the capital categories shown in the table below. As of June 30, 2015, the Company and Busey Bank met all capital adequacy requirements to which they were subject, including the guidelines to be considered well capitalized.

[redacted]

(dollars in thousands)

As of June 30, 2015:									
Total Capital (to Risk Weighted Assets)									
Consolidated	$	498,024	17.46%	$	228,192	8.00%	$	285,240	10.00%
Busey Bank	$	436,489	15.43%	$	226,308	8.00%	$	282,885	10.00%
Tier 1 Capital (to Risk Weighted Assets)									
Consolidated	$	461,651	16.18%	$	171,144	6.00%	$	228,192	8.00%
Busey Bank	$	400,407	14.15%	$	169,731	6.00%	$	226,308	8.00%
Common Equity Tier 1 Capital (to Risk Weighted Assets)									
Consolidated	$	333,987	11.71%	$	128,358	4.50%	$	185,406	6.50%
Busey Bank	$	400,407	14.15%	$	127,298	4.50%	$	183,875	6.50%
Tier 1 Capital (to Average Assets)									
Consolidated	$	461,651	11.90%	$	155,099	4.00%		N/A	N/A
Busey Bank	$	400,407	10.45%	$	153,273	4.00%	$	191,592	5.00%

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) into law, which required the Board of Governors of the Federal Reserve System to establish minimum capital levels for bank holding companies on a consolidated basis that are as stringent as those required for insured depository institutions. The components of Tier 1 capital were restricted to capital instruments that at the time of signing were considered to be Tier 1 capital for insured depository institutions. As a result, the proceeds of trust preferred securities are excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by bank holding companies with less than $15.0 billion of assets. As the Company has assets of less than $15.0 billion, it is able to maintain its trust preferred proceeds as Tier 1 capital but it will have to comply with new capital mandates in other respects, and it will not be able to raise Tier 1 capital through the issuance of trust preferred securities in the future.

In July 2013, the U.S. federal banking authorities approved the implementation of the Basel III regulatory capital reforms and issued rules effecting certain changes required by the Dodd-Frank Act (the Basel III Rules). The Basel III Rules are applicable to all U.S. banks that are subject to minimum capital requirements, as well as to bank and savings and loan holding companies other than small bank holding companies (generally non-public bank holding companies with consolidated assets of less than $1 billion). The Basel III Rules not only increased most of the required minimum regulatory capital ratios, but they also introduced a new Common Equity Tier 1 Capital ratio and the concept of a capital conservation buffer. The Basel III Rules also expanded the definition of capital as in effect currently by establishing criteria that instruments must meet to be considered Additional Tier 1 Capital (Tier 1 Capital in addition to Common Equity) and Tier 2 Capital. A number of instruments that generally qualified as Tier 1 Capital no longer qualify, or their qualifications changed, as the Basel III Rules are fully implemented.

The Basel III Rules also permitted banking organizations with less than $15.0 billion in assets to retain, through a one-time election, the past treatment for accumulated other comprehensive income, which did not affect regulatory capital. First Busey and the Bank made this election in the first quarter of 2015 to avoid variations in the level of their capital depending on fluctuations in the fair value of their securities portfolio. The Basel III Rules maintained the general structure of the prompt corrective action framework, while incorporating increased requirements. The prompt corrective action guidelines were also revised to add the Common Equity Tier 1 Capital ratio. In order to be a well-capitalized depository institution under the new Basel III Rules, a bank and holding company must maintain a Common Equity Tier 1 Capital ratio of 6.5% or more; a Tier 1 Capital ratio of 8% or more; a Total Capital ratio of 10% or more; and a leverage ratio of 5% or more. Financial institutions became subject to the new Basel III Rules on January 1, 2015, with phase-in periods for many of the changes. As of June 30, 2015, the Company and the Bank were in compliance with the current phase Basel III Rules and management believes that the Company and the Bank would meet all capital adequacy requirements under the Basel III Rules on a fully phased-in basis as if such requirements had been in effect.

Note 13: Reportable Segments and Related Information

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 asset management, investment and fiduciary services to individuals, businesses and foundations, tax preparation 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. The other category consists of the Parent Company and the elimination of intercompany transactions.

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, 2014.

Following is a summary of selected financial information for the Company s business segments *(dollars in thousands)*:

	Goodwill		Total Assets	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Goodwill & Total Assets:				
Busey Bank	$ 4,824	$	$ 3,806,655	$ 3,589,419
FirsTech	8,992	8,992	29,519	28,540
Busey Wealth Management	11,694	11,694	32,164	31,196
Other			16,936	16,452
Total	$ 25,510	$ 20,686	$ 3,885,274	$ 3,665,607

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest income:				
Busey Bank	$ 28,839	$ 26,573	$ 57,028	$ 52,754
FirsTech	13	13	26	25
Busey Wealth Management	68	76	139	140
Other	(10)	(6)	(20)	(12)
Total interest income	$ 28,910	$ 26,656	$ 57,173	$ 52,907
Interest expense:				
Busey Bank	$ 1,268	$ 1,350	$ 2,578	$ 2,760
FirsTech				
Busey Wealth Management				
Other	291	285	574	569
Total interest expense	$ 1,559	$ 1,635	$ 3,152	$ 3,329
Other income:				
Busey Bank	$ 8,383	$ 7,926	$ 17,352	$ 16,153
FirsTech	3,013	2,409	5,545	4,796
Busey Wealth Management	5,588	5,110	10,267	9,651
Other	(361)	(433)	(576)	(602)
Total other income	$ 16,623	$ 15,012	$ 32,588	$ 29,998
Other expense:				
Busey Bank	$ 22,337	$ 21,007	$ 46,637	$ 42,051
FirsTech	2,205	1,866	4,151	3,738
Busey Wealth Management	3,273	2,807	6,408	5,710
Other	630	1,143	1,796	1,942
Total other expense	$ 28,445	$ 26,823	$ 58,992	$ 53,441
Income before income taxes				
Busey Bank	$ 13,617	$ 11,141	$ 24,665	$ 22,095
FirsTech	821	555	1,420	1,083
Busey Wealth Management	2,383	2,379	3,998	4,081
Other	(1,292)	(1,865)	(2,966)	(3,124)
Total income before income taxes	$ 15,529	$ 12,210	$ 27,117	$ 24,135
Net income:				
Busey Bank	$ 8,815	$ 7,436	$ 16,093	$ 14,715
FirsTech	492	326	850	635
Busey Wealth Management	1,425	1,401	2,388	2,403
Other	(796)	(978)	(1,634)	(1,681)
Total net income	$ 9,936	$ 8,185	$ 17,697	$ 16,072

Note 14: Fair Value Measurements

The fair value of an asset or liability is the price that would be received by selling that asset or paid in transferring 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 Company 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 the Company 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 those Company assets and liabilities that are carried at fair value.

Cash and due from banks were transferred to level 1 as of June 30, 2015 as carrying amount approximates fair value. There were no additional transfers between levels during the quarter ended June 30, 2015.

In general, fair value is based upon quoted market prices, when 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, among other things, counterparty credit quality and the company s creditworthiness 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 mutual funds and other equity securities, unadjusted quoted prices in active markets for identical assets are utilized to determine fair value at the measurement date and have been classified as level 1 in the ASC 820 fair value hierarchy. For all other securities, the Company obtains fair value measurements from an independent pricing service. The independent pricing service evaluations are based on market data. The independent pricing service utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed income securities do not trade on a daily basis, the independent pricing service evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. In addition, the independent pricing service uses model processes, such as the Option Adjusted Spread model, to assess interest rate impact and develop prepayment scenarios. The models and processes take into account market convention. For each asset class, a team of evaluators gathers information from market sources and integrates relevant credit information, perceived market movements and sector news into the evaluated pricing applications and models.

