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FIRST MERCHANTS CORP
Form 8-K
February 05, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (Date of earliest event reported): February 5, 2009

FIRST MERCHANTS CORPORATION
(Exact name of registrant as specified in its charter)

INDIANA 0-17071 35-1544218
(State or other jurisdiction (Commission file number) (IRS Employer
of incorporation) Identification No.)

200 East Jackson Street
P.O. Box 792
Muncie, IN 47305-2814
(Address of principal executive offices, including zip code)

(765) 747-1500
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 5, 2009 First Merchants Corporation issued a press release to report its financial results for the fourth quarter ended December 31, 2008. A copy of

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the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K, including Exhibit No. 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

Exhibit 99.1 Press Release, dated February 5, 2008, issued by
First Merchants Corporation

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 hereunto duly authorized.

First Merchants Corporation
(Registrant)

By: /s/ Mark K. Hardwick

Mark K. Hardwick
Executive Vice President and
Chief Financial Officer
(Principal Financial and
Principal Accounting Officer)

Dated: February 5, 2009

EXHIBIT INDEX

Exhibit No.	Description
-----	-----
99.1	Press Release, dated February 5, 2009, issued by First Merchants Corporation.

First Merchants Corporation

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Exhibit No. 99.1

Press Release, dated February 5, 2009

N / E / W / S R / E / L / E / A / S / E

February 5, 2009

FOR IMMEDIATE RELEASE

For more information, contact:

Mark K. Hardwick, Executive Vice President/Chief Financial Officer, 765-751-1857
<http://www.firstmerchants.com>

SOURCE: First Merchants Corporation, Muncie, Indiana

FIRST MERCHANTS CORPORATION ANNOUNCES 2008 EARNINGS OF \$20.6 MILLION.

First Merchants Corporation (NASDAQ - FRME) has reported 2008 diluted earnings per share of \$1.14, a decline of \$.59 from the 2007 total of \$1.73. Net Income for the year totaled \$20.6 million compared to the 2007 total of \$31.6 million.

Total assets reached a record \$4.8 billion at quarter-end, an increase of \$1 billion, from the December 31, 2007 total of \$3.8 billion. Of the \$1 billion increase, the completion of the merger with Lincoln Bancorp on December 31, 2008 accounted for \$876 million of the increase.

The completion of the Lincoln Bancorp acquisition continues the corporation's direction of pursuing stronger growth markets. More importantly the board of directors and management of First Merchants Corporation believe the strategic focus on the Indianapolis marketplace through the addition of Lincoln and its 17 banking centers will accelerate First Merchants position in many of the fastest growing counties within Indiana. Lincoln's operating earnings did not impact First Merchants Corporation's net income during 2008 as the acquisition was completed on December 31, 2008. By contrast the December 31, 2008 balance sheet is consolidated to include Lincoln.

Loans and investments, the Corporation's primary earning assets, totaled \$4.20 billion, an increase of \$876 million, or 26.3 percent, over the prior year. Loans accounted for \$846 million of the increase as investment securities increased by \$31 million. Of the \$876 million increase, Lincoln accounted for \$637 million in loans and \$122 million in investments.

The Corporation's allowance for loan losses as a percent of total loans increased from .98 percent to 1.31 during the year, a \$20.7 million increase. Provision expense exceeded net charge-offs by \$12 million and Lincoln Bank added \$8.7 million to the Corporation's allowance for loan loss total at year-end. The increased allowance for loan losses total is comprised of a \$2.4 million increase specific impairment reserves, \$4.1 million in the general historical loss component and a \$14.2 million increase in environmental factors. None of the increases in specific reserves were related to Lincoln as all recognized impairments were charged down to the fair value prior to closing the transaction. Total specific impairment reserves are \$9.8 million or 20% of the total allowance methodology.

Non-performing loans totaled \$88 million, including the addition of \$34 million from Lincoln. Of the \$88 million in non-performing loans, commercial real estate loans totaled \$29 million, land and lot development loans totaled \$20 million, 1-4 family residential properties totaled \$18 million, commercial and industrial loans totaled \$16 million and other loans totaled \$5 million. The Corporation's exposure to land development, single-family residential development, condominium

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and duplex development projects is limited to \$76 million. Non performing loans totaled \$88 million, including the addition of \$34 million from Lincoln.

