# 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): January 27, 2011

**Commission File Number 0-17071** 

# FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA (State or other jurisdiction of incorporation)

35-1544218 (IRS Employer 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:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o 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 January 27, 2011 First Merchants Corporation issued a press release to report its financial results for the fourth quarter ended December 31, 2010. A copy of 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 January 27, 2011, 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: <u>/s/ Mark K. Hardwick</u>
Mark K. Hardwick
Executive Vice President and Chief Financial Officer
(Principal Financial and Principal Accounting Officer)

Dated: January 27, 2011

# **EXHIBIT INDEX**

Exhibit No. Description

99.1 Press Release, dated January 27, 2011, issued by First Merchants Corporation

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

January 27, 2011

#### FOR IMMEDIATE RELEASE

For more information, contact: David L. Ortega, First Vice President/Director of Investor Relations 765-378-8937 http://www.firstmerchants.com/

SOURCE: First Merchants Corporation, Muncie, Indiana

#### FIRST MERCHANTS CORPORATION ANNOUNCES 2010 RESULTS

First Merchants Corporation (NASDAQ – FRME) has reported 2010 year-to-date earnings of \$.48 per fully diluted common share and net income available to common stockholders totaling \$11.7 million. Fourth quarter earnings totaled \$.10 per fully diluted common share and net income available to common stockholders totaled \$2.6 million.

Michael C. Rechin, President and Chief Executive Officer, stated, "Our results for 2010 are reflective of progress made in several fundamentals of our business allowing us to benefit from the growth opportunities in our markets. We achieved a meaningful increase in our capital levels, while building our net-interest margin and prudently managing our operating expenses. We also continued to achieve improvement in our asset quality. Non-performing asset levels reduced in the fourth quarter and throughout 2010. The improvement drove a materially lower loan loss provision that coupled with our net-interest income produced a return to profitability for 2010. Knowing that the economy remains tenuous, we continue to maintain a prudent reserve entering 2011 at 2.90 percent of our current loan portfolio."

Total assets were \$4.17 billion as of year-end a decline of \$311 million from December 31, 2009 as total loans, including loans held for sale, declined by \$421 million to \$2.86 billion. Loan demand from our commercial and consumer customers remains soft, but improved the overall liquidity of the balance sheet. The Corporation's non-maturity or demand and saving deposits totaled \$2.1 billion, 65 percent of total deposits, an increase of \$85 million or 4.2 percent.

Decreased loan demand and increased deposits are reflective of the economy and reduced customer leverage. Excess liquidity was used to strategically reduce higher paying term deposit liabilities and borrowings such as Federal Home Loan Bank advances and brokered certificates of deposit by \$400 million. Additionally, excess cash and short term investments were reinvested in the bond portfolio which now totals \$827 million. Overall, the Corporation's loan-to-deposit ratio declined from 93 percent to 87 percent and the loan-to-asset ratio declined from 73 percent to 69 percent.

Mark K. Hardwick, Executive Vice President and Chief Financial Officer, stated, "First Merchants is a more nimble company due to the completion of three data consolidations throughout 2010 and its move to a line of business organization structure. Improved net interest margin and lower overhead expenses helped mitigate the effects of fewer earning assets."

Net-Interest margin expanded during the year by 13 basis points, from 3.74 percent to 3.87 percent of earning assets. Asset yields declined by 24 basis points and the cost of supporting liabilities declined by 37 basis points. Net interest income totaled \$143.6 million a decline of \$9.7 million from the full year 2009 results of \$153.3 million.

The Corporation's allowance for loan losses totaled \$83 million as of year end 2010. The allowance now provides 91.6 percent coverage of all non-accrual loans and 2.90 percent of total loans. Provision expense for the year declined from \$122.2 million in 2009 to \$46.5 million in 2010 as net charge-off's also declined during the year from \$81.6 million to \$55.6 million.

Non-interest income totaled \$46.6 million for the year, after adjusting for positive bond gains and other-than-temporary impairment (OTTI) charges of \$1.9 million. Non-interest income for 2009 totaled \$46.5 million, after adjusting for positive bond gains and other-than-temporary impairment (OTTI) charges of \$4.4 million.

Total non-interest expense totaled \$142.3 million, a decrease of \$9.3 million when compared to 2009 expense total of \$151.6 million. Reductions in non-interest expense were achieved in every reported expense line item.

As of December 31, 2010, the Corporation's total risk-based capital measured 15.72 percent, Tier 1 risk-based capital totaled 12.80 percent, Tier 1 leverage ratio totaled 9.49 percent, and the tangible common equity ratio totaled 5.84 percent. All regulatory capital ratios exceed the regulatory definitions of "well capitalized".

#### CONFERENCE CALL

First Merchants Corporation will conduct a fourth quarter earnings conference call and web cast at 2:30 p.m. (ET) on Thursday, January 27, 2011.