The market inputs that the independent pricing service normally seeks for evaluations of securities, listed in approximate order of priority, include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. The independent pricing service also monitors market indicators, industry and economic events. Information of this nature is a trigger to acquire further market data. For certain security types, additional inputs may be used or some of the market inputs may not be applicable. Evaluators may prioritize inputs differently on any given day for any security based on market conditions, and not all inputs listed are available for use in the evaluation process for each security evaluation on a given day. Because the data utilized was observable, the securities have been classified as level 2 in the ASC 820 fair value hierarchy.

Derivative Assets and Derivative Liabilities. Derivative assets and derivative liabilities are reported at fair value utilizing level 2 measurements. Derivative instruments with positive fair values are reported as an asset and derivative instruments with negative fair value are reported as liabilities. The fair value of derivative assets and liabilities is determined based on prices obtained from a third party. Values of derivative assets and liabilities are primarily based on observable inputs and are classified as level 2 in the ASC 820 fair value hierarchy.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014, 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)		
June 30, 2015				
Securities available for sale				
U.S. Treasury securities	$	$ 65,727	$	$ 65,727
Obligations of U.S. government corporations and agencies		160,850		160,850
Obligations of states and political subdivisions		196,003		196,003
Residential mortgage-backed securities		322,055		322,055
Corporate debt securities		137,164		137,164
Mutual funds and other equity securities	6,416			6,416
Derivative assets				
Foreign currency forward contracts		16		16

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
December 31, 2014				
Securities available for sale				
U.S. Treasury securities	$	$ 50,606	$	$ 50,606
Obligations of U.S. government corporations and agencies		167,010		167,010
Obligations of states and political subdivisions		220,161		220,161
Residential mortgage-backed securities		235,636		235,636
Corporate debt securities		79,307		79,307
Mutual funds and other equity securities	6,345			6,345
Derivative assets				
Foreign currency forward contracts		15		15

Certain financial assets and financial liabilities are measured at fair value on a non-recurring 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 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 and restructured loans in compliance with modified terms. 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 unobservable inputs, all impaired loan fair values have been classified as level 3 in the ASC 820 fair value hierarchy.

OREO. Non-financial assets and non-financial liabilities measured at fair value include OREO (upon initial recognition or subsequent impairment). OREO properties are measured 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 OREO fair values have been classified as level 3 in the ASC 820 fair value hierarchy.

The following table summarizes assets and liabilities measured at fair value on a non-recurring basis as of June 30, 2015 and December 31, 2014, 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)		
June 30, 2015				
Impaired loans	$	$	$ 1,736	$ 1,736
OREO			110	110
December 31, 2014				
Impaired loans	$	$	$ 2,129	$ 2,129

The following table presents additional quantitative information about assets measured at fair value on a non-recurring basis for which the Company has utilized level 3 inputs to determine fair value:

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value Estimate (dollars in thousands)	Valuation Techniques	Unobservable Input	Range (Weighted Average)
June 30, 2015				
Impaired loans	$ 1,736	Appraisal of collateral	Appraisal adjustments	-6.0% to -100.0% (-51.6)%
OREO	110	Appraisal of collateral	Appraisal adjustments	-52.9% to -100.0% (-90.9)%

December 31, 2014				
Impaired loans	$ 2,129	Appraisal of collateral	Appraisal adjustments	-7.7% to -100.0% (-54.3)%

The estimated fair values of financial instruments that are reported at amortized cost in the Company s Consolidated Balance Sheets, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value, were as follows:

	June 30, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(dollars in thousands)			
Financial assets:				
Level 1 inputs:				
Cash and due from banks	$ 289,385	$ 289,385	$	$
Level 2 inputs:				
Cash and due from banks			339,438	339,438
Securities held to maturity	35,992	36,005	2,373	2,425
Loans held for sale	23,816	24,274	10,400	10,634
Accrued interest receivable	11,949	11,949	11,187	11,187
Level 3 inputs:				
Loans, net	2,443,040	2,446,119	2,357,837	2,360,000
Financial liabilities:				
Level 2 inputs:				
Deposits	$ 3,135,740	$ 3,135,168	$ 2,900,848	$ 2,900,763
Securities sold under agreements to repurchase	174,352	174,352	198,893	198,893
Long-term debt	50,000	50,000	50,000	50,000
Junior subordinated debt owed to unconsolidated trusts	55,000	55,000	55,000	55,000
Accrued interest payable	462	462	507	507

The fair value of loans, net reflects general changes in the interest rate curve used to calculate fair values based on cash flows.

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 Company s Annual Report on Form 10-K for the year ended December 31, 2014.

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 its subsidiaries (referred to herein as First Busey, Company, we, or our) at June 30, 2015 (unaudited), as compared with March 31, 2015 (unaudited), December 31, 2014 and June 30, 2014 (unaudited), and the results of operations for the three and six months ended June 30, 2015 and 2014 (unaudited), and the three months ended March 31, 2015 (unaudited) when applicable. Management s discussion and analysis should be read in conjunction with the Company s consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report, as well as the Company s Annual Report on Form 10-K for the year ended December 31, 2014.

EXECUTIVE SUMMARY

Operating Results

First Busey s net income for the second quarter of 2015 was $9.9 million and net income available to common stockholders was $9.8 million, or $0.11 per fully diluted common share. The Company reported net income of $7.8 million and net income available to common stockholders of $7.6 million, or $0.09 per fully-diluted common share, for the first quarter of 2015 and net income of $8.2 million and net income available to common stockholders of $8.0 million, or $0.09 per fully-diluted common share for the second quarter of 2014.

The Company s year-to-date net income through June 30, 2015 was $17.7 million and net income available to common stockholders was $17.3 million, or $0.20 per fully-diluted common share, compared to net income of $16.1 million and net income available to common stockholders of $15.7 million, or $0.18 per fully-diluted common share, for the comparable period of 2014. On January 8, 2015, First Busey completed its acquisition of Herget Financial, headquartered in Pekin, Illinois. The Company s year-to-date net income was impacted by $1.0 million of one-time expenses, which occurred primarily in the first quarter of 2015, related to its acquisition of Herget Financial. In addition, during the first quarter of 2015, the Company undertook initiatives to refine its branch network and restructure various internal teams to improve efficiency going forward, which, as previously announced, resulted in three branch closings on July 30, 2015. These initiatives resulted in $0.7 million of fixed asset impairments and $0.3 million in other corporate restructuring costs, all of which were one-time, non-recurring items in the first quarter of 2015.

Revenues from trust fees, commissions and brokers fees, and remittance processing activities which are primarily generated through Busey Wealth Management and FirsTech represented 53.9% of the Company s non-interest income for the quarter ended June 30, 2015, providing a balance to revenue from traditional banking activities. Trust fees and commissions and brokers fees decreased to $6.0 million for the second quarter of 2015 compared to $6.5 million for the first quarter of 2015 due to seasonal farm management fees, but increased from $5.8 million for the second quarter of 2014. Trust fees and commission and brokers fees increased to $12.4 million for the six months ended June 30, 2015 compared to $12.0 million for the six months ended June 30, 2014.

FirsTech s remittance processing revenue increased to $3.0 million for the second quarter of 2015, compared to $2.5 million for the first quarter of 2015, and $2.4 million for the second quarter of 2014. Remittance processing revenue increased to $5.5 million for the six months ended June 30, 2015 compared to $4.7 million, up 15.8%, for the six months ended June 30, 2014.

Asset Quality

While much internal focus has been directed toward growth, the Company s commitment to credit quality continues to be evident by strong performance across a range of credit indicators. The June 30, 2015 asset metrics reflect the post combination results of acquiring Herget Financial. As of June 30, 2015, the Company reported non-performing loans of $8.4 million compared to $10.4 million as of March 31, 2015, $9.0 million at December 31, 2014 and $11.5 million as of June 30, 2014.