The Corporations total deposits increased during the year by \$875 million as Lincoln Bank accounted for \$655 million of the increase. Total borrowings increased by just \$50 million including the \$137 million increase from Lincoln Bank. As of December 31, 2008 the Corporation's tangible capital totaled 5.01%, tier 1 leverage ratio totaled 7.86%, tier 1 risk based capital totaled 7.31% and total risk based capital totaled 9.84%. The decrease in the Corporation's capital ratios for the year is primarily attributable to two factors.

The first factor of note is the decline in First Merchants other comprehensive income of \$12.8 million resulting from investment security write-down's under FASB 115 totaling \$1.3 million and the decline in pension plan asset valuations totaling \$11.5 million during the year. The second factor is a combination of items related to the Lincoln Bancorp acquisition. The Corporation used cash of \$16.8 million as part of the \$77.3 million purchase price resulting in increased common equity of \$60.1 million to acquire an \$876 million institution. Additionally, as a result of the acquisition First Merchants added \$32.3 million of intangibles from the closing of Lincoln Bancorp.

Core deposit intangibles totaled \$12.4 million, while purchase accounting adjustments to Lincoln's assets and liabilities totaled \$11.6 million resulting in Goodwill. The remaining \$8.3 million is reflective of the premium paid by First Merchants Corporation over Lincoln Bancorp's tangible equity at year-end. The purchase accounting adjustments of \$11.6 million reduced total risk based capital by 30 basis points, but they will positively accrete to income over the life of the individual instruments. When combining our thorough due diligence and pre-closing efforts, with our April 2009 integration efforts, First Merchants expects Lincoln to be accretive in year one.

The Corporation recognizes the difficulties of the economy and the importance of continuing First Merchants history of being "well capitalized". On November 12, 2008 the Corporation applied for participation in the U.S. Department of Treasury's Capital Purchase Program in an amount totaling \$116 million. The application has been approved by the Corporation's primary regulator and was forwarded to the Treasury Department on January 16, 2008. The addition of \$116 million in preferred stock would improve the Corporation's Total Risk Based Capital Ratio to 12.80%, comfortably above the "well capitalized" guidelines.

Net-Interest margin expanded by 29 basis points from 3.55 percent in 2007 to 3.84 percent in 2008. As a result, net-interest income increased by \$16.3 million, or 14.4 percent. Net interest margin remained strong even during the fourth quarter as the Federal Reserve Board lowered the target Fed Funds rate to just 25 basis points. Aggressive deposit pricing and the use of interest rate floors on over \$360 million of the Corporation's rate prime indexed loans helped preserve the Corporation's net interest margin.

Provision expense totaled \$27.6 million in 2008, an increase of \$19.1 million over the prior. The increase in provision expense exceeded the expansion of net interest income by \$2.9 million.

Total non-interest income decreased by \$4.2 million in 2008. Income from changes in the cash surrender value of bank owned life insurance (BOLI) declined by \$3.9 million. During the fourth quarter the corporation recorded a loss of \$2.1 million due to declines in market value below the stable value wrap. BOLI losses are not tax deductible resulting in a \$3.9 million decrease in Net Income. On December 18, 2008, management changed the investment elections under the separate account policy structure to more conservative investments. The Corporation also lost \$1.5 million on Federal Home Loan Mortgage Corporation preferred stock. The Corporation has no additional equity exposure to FHLMC and FNMA and no remaining exposure to private label mortgage backed investment

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securities.

Additionally, the Corporation elected to expense \$1.2 million of its \$15.5 million original book balance trust preferred pooled investment exposure. The loss is attributable to a Trapeza IV pool, the only pool deemed to be other than temporarily impaired as of year-end. The remaining \$13.5 million of exposure to trust preferred pools is diversified among eight FTN PreTsl investments.

Total non-interest expenses for the year increased by \$7.2 million or 7% as salary and benefit expense increased by \$4.5 million. The remaining increases in other expense include an increase of \$1.8 million in other real estate expense and \$860,000 of professional services related to loan workouts. First Merchants also sold the assets of Indiana Title Insurance Company, LLC resulting in a \$560,000 loss during the month of December.