To participate, dial (Toll Free) 877-317-6789 and reference First Merchants Corporation's fourth quarter earnings release. International callers please call +1 412-317-6789. A replay of the call will be available until February 4, 2011 at 9:00 a.m. (ET). To access a replay of the call, US/Canada participants should dial (Toll Free) 877-344-7529 or for International participants, dial +1 412-317-0088. The replay passcode is 446916.

In order to view the web cast and presentation slides, please go to <a href="http://www.talkpoint.com/viewer/starthere.asp?Pres=133654">http://www.talkpoint.com/viewer/starthere.asp?Pres=133654</a> during the time of the call.

During the call, Forward-Looking Statements about the relative business outlook may be made. 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.

#### **About First Merchants Corporation**

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. The Corporation is comprised of First Merchants Bank, N.A., which also operates as Lafayette Bank & Trust, Commerce National Bank, and First Merchants Trust Company as divisions of First Merchants Bank, N.A. First Merchants Corporation also operates First Merchants Insurance Group, a full-service property casualty, personal lines, and healthcare insurance agency.

First Merchants Corporation's common stock is traded on the NASDAQ Global Select Market System under the symbol FRME. Quotations are carried in daily newspapers and can be found on the company's Internet web page (<a href="http://www.firstmerchants.com">http://www.firstmerchants.com</a>).

\* \* \* \*

# CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	Dec	embe	ber 31,		
	2010		2009		
ASSETS					
Cash and due from banks	\$ 50,84	14 \$	76,801		
Federal funds sold	7,46	3	102,346		
Cash and cash equivalents	58,30		179.147		
Interest-bearing time deposits	65,22		74.025		
Investment securities	826,79		563,117		
Mortgage loans held for sale	21,46		8,036		
Loans	2,835,68	33	3,269,788		
Less: Allowance for loan losses	(82,97	'7)	(92,131)		
Net loans	2,752,70	06	3,177,657		
Premises and equipment	52,45		55,804		
Federal Reserve and Federal Home Loan Bank stock	33,88		38,576		
Interest receivable	18,67	<b>'</b> 4	20,818		
Core deposit intangibles and goodwill	154,03	9	158,740		
Cash surrender value of life insurance	96,73	31	94,636		
Other real estate owned	20,92	27	14,879		
Tax asset, deferred and receivable	45,03	.7	64,394		
Other assets	24,04	<b>1</b> 5	31,123		
TOTAL ASSETS	\$ 4,170,24	12 \$	4,480,952		
LIABILITIES	<u> </u>	= =			
Deposits:					
Noninterest-bearing	\$ 583,69	96 \$	516,487		
Interest-bearing	2,685,18		3,020,049		
Total Deposits	3,268,88		3,536,536		
Borrowings:	3,200,00	,0	3,330,330		
Securities sold under repurchase agreements	109,87	71	125,687		
Federal Home Loan Bank advances	82,68		129,749		
Subordinated debentures, revolving credit lines and term loans	226,44		194,790		
Total Borrowings	418,99		450,226		
Interest payable	4,26		5.711		
Other liabilities	24,30		24,694		
Total Liabilities	3,716,44		4,017,167		
STOCKHOLDERS' EQUITY	3,710,42	.0	4,017,107		
Preferred Stock, no-par value:					
Authorized 500,000 shares					
Series A, Issued and outstanding - 69,600 and 116,000 shares	67.88	30	112,373		
Cumulative Preferred Stock, \$1,000 par value, \$1,000 liquidation value:	07,00		112,010		
Authorized 600 shares					
Issued and outstanding - 125 shares	12	25	125		
Common Stock, \$.125 stated value:		.0			
Authorized 50,000,000 shares					
Issued and outstanding - 25,574,251 and 21,227,741 shares	3,19	7	2,653		
Additional paid-in capital	232,50	)3	206,600		
Retained earnings	160,25		150,860		
Accumulated other comprehensive loss	(10,19		(8,826)		
Total Stockholders' Equity	453,80		463,785		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,170,24				
TO THE EMPLITIES AND GROUNDEDLING EQUIT	Ψ 7,110,2-	= Ψ	7,700,002		