The Company recorded net recoveries of $0.1 million for the second quarter of 2015 compared to net charge-offs of $0.3 million for first quarter of 2015 and net charge-offs of $1.0 million for the second quarter of 2014. Net charge-offs for the first six months of 2015 were $0.2 million compared to $2.1 million for the same period of 2014. Due to favorable net charge-off activity, the Company did not record a provision for loan loss in the second quarter of 2015, compared to a provision of $0.5 million in the first quarter of 2015 and $1.0 million in the second quarter of 2014. For the first six months of 2015, the provision for loan loss was $0.5 million, compared to $2.0 million for the same period of 2014, as the Company s dedication to improving asset quality and building balance sheet strength continues to yield positive results.

The allowance for loan losses as a percentage of loans was 1.9% at June 30, 2015 and March 31, 2015 compared to 2.0% at December 31, 2014 and June 30, 2014. During the current year, the Company acquired loans with uncollected principal balances from the Herget Financial acquisition. These loans are carried net of a fair value adjustment for credit and interest rate and are only included in the allowance calculation to the extent that the reserve requirement exceeds their credit fair value adjustment.

With a continued commitment to the quality of assets and the strength of our balance sheet, near-term loan losses are expected to remain generally low. While these results are encouraging, asset quality metrics can be generally influenced by market-specific economic conditions, and specific measures may fluctuate from quarter to quarter. The key metrics are as follows:

	As of and for the Three Months Ended			
	June 30, 2015	**March 31, 2015**	**December 31, 2014**	**June 30, 2014**
	(dollars in thousands)			
Gross loans(1)	**$ 2,514,576**	$ 2,484,851	$ 2,415,690	$ 2,324,068
Commercial loans(2)	**1,847,521**	1,815,183	1,812,965	1,737,751
Allowance for loan losses	**47,720**	47,652	47,453	47,428
Non-performing loans				
Non-accrual loans	**8,377**	10,202	9,000	11,232
Loans 90+ days past due	**64**	189	10	235
Non-performing loans, segregated by geography				
Illinois/ Indiana	**7,105**	7,688	5,309	8,273
Florida	**1,336**	2,703	3,701	3,194
Loans 30-89 days past due	**4,112**	3,716	1,819	1,766
Other non-performing assets	**310**	315	216	1,622
Non-performing assets to total loans and non-performing assets	**0.4%**	0.4%	0.4%	0.6%
Allowance as a percentage of non-performing loans	**565.3%**	458.6%	526.7%	413.6%
Allowance for loan losses to loans	**1.9%**	1.9%	2.0%	2.0%

(1) Includes loans held for sale.

(2) Includes loans categorized as commercial, commercial real estate and real estate construction.

Economic Conditions of Markets

Our primary markets, which are in micro-urban communities in downstate Illinois, are distinct from the smaller rural populations of Illinois and have strong industrial, academic or healthcare employment bases. 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 44,000 students. Additionally, Champaign County healthcare providers serve a significant area of downstate Illinois and western Indiana. Macon County is home to the North American headquarters for 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 healthcare presence serving much of the western portion of downstate Illinois. The institutions noted above, coupled with a large agricultural sector, anchor the communities in which they are located, and have provided a comparatively stable foundation for housing, employment and small business.

The State of Illinois, where the largest portion of the Company s customer base is located, continues to be one of the most troubled of any state in the United States with pension under-funding, a current budget impasse, continued budget deficits and a declining credit outlook. Additionally, the Company is located in markets with significant universities and healthcare companies, which rely heavily on state funding and contracts. A temporary income tax increase passed in 2011 began phasing out in 2015, which may affect the State s revenue. Payment lapses by the State of Illinois to its vendors and government sponsored entities may have negative effects on our primary market areas.

The Company has one banking center in the Indianapolis, Indiana area which is the most populous city of Indiana with a diverse economy. Many large corporations are headquartered in Indianapolis and it is the host to numerous conventions and sporting events annually.

The Company has seven banking centers in southwest Florida. Southwest Florida has shown continuing signs of improvement in areas such as job growth and home sales over the last few years. In addition, median sales prices of homes in Florida continue to be on the rise. Although we have seen recent improvement in certain economic indicators, we don t believe that southwest Florida has yet returned to its peak economic strength.

OPERATING 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 tables show 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 shown. The tables also show, for the periods indicated, a summary of the changes in interest earned and interest expense resulting from changes in volume and rates for the major components of interest-earning assets and interest-bearing liabilities. All average information is provided on a daily average basis.

AVERAGE BALANCE SHEETS AND INTEREST RATES

THREE MONTHS ENDED JUNE 30, 2015 AND 2014

	2015			2014			Change in income/ expense due to(1)		
	Average Balance	Income/ Expense	Yield/ Rate(3)	Average Balance	Income/ Expense	Yield/ Rate(3)	Average Volume	Average Yield/Rate	Total Change
				(dollars in thousands)					
Assets									
Interest-bearing bank deposits	$ 287,622	$ 181	0.25%	$ 149,731	$ 94	0.25%	$ 87	$	$ 87
Investment securities									
U.S. Government obligations	230,238	688	1.20%	276,938	929	1.35%	(146)	(95)	(241)
Obligations of states and political subdivisions(1)	233,329	1,605	2.76%	248,202	1,646	2.66%	(101)	60	(41)
Other securities	425,468	2,280	2.15%	345,678	1,994	2.31%	435	(149)	286
Loans(1) (2)	2,494,200	24,685	3.97%	2,249,786	22,501	4.01%	2,421	(237)	2,184
Total interest-earning assets(1)	$ 3,670,857	$ 29,439	3.22%	$ 3,270,335	$ 27,164	3.33%	$ 2,696	$ (421)	$ 2,275
Cash and due from banks	90,800			89,641					
Premises and equipment	65,289			65,075					
Allowance for loan losses	(47,845)			(47,891)					
Other assets	140,280			146,268					
Total Assets	$ 3,919,381			$ 3,523,428					
Liabilities and Stockholders Equity									
Interest-bearing transaction deposits	$ 78,958	$ 27	0.14%	$ 50,550	$ 7	0.06%	$ 6	$ 14	$ 20
Savings deposits	241,905	11	0.02%	216,061	11	0.02%	1	(1)	
Money market deposits	1,616,260	498	0.12%	1,479,808	426	0.12%	41	31	72
Time deposits	512,017	674	0.53%	548,777	862	0.63%	(55)	(133)	(188)
Short-term borrowings:									
Repurchase agreements	172,930	37	0.09%	134,237	35	0.10%	9	(7)	2
Long-term debt	50,000	11	0.09%			%	11		11
Junior subordinated debt owed to unconsolidated trusts	55,000	301	2.20%	55,000	294	2.14%		7	7
Total interest-bearing liabilities	$ 2,727,070	$ 1,559	0.23%	$ 2,484,433	$ 1,635	0.26%	$ 13	$ (89)	$ (76)
Net interest spread(1)			2.99%			3.07%			
Noninterest-bearing deposits	725,261			592,066					
Other liabilities	27,185			24,855					
Stockholders equity	439,865			422,074					
Total Liabilities and Stockholders Equity	$ 3,919,381			$ 3,523,428					
Interest income / earning assets(1)	$ 3,670,857	$ 29,439	3.22%	$ 3,270,335	$ 27,164	3.33%			
Interest expense / earning assets	$ 3,670,857	$ 1,559	0.17%	$ 3,270,335	$ 1,635	0.20%			
Net interest margin(1)		$ 27,880	3.05%		$ 25,529	3.13%	$ 2,683	$ (332)	$ 2,351

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

(2) Non-accrual loans have been included in average loans.

(3) Annualized.