Michael C. Rechin, President and Chief Executive Officer, stated that, "First Merchants Corporation's management team is focused on five objectives in 2009 including capital & liquidity management, asset quality, net interest margin management, expense management and the success of the Lincoln acquisition. We remain confident that our people, strategies, capital, liquidity, and commitment to endure the current environment will prove successful in the short and long-term time horizon."

Rechin continued, "As complex and uncertain as the Banking environment has become, First Merchants is pleased to earn more than \$20 million in net income, while improving it's allowance to loans recognizing the negative economic trends nationally and in the mid-west."

CONFERENCE CALL

First Merchants Corporation will conduct a conference call at 2:30 p.m. Eastern Time on Thursday, February 5, 2009. To participate, callers in the US/Canada should dial (Toll Free) 800-860-2442 while international participants should use +1 412-858-4600. Please reference First Merchants Corporation's fourth quarter earnings. A replay will be available until 9:00 AM ET on February 13, 2009. To access replay, US/Canada participants should dial (Toll Free) 877-344-7529, or for International participants, dial +1 412-317-0088. The replay requires a pass code of 426723.

During the call, we may make Forward-Looking Statements about our relative business outlook. These Forward-Looking Statements and all other statements made during the call that do not concern historical facts are subject to risks and uncertainties that may materially affect actual results.

Specific Forward-Looking Statements include, but are not limited to, any indications regarding the Financial Services industry, the economy and future growth of the balance sheet or income statement.

Detailed financial results are reported on the attached pages:

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. Subsidiaries of the Corporation include First Merchants Bank, N.A., First Merchants Bank of Central Indiana, N.A., Lafayette Bank & Trust Company, N.A., Commerce National Bank, Lincoln Bank and First Merchants Trust Company, N.A. The Corporation also operates First Merchants Insurance Services, a full-service property casualty, personal lines, and healthcare insurance agency

First Merchants Corporation's common stock is traded over-the-counter on the NASDAQ National Market System under the symbol FRME. Quotations are carried in daily newspapers and can be found on the company's Internet web page

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(http://www.firstmerchants.com).

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CONSOLIDATED BALANCE SHEETS
(in thousands)

	2008	December 31, 2007
Assets		
Cash and due from banks	\$ 84,249	\$ 100,000
Federal funds sold	66,237	100,000
	-----	-----
Cash and cash equivalents	150,486	100,000
Interest-bearing time deposits	38,823	100,000
Investment securities	481,984	400,000
Mortgage loans held for sale	4,295	100,000
Loans	3,721,952	2,800,000
Less: Allowance for loan losses	(48,946)	(100,000)
	-----	-----
Net loans	3,673,006	2,700,000
Premises and equipment	59,641	100,000
Federal Reserve and Federal Home Loan Bank stock	34,319	100,000
Interest receivable	23,976	100,000
Core deposit intangibles and goodwill	165,974	100,000
Cash surrender value of life insurance	93,222	100,000
Other real estate owned	18,458	100,000
Other assets	40,568	100,000
	-----	-----
Total assets	\$ 4,784,752	\$ 3,700,000
	=====	=====
Liabilities		
Deposits		
Noninterest-bearing	460,519	300,000
Interest-bearing	3,258,292	2,400,000
	-----	-----
Total deposits	3,718,811	2,700,000
Borrowings		
Fed funds purchased	122,311	100,000
Securities sold under repurchase agreements	360,217	200,000
Federal Home Loan Bank advances	135,826	100,000
Subordinated debentures, revolving credit lines and term loans	135,826	100,000
	-----	-----
Total borrowings	618,354	500,000
Interest payable	8,844	100,000
Other liabilities	42,840	100,000
	-----	-----
Total liabilities	4,388,849	3,400,000
Stockholders' equity		
Preferred stock, no-par value		
Authorized and unissued - 500,000 shares		
Cumulative Preferred Stock, \$1,000 par value:		
Authorized - 600 shares		
Issued and outstanding - 125 shares	125	
Common stock, \$.125 stated value		
Authorized - 50,000,000 shares		
Issued and outstanding - 21,178,123 and 18,002,787 shares	2,647	

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Additional paid-in capital	202,299	1
Retained earnings	206,496	2
Accumulated other comprehensive loss	(15,664)	
	-----	-----
Total stockholders' equity	395,903	3
	-----	-----
Total liabilities and stockholders' equity	\$ 4,784,752	\$ 3,7
	=====	=====

FINANCIAL HIGHLIGHTS

(in thousands)	Three Months Ended	
	December 31,	
	2008	2007
NET CHARGE OFF'S	\$ 4,372	\$ 1,857
AVERAGE BALANCES		
Total Assets	\$ 3,870,159	\$ 3,735,931
Total Loans	3,082,061	2,873,989
Total Deposits	3,009,123	2,812,760
Total Stockholders' Equity	353,164	335,649
FINANCIAL RATIOS		
Return on Average Assets	.02%	1.00%
Return on Avg. Stockholders' Equity	0.25	11.10
Avg. Earning Assets to Avg. Assets	91.15	90.70
Allowance for Loan Losses as % of Total Loans	1.31	.98
Net Charge Off's as % of Avg. Loans (Annualized)	.57	.26
Dividend Payout Ratio	2,300.00	45.10
Avg. Stockholders' Equity to Avg. Assets	9.13	8.98
Tax Equivalent Yield on Earning Assets	6.21	7.13
Cost of Supporting Liabilities	2.33	3.47
Net Int. Margin (FTE) on Earning Assets	3.88	3.66

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)	Three Months Ended	
	December 31,	
	2008	2007
Interest income		
Loans receivable		
Taxable	\$ 48,433	\$ 53,338
Tax exempt	349	302
Investment securities		
Taxable	2,907	3,487
Tax exempt	1,511	1,623
Federal funds sold	7	39
Deposits with financial institutions	194	194
Federal Reserve and Federal Home Loan Bank stock	335	344
	-----	-----
Total interest income	53,736	59,327
	-----	-----
Interest expense		
Deposits	15,638	22,398
Federal funds purchased	108	692
Securities sold under repurchase agreements	502	1,182
Federal Home Loan Bank advances	2,583	3,250
Subordinated debentures, revolving credit lines		

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and term loans	1,757	1,910
	-----	-----
Total interest expense	20,588	29,432
	-----	-----
Net interest income	33,148	29,895
Provision for loan losses	9,654	2,450
	-----	-----
Net interest income		
After provision for loan losses	23,494	27,445
	-----	-----
Other income		
Services charges on deposit accounts	3,346	3,206
Fiduciary activities	1,831	2,094
Other customer fees	1,634	1,686
Commission income	1,271	1,031
Earnings on cash surrender value		
of life insurance	(2,130)	1,186
Net gains and fees on sales of loans	531	546
Net realized gains (losses) on sale of		
available-for-sale securities	(914)	1
Other income	717	383
	-----	-----
Total other income	6,286	10,133
	-----	-----
Other expenses		
Salaries and employee benefits	16,219	14,738
Net occupancy	2,299	1,619
Equipment	1,713	1,619
Marketing	610	505
Outside data processing fees	1,128	872
Printing and office supplies	361	329
Core deposit amortization	809	789
Write-off of unamortized underwriting expense		
Other expenses	6,458	4,776
	-----	-----
Total other expenses	29,597	25,247
	-----	-----
Income before income tax	183	12,331
Income tax expense	(38)	3,021
	-----	-----
Net income	\$ 221	\$ 9,310
	=====	=====

Per Share Data

Basic Net Income	.01	.51
Diluted Net Income	.01	.51
Cash Dividends Paid	.23	.23
Average Diluted Shares		
Outstanding (in thousands)	18,257	18,138