AVERAGE BALANCE SHEETS AND INTEREST RATES

SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	2015			2014			Change in income/ expense due to(1)		
	Average Balance	Income/ Expense	Yield/ Rate(3)	Average Balance	Income/ Expense	Yield/ Rate(3)	Average Volume	Average Yield/Rate	Total Change
	(dollars in thousands)								
Assets									
Interest-bearing bank deposits	$ 293,198	$ 373	0.26%	$ 168,390	$ 215	0.26%	$ 159	$ (1)	$ 158
Investment securities									
U.S. Government obligations	228,769	1,344	1.18%	305,172	1,983	1.31%	(462)	(177)	(639)
Obligations of states and political subdivisions(1)	240,118	3,265	2.74%	254,878	3,361	2.66%	(199)	103	(96)
Other securities	406,673	4,313	2.14%	286,598	3,273	2.30%	1,288	(248)	1,040
Loans(1) (2)	2,490,405	48,945	3.96%	2,242,590	45,097	4.06%	4,890	(1,042)	3,848
Total interest-earning assets(1)	$ 3,659,163	$ 58,240	3.21%	$ 3,257,628	$ 53,929	3.34%	$ 5,676	$ (1,365)	$ 4,311
Cash and due from banks	92,139			92,854					
Premises and equipment	65,570			65,412					
Allowance for loan losses	(47,996)			(47,948)					
Other assets	141,464			147,667					
Total Assets	$ 3,910,340			$ 3,515,613					
Liabilities and Stockholders Equity									
Interest-bearing transaction deposits	$ 90,061	$ 61	0.14%	$ 49,249	$ 13	0.05%	$ 17	$ 31	$ 48
Savings deposits	240,180	21	0.02%	214,883	21	0.02%	2	(2)	
Money market deposits	1,592,568	968	0.12%	1,478,424	846	0.12%	67	55	122
Time deposits	522,583	1,399	0.54%	559,075	1,788	0.64%	(111)	(278)	(389)
Short-term borrowings:									
Repurchase agreements	179,759	88	0.10%	132,948	74	0.11%	24	(10)	14
Long-term debt	50,182	21	0.08%			%	21		21
Junior subordinated debt owed to unconsolidated trusts	55,000	594	2.18%	55,000	587	2.15%		7	7
Total interest-bearing liabilities	$ 2,730,333	$ 3,152	0.23%	$ 2,489,579	$ 3,329	0.27%	$ 20	$ (197)	$ (177)
Net interest spread(1)			2.98%			3.07%			
Noninterest-bearing deposits	714,443			580,171					
Other liabilities	27,604			25,937					
Stockholders equity	437,960			419,926					
Total Liabilities and Stockholders Equity	$ 3,910,340			$ 3,515,613					
Interest income / earning assets(1)	$ 3,659,163	$ 58,240	3.21%	$ 3,257,628	$ 53,929	3.34%			
Interest expense / earning assets	$ 3,659,163	$ 3,152	0.17%	$ 3,257,628	$ 3,329	0.21%			
Net interest margin(1)		$ 55,088	3.04%		$ 50,600	3.13%	$ 5,656	$ (1,168)	$ 4,488

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

(2) Non-accrual loans have been included in average loans.

(3) Annualized.

Total average interest-earning assets increased $400.5 million, or 12.2%, to $3.67 billion for the three month period ended June 30, 2015 as compared to $3.27 billion for the same period in 2014. Total average interest-earning assets increased $401.5 million, or 12.3%, to $3.66 billion for the six month period ended June 30, 2015 as compared to $3.26 billion for the same period in 2014. Average loans increased for the three and six month periods ended June 30, 2015 as compared to the same periods in 2014 primarily due to our continued emphasis on organic commercial loan growth and the Herget Financial acquisition; however, loans were added at lower yields due to the competitive lending environment.

Total average interest-bearing liability balances increased $242.6 million, or 9.8%, to $2.73 billion for the three month period ended June 30, 2015 as compared to $2.48 billion for the same period in 2014. Total average interest-bearing liability balances increased $240.8 million, or 9.7%, to $2.73 billion for the six month period ended June 30, 2015 as compared to $2.49 billion for the same period in 2014. Average noninterest-bearing deposits increased $133.2 million, or 22.5%, to $725.3 million for the three month period ended June 30, 2015 as compared to $592.1 million for the same period in 2014. Average noninterest-bearing deposits increased $134.3 million, or 23.1%, to $714.4 million for the six month period ended June 30, 2015 as compared to $580.2 million for the same period in 2014. As of June 30, 2015, core deposits were 76.5% of total assets and are an important low cost source of funding. In addition, in late 2014 the Company took on a modest level of long-term debt, taking advantage of low interest rates and attractive funding as a supplement to core deposits to fund loan growth.

Interest income, on a tax-equivalent basis, increased $2.3 million and $4.3 million for the three and six month periods ended June 30, 2015 as compared to the same periods of 2014, respectively. The interest income increase related primarily to the increase in loan volumes, as discussed above. Interest expense decreased $0.1 million and $0.2 million for the three and six month periods ended June 30, 2015 as compared to the same periods of 2014, respectively.

Net interest margin

Net interest margin, our net interest income expressed as a percentage of average earning assets stated on a tax-equivalent basis, decreased to 3.05% for the three month period ended June 30, 2015 compared to 3.13% for the same period in 2014 and decreased to 3.04% for the six month period ended June 30, 2015 from 3.13% for the same period in 2014. Net interest margin was influenced by growth in average interest-bearing bank deposits and cash and due from bank balances of $385.3 million for the six months ended June 30, 2015 compared to $261.2 million for the six months ended June 30, 2014. By the end of the second quarter of 2015, these balances declined, primarily as a result of positive changes in asset mix and fluctuations in funding.

Quarterly net interest margins for 2015 and 2014 are as follows:

	2015	2014
First Quarter	3.03%	3.13%
Second Quarter	3.05%	3.13%
Third Quarter		3.19%
Fourth Quarter		3.13%

The net interest spread, which represents the difference between the average rate earned on earning assets and the average rate paid on interest-bearing liabilities, also on a tax-equivalent basis, was 2.99% for the three month period ended June 30, 2015, compared to 3.07% for the same period in 2014 and was 2.98% for the six month period ended June 30, 2015 compared to 3.07% for the same period in 2014.

We continued to experience downward pressure on our yield in interest-earning assets resulting from a protracted period of historically low rates and heightened competition for assets throughout the banking industry. The development of a stronger asset mix from increased loan balances, while actively bringing down interest expense and optimizing funding costs, remains a focus. We believe improvements in margin will be achieved through continued deployment of our liquid funds at higher yields as we redeploy cash into investment securities and loans.

Management attempts to mitigate the effects of an unpredictable interest-rate environment through effective portfolio management, prudent loan underwriting and operational efficiencies. Please refer to the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2014 for accounting policies underlying the recognition of interest income and expense.

OTHER INCOME

(*dollars in thousands*)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2015	2014	$ Change	% Change	2015	2014	$ Change	% Change
Trust fees	$ 5,146	$ 5,080	$ 66	1.3%	$ 10,843	$ 10,697	$ 146	1.4%
Commissions and brokers fees, net	819	676	143	21.2%	1,603	1,347	256	19.0%
Remittance processing	2,988	2,376	612	25.8%	5,475	4,726	749	15.8%
Service charges on deposit accounts	3,096	3,111	(15)	(0.5)%	5,980	5,806	174	3.0%
Other service charges and fees	1,685	1,618	67	4.1%	3,269	3,106	163	5.2%
Gain on sales of loans	1,868	1,234	634	51.4%	3,294	2,215	1,079	48.7%
Security (losses) gains, net	(22)	(3)	(19)	NM	(21)	40	(61)	NM
Other	1,043	920	123	13.4%	2,145	2,061	84	4.1%
Total other income	$ 16,623	$ 15,012	$ 1,611	10.7%	$ 32,588	$ 29,998	$ 2,590	8.6%

NM percentage change not meaningful

Total other income of $16.6 million for the three month period ended June 30, 2015 increased by $1.6 million as compared to $15.0 million for the same period in 2014. Total other income of $32.6 million for the six month period ended June 30, 2015 increased by $2.6 million as compared to $30.0 million for the same period in 2014.