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CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2008	September 30, 2008	June 30, 2008
Assets			
Cash and due from banks	\$ 84,249	\$ 69,846	\$ 80,996
Federal funds sold	66,237	7,818	
	-----	-----	-----
Cash and cash equivalents	150,486	77,664	80,996
Interest-bearing time deposits	38,823	15,623	7,267
Investment securities	481,984	388,808	408,324
Mortgage loans held for sale	4,295	2,062	3,234
Loans	3,721,952	3,078,768	3,018,596
Less: Allowance for loan losses	(48,946)	(34,985)	(31,597)
	-----	-----	-----
Net loans	3,673,006	3,043,783	2,986,999
Premises and equipment	59,641	44,402	44,232
Federal Reserve and Federal Home Loan Bank Stock	34,319	25,494	25,455
Interest receivable	23,976	21,569	19,680
Core deposit intangibles and goodwill	165,974	135,701	136,230
Cash surrender value of life insurance	93,222	73,448	72,948
Other real estate owned	18,458	16,916	17,243
Other assets	40,568	18,604	19,852
	-----	-----	-----
Total assets	\$ 4,784,752	\$ 3,864,074	\$ 3,822,460
	=====	=====	=====
Liabilities			
Deposits			
Noninterest-bearing	460,519	384,928	403,152
Interest-bearing	3,258,292	2,529,355	2,460,483
	-----	-----	-----
Total deposits	3,718,811	2,914,283	2,863,635
Borrowings			
Fed funds purchased		57,600	151,356
Securities sold under repurchase agreements	122,311	100,227	90,872
Federal Home Loan Bank advances	360,217	237,225	228,196
Subordinated debentures, revolving credit, lines and term loans	135,826	176,256	115,826
	-----	-----	-----
Total borrowings	618,354	571,308	586,250
Interest payable	8,844	6,529	6,658
Other liabilities	42,840	19,861	18,525
	-----	-----	-----
Total liabilities	4,388,849	3,511,981	3,475,068
Stockholders' equity			
Preferred stock, no-par value			
Authorized and unissued - 500,000 shares			
Cumulative Preferred Stock, \$1,000 par value:			
Authorized - 600 shares	125	125	125
Issued and outstanding			
Common stock, \$.125 stated value			
Authorized - 50,000,000 shares			
Issued and outstanding	2,647	2,266	2,258
Additional paid-in capital	202,299	141,777	140,258
Retained earnings	206,496	210,605	206,059
Accumulated other comprehensive loss	(15,664)	(2,680)	(4,308)
	-----	-----	-----
Total stockholders' equity	395,903	352,093	347,392

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	----- \$ 4,784,752 =====	----- \$ 3,864,074 =====	----- \$ 3,822,460 =====
Total liabilities and stockholders' equity			
NON-PERFORMING ASSETS			
	December 31, 2008	September 30, 2008	June 30, 2008
Non Accrual Loans	87,546	37,879	34,410
Renegotiated Loans	130	135	136
	-----	-----	-----
Non Performing Loans (NPL)	87,676	38,014	34,546
Real Estate Owned and Repossessed Assets	18,458	16,916	17,243
	-----	-----	-----
Non Performing Assets (NPA)	106,134	54,930	51,789
90+ Days Delinquent	5,982	8,056	3,538
	-----	-----	-----
NPAs & 90 Day Delinquent	112,116	62,986	55,327
	-----	-----	-----
Loan Loss Reserve	48,946	34,985	31,597
YTD Charge-offs	15,602	11,230	7,524
	-----	-----	-----
NPAs / Actual Assets %	2.22%	1.42%	1.35%
NPAs & 90 Day / Actual Assets %	2.34%	1.63%	1.45%
NPAs / Actual Loans & REO (%)	2.83%	1.77%	1.70%
Loan Loss Reserves / Actual Loans (%)	1.31%	1.14%	1.05%
NCOs / YTD Average Loans (%)	0.52%	0.38%	0.26%

CONSOLIDATED STATEMENTS OF INCOME

	December 31, 2008	September 30, 2008	June 30, 2008
(in thousands, except share data)			
Loans receivable			
Taxable	\$ 48,433	\$ 49,828	\$ 49,023
Tax exempt	349	321	178
Investment securities			
Taxable	2,907	2,943	2,947
Tax exempt	1,511	1,379	1,452
Federal funds sold	7	10	3
Deposits with financial institutions	194	146	133
Federal Reserve and Federal Home Loan Bank stock	335	351	370
	-----	-----	-----
Total interest income	53,736	54,978	54,106
	-----	-----	-----
Interest expense			
Deposits	15,638	16,213	16,297
Federal funds purchased	108	502	577
Securities sold under repurchase agreements	502	650	632
Federal Home Loan Bank advances	2,583	2,724	2,825
Subordinated debentures, revolving credit lines and term loans	1,757	1,635	1,602
	-----	-----	-----
Total interest expense	20,588	21,724	21,933
	-----	-----	-----
Net interest income	33,148	33,254	32,173
Provision for loan losses	9,654	7,094	7,070
	-----	-----	-----

Net interest income

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After provision for loan losses	23,494	26,160	25,103
Other income			
Service charges on deposit accounts	3,346	3,568	3,157
Fiduciary activities	1,831	1,932	2,126
Other customer fees	1,634	1,696	1,767
Commission income	1,271	1,457	1,427
Earnings on cash surrender value of life insurance	(2,130)	519	606
Net gains and fees on sales of loans	531	648	668
Net realized gains (losses) on sales of available-for-sale securities	(914)	(1,255)	13
Other income	717	655	570
Total other income	6,286	9,220	10,334
Other expenses			
Salaries and employee benefits	16,219	15,330	15,698
Net occupancy	2,299	1,857	1,750
Equipment	1,713	1,649	1,643
Marketing	610	605	612
Outside data processing fees	1,128	1,068	1,009
Printing and office supplies	361	281	291
Core deposit amortization	809	809	808
Other expenses	6,458	5,516	4,593
Total other expenses	29,597	27,115	26,404
Income before income tax	183	8,265	9,033
Income tax expense	(38)	2,516	2,491
Net income	\$ 221	\$ 5,749	\$ 6,542
Per Share Data			
Basic Net Income	.01	.32	.37
Diluted Net Income	.01	.32	.36
Cash Dividends Paid	.23	.23	.23
Average Diluted Shares Outstanding (in thousands)	18,257	18,196	18,159
FINANCIAL RATIOS			
Return on Average Assets	.02%	.60%	.69%
Return on Average Stockholders' Equity	0.25	6.58	7.46
Avg. Earning Assets to Avg. Assets	91.15	91.02	90.94
Allowance for Loan Losses as % of Total Loans	1.31	1.14	1.05
Net Charge Off's as % of Average Loans (Annualized)	.57	.49	.61
Dividend Payout Ratio	2,300.00	71.88	63.85
Average Stockholders' Equity to Average Assets	9.13	9.09	9.30
Tax Equivalent Yield on Earning Assets	6.21	6.39	6.41
Cost of Supporting Liabilities	2.33	2.48	2.56
Net Interest Margin (FTE) on Earning Assets	3.88	3.91	3.85

LOANS

December 31, September 30, June 30,

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(in thousands, except share data)	2008	2008	2008
Commercial and industrial loans	\$ 904,646	\$ 851,233	\$ 815,137
Agricultural production financing and other loans to farmers	135,099	136,176	125,125
Real estate loans:			
Construction	252,487	167,512	181,598
Commercial and farmland	1,202,372	966,259	954,672
Residential	956,245	731,065	718,065
Individuals' loans for household and other personal expenditures	201,632	145,345	161,387
Tax exempt loans	28,070	34,010	22,553
Lease financing receivables, net of unearned income	8,996	9,262	9,158
Other loans	32,405	37,906	30,901
	-----	-----	-----
	3,721,952	3,078,768	3,018,596
Allowance for loan losses	(48,946)	(34,985)	(31,597)
	-----	-----	-----
Total loans	\$ 3,673,006	\$ 3,043,783	\$ 2,986,999
	=====	=====	=====

DEPOSITS

	December 31, 2008	September 30, 2008	June 30, 2008
(in thousands)			
Demand deposits	\$1,136,267	\$921,034	\$932,017
Savings deposits	721,387	540,596	546,951
Certificates and other time deposits of \$100,000 or more	509,730	469,426	444,967
Other certificates and time deposits	1,351,427	983,227	939,700
	-----	-----	-----
Total deposits	\$ 3,718,811	\$ 2,914,283	\$ 2,863,635
	=====	=====	=====