Combined wealth management revenue, consisting of trust fees and commissions and brokers fees, net, of $6.0 million for the three months ended June 30, 2015 rose $0.2 million from $5.8 million for the same period in 2014 and rose $0.4 million for the six months ended June 30, 2015 to $12.4 million from $12.0 million for the same period in 2014. Growth in new assets under care (AUC) driven by our wealth management teams in 2015 and 2014 impacts fee income as wealth management revenues are typically correlated to levels of AUC. Furthermore, the Company believes the boutique services offered by Trevett Capital Partners within its suite of wealth services broadens its business base and enhances its ability to further develop revenue sources.

Remittance processing revenue relates to our payment processing company, FirsTech. FirsTech s revenue of $3.0 million for the three months ended June 30, 2015 increased $0.6 million compared to $2.4 million for the same period of 2014 and revenue of $5.5 million for the six months ended June 30, 2015 increased $0.7 million compared to $4.7 million for the same period of 2014. The increases were primarily due to growth in electronic processing revenues, including online and mobile services. FirsTech adds important diversity to our revenue stream while widening our array of service offerings to larger commercial clients within our footprint and nationally.

Overall, service charges on deposit accounts combined with other service charges and fees increased to $4.8 million for the three month period ended June 30, 2015 as compared to $4.7 million for the same period of 2014 and increased to $9.2 million for the six months ended June 30, 2015 as compared to $8.9 million for the same period of 2014. Evolving regulation, product changes and changing behaviors by our client base may impact the revenue derived from charges on deposit accounts.

Gain on sales of loans increased to $1.9 million for the three month period ended June 30, 2015 based on strong mortgage loan production which generated $1.7 million of gain, with an additional $0.2 million generated from sales of commercial loans as compared to $1.2 million for the same period of 2014, predominantly based on mortgage activity. For the six month period ended June 30, 2015, gain on sales of loans increased to $3.3 million from $2.2 million in the comparable period of 2014. Mortgage production in the second quarter of 2015 reached the highest level since the third quarter of 2013, primarily driven by strong loan activity related to the purchase of new homes.

Other income of $1.0 million for the three month period ended June 30, 2015 increased $0.1 million compared to the same period in 2014 and increased $0.1 million to $2.1 million for the six month period ended June 30, 2015 compared to the same period in 2014.

OTHER EXPENSE

(*dollars in thousands*)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2015	2014	$ Change	% Change	2015	2014	$ Change	% Change
Compensation expense:								
Salaries and wages	$ 13,310	$ 12,578	$ 732	5.8%	$ 27,816	$ 24,827	$ 2,989	12.0%
Employee benefits	2,520	2,386	134	5.6%	4,863	5,279	(416)	(7.9)%
Total compensation expense	$ 15,830	$ 14,964	$ 866	5.8%	$ 32,679	$ 30,106	$ 2,573	8.5%
Net occupancy expense of premises	$ 2,161	$ 2,055	$ 106	5.2%	$ 4,406	$ 4,298	$ 108	2.5%
Furniture and equipment expenses	1,283	1,153	130	11.3%	2,474	2,357	117	5.0%
Data processing	3,212	2,687	525	19.5%	6,761	5,499	1,262	22.9%
Amortization of intangible assets	808	733	75	10.2%	1,577	1,480	97	6.6%
Regulatory expense	560	501	59	11.8%	1,203	1,056	147	13.9%
Other	4,591	4,730	(139)	(2.9)%	9,892	8,645	1,247	14.4%
Total other expense	$ 28,445	$ 26,823	$ 1,622	6.0%	$ 58,992	$ 53,441	$ 5,551	10.4%
Income taxes	$ 5,593	$ 4,025	$ 1,568	39.0%	$ 9,420	$ 8,063	$ 1,357	16.8%
Effective rate on income taxes	36.0%	33.0%			34.7%	33.4%		
Efficiency ratio	62.1%	64.4%			65.5%	64.5%		
Full-time equivalent employees as of period-end	804	813						

Total other expense of $28.4 million for the three month period ended June 30, 2015 increased by $1.6 million as compared to $26.8 million for the same period in 2014. Total other expense of $59.0 million for the six month period ended June 30, 2015 increased by $5.6 million as compared to $53.4 million for the same period in 2014. Total other expense was influenced by the Herget Financial acquisition and other non-recurring expenses during the first quarter of 2015.

Total compensation expense of $15.8 million increased $0.9 million for the three month period ended June 30, 2015 as compared to the same period in 2014 and increased $2.6 million to $32.7 million for the six month period ended June 30, 2015 as compared to the same period in 2014. The increase was due to higher commissions related to mortgage production, first quarter restructuring expenses, and an initial increase in the number of employees in connection with the Herget Financial acquisition.

Combined net occupancy expense of premises and furniture and equipment expenses of $3.4 million and $6.9 million for the three and six month periods ended June 30, 2015, respectively, increased compared to the same periods in 2014. We continue to evaluate our operations for appropriate cost control measures while seeking improvements in service delivery to our customers.

Data processing expense for the three month period ended June 30, 2015 of $3.2 million increased from $2.7 million for the same period of 2014. Data processing expense totaled $6.8 million for the six month period ended June 30, 2015, compared to $5.5 million for the same period of 2014. The increase was primarily due to non-recurring software conversion expenses related to the acquisition of Herget Financial. A portion of the increase was also related to supporting new sources of revenue growth at FirsTech.

Amortization of intangible assets increased for the three and six month periods ended June 30, 2015 as compared to the same period in 2014 as a result of the January 8, 2015 Herget Financial acquisition.

Regulatory expense increased 11.8% and 13.9% for the three and six month periods ended June 30, 2015, respectively, as compared to the same periods in 2014 as a result of a non-recurring expense related to the Herget Financial acquisition. On June 16, 2015, the FDIC issued a Notice of Proposed Rulemaking on proposed refinements to the deposit insurance assessment system for small insured depository institutions (generally, those institutions with less than $10 billion in total assets). The refinements would become operative the quarter after the reserve ratio of the Deposit Insurance Fund reaches 1.15%. The Company s initial analysis projects that the proposal would be favorable and decrease our annual cost of FDIC insurance.

Other expense of $4.6 million for the three month period ended June 30, 2015 decreased $0.1 million as compared to $4.7 million for the same period in 2014. Other expense of $9.9 million for the six month period ended June 30, 2015 increased compared to $8.6 million for the same period in 2014. The six month increase consisted primarily of costs related to restructuring initiatives which included a $0.7 million cost for premises impairment and other acquisition related expenses.

The effective rate on income taxes, or income taxes divided by income before taxes, of 36.0% and 34.7% for the three and six months ended June 30, 2015, respectively, was lower than the combined federal and state statutory rate of approximately 40% due to fairly stable amounts of tax preferred interest income, such as municipal bond interest and bank owned life insurance income, accounting for a portion of our taxable income. As taxable income increases, we expect our effective tax rate to increase. Under current law, Illinois net operating loss carryover limitations expired in 2014 and the corporate income tax rate decreased as of January 1, 2015. The Company continues to monitor evolving state tax legislation and its potential impact on operations on an ongoing basis.

The efficiency ratio represents total other expense, less amortization charges, as a percentage of tax-equivalent net interest income plus other income, less security gains and losses. The efficiency ratio, which is a non-GAAP financial measure commonly used by management and the investment community in the banking industry, measures the amount of expense that is incurred to generate a dollar of revenue. The efficiency ratio of 62.1% for the three month period ended June 30, 2015 improved from 64.4% in the comparable period in 2014. The efficiency ratio for the first six months of 2015 was 65.5% compared to 64.5% for the same period of 2014. We will continue to examine appropriate avenues to improve efficiency, as a focus in future periods, with an emphasis on revenue growth.

FINANCIAL CONDITION

SIGNIFICANT BALANCE SHEET ITEMS

(*dollars in thousands*)

	June 30, 2015	December 31, 2014	$ Change	% Change
Assets				
Securities, including available for sale and held to maturity	$ 924,207	$ 761,438	$ 162,769	21.4%
Loans, net, including loans held for sale	2,466,856	2,368,237	98,619	4.2%
Total assets	$ 3,885,274	$ 3,665,607	$ 219,667	6.0%
Liabilities				
Deposits:				
Noninterest-bearing	$ 705,231	$ 666,607	$ 38,624	5.8%
Interest-bearing	2,430,509	2,234,241	196,268	8.8%
Total deposits	$ 3,135,740	$ 2,900,848	$ 234,892	8.1%

Securities sold under agreements to repurchase	$	174,352	$	198,893	$	(24,541)	(12.3)%
Long-term debt		50,000		50,000			%
Total liabilities	$	3,442,686	$	3,231,968	$	210,718	6.5%
Stockholders equity	$	442,588	$	433,639	$	8,949	2.1%

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Total assets increased by $219.7 million, or 6.0%, to $3.89 billion at June 30, 2015 as compared to $3.67 billion at December 31, 2014. Securities increased by $162.8 million, or 21.4%, at June 30, 2015 compared to December 31, 2014 as a result of the Herget Financial acquisition and deployment of cash into the securities portfolio. Total liabilities increased by $210.7 million, or 6.5%, to $3.44 billion at June 30, 2015 compared to $3.23 billion at December 31, 2014.

Stockholders equity increased to $442.6 million at June 30, 2015 as compared to $433.6 million at December 31, 2014. This increase was primarily the result of first and second quarter earnings, partially offset by dividends paid on preferred and common stock. Dividends paid on the preferred stock totaled $0.4 million for the six months ended June 30, 2015 and 2014. The Company anticipates that the preferred stock will be redeemed in full in early 2016 due to the scheduled increase in the dividend rate at that time.

ASSET QUALITY

Loan Portfolio

Geographic distributions of loans by category were as follows:

	June 30, 2015							
	Illinois		Florida		Indiana		Total	
	(dollars in thousands)							
Commercial	$	551,706	$	14,308	$	31,498	$	597,512
Commercial real estate		858,960		168,215		125,387		1,152,562
Real estate construction		50,939		13,487		33,021		97,447
Retail real estate		533,357		105,086		11,816		650,259
Retail other		16,175		621				16,796
Total	$	2,011,137	$	301,717	$	201,722	$	2,514,576
Less held for sale(1)								23,816
							$	2,490,760
Less allowance for loan losses								47,720
Net loans							$	2,443,040

(1) Loans held for sale are included in retail real estate.

	December 31, 2014							
	Illinois		Florida		Indiana		Total	
	(dollars in thousands)							
Commercial	$	554,779	$	16,739	$	30,242	$	601,760
Commercial real estate		811,034		171,243		121,874		1,104,151
Real estate construction		60,994		17,950		28,110		107,054
Retail real estate		473,171		106,658		12,644		592,473
Retail other		9,690		562				10,252
Total	$	1,909,668	$	313,152	$	192,870	$	2,415,690

Less held for sale(1)		10,400
	$	2,405,290
Less allowance for loan losses		47,453
Net loans	$	2,357,837

(1) Loans held for sale are included in retail real estate.

The total loan portfolio, gross, as of June 30, 2015 increased $98.9 million from December 31, 2014; gross commercial balances (consisting of commercial, commercial real estate and real estate construction loans) increased $34.6 million from December 31, 2014. Loans held for sale increased by $13.4 million as of June 30, 2015 from December 31, 2014. Retail real estate and retail other, less loans held for sale, increased $50.9 million as of June 30, 2015 from December 31, 2014. Achieving growth through organic means remains a focus for us, and was supplemented during the first quarter of 2015 by the Herget Financial acquisition. Further, our commitment to credit quality remains strong.

Allowance for loan losses

Our allowance for loan losses was $47.7 million, or 1.9% of loans, at June 30, 2015, compared to $47.5 million, or 2.0% of loans, at December 31, 2014.

Typically, when we move loans into non-accrual status, the loans are collateral dependent and charged down through the allowance for loan losses to the fair value of our interest in the underlying collateral less estimated costs to sell. Our loan portfolio is collateralized primarily by real estate.

As of June 30, 2015, management believed the level of the allowance and coverage of non-performing loans to be appropriate based upon the information available. However, additional losses may be identified in our loan portfolio as new information is obtained. We may need to provide for additional loan losses in the future as management continues to identify potential problem loans and gains further information concerning existing problem loans.

Provision for Loan Losses

The provision for loan losses is a current charge against income and represents an amount which management believes is sufficient to maintain an appropriate allowance for known and probable losses in the loan portfolio. In assessing the appropriateness of the allowance for loan losses, management considers the size and quality of the loan portfolio measured against prevailing economic conditions, regulatory guidelines, historical loan loss experience and credit quality of the portfolio. When a determination is made by management to charge-off a loan balance, such write-off is charged against the allowance for loan losses.

We continue to attempt to identify problem loan situations on a proactive basis. Once problem loans are identified, adjustments to the provision for loan losses are made based upon all information available at that time. The provision reflects management s analysis of additional allowance for loan losses necessary to cover probable losses in our loan portfolio.

As net charge-offs and non-performing loans trended lower, the provision for loan loss decreased to $0.5 million in the first six months of 2015 compared to $2.0 million in the same period of 2014.

Sensitive assets include non-accrual loans, loans on our classified loan reports and other loans identified as having more than reasonable potential for loss. Management reviews sensitive assets on at least a quarterly basis for changes in each applicable customer s ability to pay and changes in valuation of underlying collateral in order to estimate probable losses. The majority of these loans are being repaid in conformance with their contracts.

Non-performing Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on non-accrual status when, in management s opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following table sets forth information concerning non-performing loans as of each of the dates indicated:

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
		(dollars in thousands)		
Non-accrual loans	$ 8,377	$ 10,202	$ 9,000	$ 8,681
Loans 90+ days past due and still accruing	64	189	10	65
Total non-performing loans	$ 8,441	$ 10,391	$ 9,010	$ 8,746
OREO	$ 310	$ 315	$ 216	$ 216
Total non-performing assets	$ 8,751	$ 10,706	$ 9,226	$ 8,962
Allowance for loan losses	$ 47,720	$ 47,652	$ 47,453	$ 47,014
Allowance for loan losses to loans	1.9%	1.9%	2.0%	2.0%
Allowance for loan losses to non-performing loans	565.3%	458.6%	526.7%	537.6%
Non-performing loans to loans, before allowance for loan losses	0.3%	0.4%	0.4%	0.4%
Non-performing loans and OREO to loans, before allowance for loan losses	0.3%	0.4%	0.4%	0.4%

Total non-performing assets were $8.8 million at June 30, 2015, compared to $10.7 million at March 31, 2015. The 2015 totals reflect the post-combination results of acquiring Herget Financial. Asset quality metrics remain dependent upon market-specific economic conditions, and specific measures may fluctuate from quarter to quarter.

Potential Problem Loans

Potential problem loans are those loans which are not categorized as impaired, restructured, non-accrual or 90+ days past due, but where current information indicates that the borrower may not be able to comply with present loan repayment terms. Management assesses the potential for loss on such loans as it would with other problem loans and has considered the effect of any potential loss in determining its provision for probable loan losses. Potential problem loans totaled $33.3 million at June 30, 2015 compared to $30.9 million at December 31, 2014. We do not believe the potential losses associated with these potential problem loans will be as great as seen in the past. Management continues to monitor these credits and anticipates that restructurings, guarantees, additional collateral or other planned actions will result in full repayment of the debts. As of June 30, 2015, management identified no other loans that represent or result from trends or uncertainties which management reasonably expected to materially impact future operating results, liquidity or capital resources. As of June 30, 2015, management was not aware of any information about any other credits which caused management to have serious doubts as to the ability of such borrower(s) to comply with the loan repayment terms.

LIQUIDITY

Liquidity management is the process by which we ensure that adequate liquid funds are available to meet the present and future cash flow obligations arising in the daily operations of our business. These financial obligations consist of needs for funds to meet commitments to borrowers for extensions of credit, fund capital expenditures, honor withdrawals by customers, pay dividends to stockholders and pay operating expenses. Our most liquid assets are cash and due from banks, interest-bearing bank deposits, and, if needed, federal funds sold. The balances of these assets are dependent on the Company s operating, investing, lending, and financing activities during any given period.

First Busey s primary sources of funds consist of deposits, investment cash flows and sales, loan principal repayments, and capital funds. Additional liquidity is provided by repurchase agreements, the ability to borrow from the Federal Reserve and the Federal Home Loan Bank (FHLB), and brokered deposits. Management intends to satisfy long-term liquidity needs primarily through retention of capital funds.

During 2014, as part of our ongoing balance sheet strategy, the Company took on a modest level of long-term debt taking advantage of low interest rates and attractive funding options by executing $50.0 million in FHLB discount note indexed advances. The variable rate notes range in maturity from five to ten years with options to prepay at par prior to maturity.

As of June 30, 2015, management believed that adequate liquidity existed to meet all projected cash flow obligations. We seek to achieve a satisfactory degree of liquidity by actively managing both assets and liabilities. Asset management guides the proportion of liquid assets to total assets, while liability management monitors future funding requirements and prices liabilities accordingly.

OFF-BALANCE-SHEET ARRANGEMENTS

At June 30, 2015, the Company had outstanding standby letters of credit of $22.5 million and commitments to extend credit of $600.2 million to its customers. Since these commitments generally have fixed expiration dates and many will expire without being drawn upon, the total commitment level does not necessarily represent future cash requirements. These commitments are made in the ordinary course of business to meet the financing needs of the Company s customers. As of June 30, 2015, no amounts were recorded as liabilities for the Company s potential obligations under these commitments.

CAPITAL RESOURCES

Our capital ratios are in excess of those required to be considered well-capitalized pursuant to applicable regulatory guidelines at both the consolidated level and at the Bank. The Federal Reserve Board uses capital adequacy guidelines in its examination and regulation of bank holding companies and their subsidiary banks. Risk-based capital ratios are established by allocating assets and certain off-balance-sheet commitments into risk-weighted categories. These balances are then multiplied by the factor appropriate for that risk-weighted category. The guidelines require bank holding companies and their subsidiary banks to maintain a total capital to total risk-weighted asset ratio of not less than 8.00%, Tier 1 capital to total risk-weighted asset ratio of not less than 6.00%, Common Equity Tier 1 capital to total risk-weighted asset ratio of not less than 4.50% and a Tier 1 leverage ratio of not less than 4.00%. As of June 30, 2015, we had a total capital to total risk-weighted asset ratio of 17.46%, a Tier 1 capital to risk-weighted asset ratio of 16.18%, Common Equity Tier 1 capital to risk-weighted asset ratio of 11.71% and a Tier 1 leverage ratio of 11.90%; the Bank had ratios of 15.43%, 14.15%, 14.15% and 10.45%, respectively.

FORWARD LOOKING STATEMENTS

Statements made in this report, other than those concerning historical financial information, may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of First Busey. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of First Busey s management and on information currently available to management, are generally identifiable by the use of words such as believe, expect, anticipate, plan, intend, estimate, may, will, would, could, should or other similar expressions. Ad statements in this document, including forward-looking statements, speak only as of the date they are made, and we undertake no obligation to update any statement in light of new information or future events. A number of factors, many of which are beyond our ability to control or predict, could cause actual results to differ materially from those in our forward-looking statements. These factors include, among others, the following: (i) the strength of the local and national economy; (ii) the economic impact of any future terrorist threats or attacks; (iii) changes in state and federal laws, regulations and governmental policies concerning First Busey s general business (including the impact of the Dodd-Frank Act and the extensive regulations to be promulgated thereunder, as well as the Basel III Rules); (iv) changes in interest rates and prepayment rates of First Busey s assets; (v) increased competition in the financial services sector and the inability to attract new customers; (vi) changes in technology and the ability to develop and maintain secure and reliable electronic systems; (vii) the loss of key executives or employees; (viii) changes in consumer spending; (ix) unexpected results of acquisitions, including the acquisition of Herget Financial; (x) unexpected outcomes of existing or new litigation involving First Busey; (xi) changes in accounting policies and practices; and (xii) the economic impact of exceptional weather occurrences such as tornadoes, hurricanes, floods, and blizzards. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning First Busey and its business, including additional factors that could materially affect its financial results, is included in First Busey s filings with the

Securities and Exchange Commission.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are those that are critical to the portrayal and understanding of First Busey s financial condition and results of operations and require management to make assumptions that are difficult, subjective or complex. These estimates involve judgments, estimates and uncertainties that are susceptible to change. In the event that different assumptions or conditions were to prevail, and depending on the severity of such changes, the possibility of a materially different financial condition or materially different results of operations is a reasonable likelihood.

Our significant accounting policies are described in Note 1 of the Company s Annual Report on Form 10-K for the year ended December 31, 2014. The majority of these accounting policies do not require management to make difficult, subjective or complex judgments or estimates or the variability of the estimates is not material. However, the following policies could be deemed critical:

Fair Value of Investment Securities. Securities are classified as held to maturity when First Busey has the ability and management has the positive intent to hold those securities to maturity. Accordingly, they are stated at cost, adjusted for amortization of premiums and accretion of discounts. First Busey had $36.0 million of securities classified as held to maturity at June 30, 2015. First Busey had no securities classified as trading at June 30, 2015. Securities are classified as available for sale when First Busey may decide to sell those securities due to changes in market interest rates, liquidity needs, changes in yields on alternative investments, and for other reasons. They are carried at fair value with unrealized gains and losses, net of taxes, reported in other comprehensive income. As of June 30, 2015, First Busey had $888.2 million of securities classified as available for sale. 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, we obtain fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security s terms and conditions, among other things. Due to the limited nature of the market for certain securities, the fair value and potential sale proceeds could be materially different in the event of a sale.

Realized securities gains or losses are reported in security gains (losses), net in the Consolidated Statements of Income. The cost of securities sold is based on the specific identification method. Declines in the fair value of available for sale securities below their amortized cost are evaluated to determine whether the loss is temporary or other-than-temporary. If the Company (a) has the intent to sell a debt security or (b) will more-likely-than-not be required to sell the debt security before its anticipated recovery, then the Company recognizes the entire unrealized loss in earnings as an other-than-temporary loss. If neither of these conditions are met, the Company evaluates whether a credit loss exists. The impairment is separated into the amount of the total impairment related to the credit loss and the amount of total impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings, and the amount related to all other factors is recognized in other comprehensive income.

The Company also evaluates whether the decline in fair value of an equity security is temporary or other-than-temporary. In determining whether an unrealized loss on an equity security is temporary or other-than-temporary, management considers various factors including the magnitude and duration of the impairment, the financial condition and near-term prospects of the issuer, and the intent and ability of the Company to hold the equity security to forecasted recovery.

Allowance for Loan Losses. First Busey has established an allowance for loan losses which represents its estimate of the probable losses inherent in the loan portfolio as of the date of the financial statements and reduces the total loans outstanding by an estimate of uncollectible loans. Loans deemed uncollectible are charged against and reduce the allowance. A provision for loan losses is charged to current expense. This provision acts to replenish the allowance for loan losses and to maintain the allowance at a level that management deems adequate.

To determine the adequacy of the allowance for loan losses, a formal analysis is completed quarterly to assess the risk within the loan portfolio. This assessment is reviewed by senior management of Busey Bank and the Company. The analysis includes a review of historical performance, dollar amount and trends of past due loans, dollar amount and trends in non-performing loans, certain impaired loans, and loans identified as sensitive assets. Sensitive assets include non-accrual loans, past-due loans, loans on First Busey s watch loan reports and other loans identified as having probable potential for loss.

The allowance consists of specific and general components. The specific component considers loans that are classified as impaired. For such loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying amount of that loan. The general component covers non-classified loans and classified loans not considered impaired, and is based on historical loss experience adjusted for qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss experience.

A loan is considered to be impaired when, based on current information and events, it is probable First Busey will not be able to collect all principal and interest amounts due according to the contractual terms of the loan agreement. When a loan becomes impaired, management generally calculates the impairment based on the present value of expected future cash flows discounted at the loan s effective interest rate. If the loan is collateral dependent, the fair value of the collateral is used to measure the amount of impairment. The amount of impairment and any subsequent changes are recorded through a charge to the provision for loan losses. For collateral dependent loans, First Busey has determined the required allowance on these loans based upon the estimated fair value, net of selling costs, of the applicable collateral. The required allowance or actual losses on these impaired loans could differ significantly if the ultimate fair value of the collateral is significantly different from the fair value estimates used by First Busey in estimating such potential losses.

Deferred Taxes. We have maintained significant net deferred tax assets for deductible temporary differences, the largest of which relates to the State of Illinois net operating loss carryforward and the allowance for loan losses. For income tax return purposes, only actual charge-offs are deductible, not the provision for loan losses. Under generally accepted accounting principles, a valuation allowance is required to be recognized if it is more-likely-than-not that the deferred tax asset will not be realized. The determination of the recoverability of the deferred tax assets is highly subjective and dependent upon judgment concerning management s evaluation of both positive and negative evidence, the forecasts of future income, applicable tax planning strategies, and assessments of the current and future economic and business conditions. We consider both positive and negative evidence regarding the ultimate recoverability of our deferred tax assets. Positive evidence includes available tax planning strategies and the probability that taxable income will continue to be generated in future periods, as it was in periods since March 31, 2010, while negative evidence includes a cumulative loss in 2009 and 2008 and certain business and economic trends. We evaluated the recoverability of our net deferred tax assets and established a valuation allowance for certain state net operating loss and credit carryforwards that are not expected to be fully realized. Management believes that it is more-likely-than-not that the other deferred tax assets included in the accompanying consolidated financial statements will be fully realized. We determined that no valuation allowance was required for any other deferred tax assets as of June 30, 2015, although there is no guarantee that those assets will be recognizable in future periods.

We assess the likelihood that any deferred tax assets will be realized through the reduction of taxes in future periods and establish a valuation allowance for those assets for which recovery is not more-likely-than-not. In making this assessment, we must make judgments and estimates regarding the ability to realize the asset through the future reversal of existing taxable temporary differences, future taxable income, and the possible application of future tax planning strategies. The Company s evaluation gave consideration to the fact that all net operating loss carrybacks have been utilized. Therefore, utilization of net operating loss carryforwards are dependent on implementation of tax strategies and continued profitability.

ITEM 3. QUANTITATIVE AND QUALITATIVE

DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of changes in asset values due to movements in underlying market rates and prices. Interest rate risk is the risk to earnings and capital arising from movements in interest rates. Interest rate risk is the most significant market risk affecting First Busey as other types of market risk, such as foreign currency exchange rate risk and commodity price risk, have minimal impact or do not arise in the normal course of First Busey s business activities.

The Bank has an asset-liability committee which meets at least quarterly to review current market conditions and attempts to structure the Bank s balance sheet to ensure stable net interest income despite potential changes in interest rates with all other variables constant.

As interest rate changes do not impact all categories of assets and liabilities equally or simultaneously, the asset-liability committee primarily relies on balance sheet and income simulation analysis to determine the potential impact of changes in market interest rates on net interest income. In these standard simulation models, the balance sheet is projected over a year-one time horizon and a year-two time horizon, and net interest income is calculated under current market rates and then assuming permanent instantaneous shifts of +/-100, +/-200, +/-300 and +/-400 basis points. Management measures such changes assuming immediate and sustained shifts in the federal funds rate and other market rate indices and the corresponding shifts in other non-market rate indices based on their historical changes relative to changes in the federal funds rate and other market indices. The model assumes assets and liabilities remain constant at the measurement date balances. The model uses repricing frequency on all variable-rate assets and liabilities. Prepayment speeds on loans have been adjusted to incorporate expected prepayment speeds in both a declining and rising rate environment. As of June 30, 2015 and December 31, 2014, due to the current low interest rate environment, a downward adjustment in federal fund rates was not meaningful.

Utilizing this measurement concept, the interest rate risk of First Busey due to an immediate and sustained change in interest rates, expressed as a change in net interest income as a percentage of the net interest income calculated in the constant base model, was as follows:

	Year-One: Basis Point Changes							
	-400	**-300**	**-200**	**-100**	**+100**	**+200**	**+300**	**+400**
June 30, 2015	NA	NA	NA	NA	(2.69)%	(5.38)%	(8.35)%	(11.57)%
December 31, 2014	NA	NA	NA	NA	(2.47)%	(5.10)%	(8.09)%	(11.35)%

	Year-Two: Basis Point Changes							
	-400	**-300**	**-200**	**-100**	**+100**	**+200**	**+300**	**+400**
June 30, 2015	NA	NA	NA	NA	0.27%	0.39%	0.10%	(0.74)%
December 31, 2014	NA	NA	NA	NA	0.46%	0.43%	(0.17)%	(1.31)%

The risk is monitored and managed within approved policy limits. The calculation of potential effects of hypothetical interest rate changes was based on numerous assumptions and should not be relied upon as indicative of actual results. Actual results will differ from simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and management strategies. The above results do not take into account any management action to mitigate potential risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) was carried out as of June 30, 2015, under the supervision and with the participation of our Chief Executive Officer, Chief Financial Officer and several other members of our senior management. Based on this evaluation, our Chief Executive Officer and Chief

Financial Officer concluded that, as of June 30, 2015, our disclosure controls and procedures were effective in ensuring that the information we are required to disclose in the reports we file or submit under the Exchange Act is (i) accumulated and communicated to our management (including the Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding required disclosure, and (ii) recorded, processed, summarized, and reported within the time periods specified in the SEC s rules and forms.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2015, First Busey did not make any changes in its internal control over financial reporting or other factors that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As part of the ordinary course of business, First Busey and its subsidiaries are parties to litigation that is incidental to their regular business activities.

There is no material pending litigation, other than ordinary routine litigation incidental to its business, in which First Busey or any of its subsidiaries is involved or of which any of their property is the subject. Furthermore, there is no pending legal proceeding that is adverse to First Busey in which any director, officer or affiliate of First Busey, or any associate of any such director or officer, is a party or has a material interest.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A of Part I of the Company s 2014 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Repurchases

There were no purchases made by or on behalf of First Busey of shares of its common stock during the quarter ended June 30, 2015.

On February 3, 2015, First Busey announced that its board of directors approved a repurchase plan under which the Company is authorized to repurchase up to an aggregate of two million shares of its common stock. The repurchase plan has no expiration date and replaced the prior repurchase plan that was originally approved in 2008.

ITEM 3. DEFAULTS UPON SENIOR SECURITES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) None.

ITEM 6. EXHIBITS

*31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a).
*31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a).
*32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, from the Company s Chief Executive Officer.
*32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, from the Company s Chief Financial Officer.
*101	Interactive Data File Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets at June 30, 2015 and December 31, 2014; (ii) Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014; (iii) Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014; (iv) Consolidated Statements of Stockholders Equity for the six months ended June 30, 2015 and 2014; (v) Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014; and (vi) Notes to Unaudited Consolidated Financial Statements.

*Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST BUSEY CORPORATION

(Registrant)

By: /s/ VAN A. DUKEMAN

Van A. Dukeman
President and Chief Executive Officer
(Principal executive officer)

By: /s/ ROBIN N. ELLIOTT

Robin N. Elliott
Chief Financial Officer
(Principal financial and accounting officer)

Date: August 6, 2015