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CONSOLIDATED STATEMENTS OF OPERATIONS					Turker Mantha Fradad						
(Dollars in thousands, except per share amounts)		Three Mon			Twelve Months Ended December 31,						
		Decem 2010	ber 3	1, 2009		2010	1, 2009				
INTEREST INCOME											
Loans receivable:											
Taxable	\$	41,497	\$	48,297	\$	174,070	\$	205,616			
Tax exempt		(250)		296		515		1,038			
Investment securities:											
Taxable		3,680		2,348		12,957		12,335			
Tax exempt		2,573		2,668		10,377		9,587			
Federal funds sold		3		37		26		118			
Deposits with financial institutions		142		75		381		366			
Federal Reserve and Federal Home Loan Bank stock		312	_	348	_	1,252	_	1,379			
Total Interest Income		47,957		54,069	_	199,578		230,439			
INTEREST EXPENSE											
Deposits		8,427		12,445		39,876		58,391			
Federal funds purchased		000		F44		5		28			
Securities sold under repurchase agreements		383		511		1,712		1,997			
Federal Home Loan Bank advances		1,146		1,627		5,368		9,232			
Subordinated debentures, revolving credit lines and term loans		2,508	_	1,921	_	9,048		7,445			
Total Interest Expense		12,464		16,504	_	56,009		77,093			
NET INTEREST INCOME		35,493		37,565		143,569		153,346			
Provision for loan losses		7,078		26,020		46,483		122,176			
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES		28,415		11,545		97,086		31,170			
OTHER INCOME											
Service charges on deposit accounts		3,111		3,735		13,283		15,128			
Fiduciary activities		1,881		1,826		7,692		7,409			
Other customer fees		2,217		1,969		8,990		7,922			
Commission income		1,267		1,181		6,225		6,397			
Earnings on cash surrender value of life insurance		524		569		2,098		1,614			
Net gains and fees on sales of loans		2,384		1,744		6,806		6,849			
Net realized gains on sales of available for sale securities		1,305		1,984		3,406		11,141			
Other-than-temporary impairment on available for sale securities		004		(2,979)		(1,544)		(6,729)			
Other income		904		(472)	_	1,588	_	1,470			
Total Other Income		13,593		9,557	_	48,544		51,201			
OTHER EXPENSES											
Salaries and employee benefits		19,655		18,680		73,253		76,325			
Net occupancy		2,452		2,816		9,935		10,250			
Equipment		1,812		1,935		7,323		7,595			
Marketing Outside data processing fees		527 1,154		513		1,970 5,093		2,134			
Printing and office supplies		317		1,488 359		1,259		6,186 1,419			
Core deposit amortization		1,161		1,277		4,721		5,109			
FDIC assessments		2,044		3,203		8,121		10,394			
Other expenses		9,071		9,386		30,636		32,146			
Total Other Expenses		38,193	_	39,657	_	142,311		151,558			
INCOME (LOSS) BEFORE INCOME TAX			_		_		_				
Income tax expense (benefit)		3,815 390		(18,555) (8,334)		3,319 (2,984)		(69,187) (28,424)			
		3,425	_		_		_				
NET INCOME (LOSS)  Gain on exchange of preferred stock for trust preferred debt		3,425		(10,221)		6,303		(40,763)			
Preferred stock dividends and discount accretion		(870)		(1,451)		10,052 (4,633)		(4,979)			
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	\$	2,555	\$	(11,672)	\$	11,722	\$	(45,742)			
Per Share Data:	Ψ	2,000	Ψ	(11,012)	Ψ	11,122	Ψ	(+0,1+2)			
Basic Net Income (Loss) Available to Common Stockholders	\$	0.10	\$	(0.55)	\$	0.48	\$	(2.17)			
Diluted Net Income (Loss) Available to Common Stockholders	\$	0.10	\$	(0.55)	\$	0.48	\$	(2.17)			
Cash Dividends Paid	\$	0.10	\$	0.08	\$	0.40	\$	0.47			
Average Diluted Shares Outstanding (in thousands)	-	25,737	7	21,211	+	24,642	Ŧ	21,117			
3 ( ,		,		, -		,		,			

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(Dollars in thousands)		Ended 31,							
		2010		2009		2010	2009		
NET CHARGE OFF'S	\$	7,761	\$	20,807	\$	55,637	\$	81,628	
AVERAGE BALANCES:									
Total Assets	\$	4,249,187	\$	4,503,078	\$	4,271,714	\$	4,674,590	
Total Loans	•	2,893,657		3,345,086		3,050,850	Ť	3,546,316	
Total Earning Assets		3,835,814		4,065,295		3,862,493		4,245,134	
Total Deposits		3,323,209		3,544,233		3,337,747		3,603,509	
Total Stockholders' Equity		464,243		473,014		470,377		477,148	
FINANCIAL RATIOS:									
Return on Average Assets		0.24%	, )	-1.04%	)	0.27%	)	-0.98%	
Return on Average Stockholders' Equity		2.20		(9.87)		2.49		(9.59)	
Average Earning Assets to Average Assets		90.27		90.28		90.42		90.81	
Allowance for Loan Losses as % of Total Loans		2.90		2.81		2.90		2.81	
Net Charge Off's as % of Average Loans (Annualized)		1.07		2.49		1.82		2.30	
Average Stockholders' Equity to Average Assets		10.93		10.50		11.01		10.21	
Tax Equivalent Yield on Earning Assets		5.13		5.48		5.32		5.56	
Cost of Supporting Liabilities		1.30		1.62		1.45		1.82	
Net Interest Margin (FTE) on Earning Assets		3.83	83 3.86			3.87	3.74		

# **NON-PERFORMING ASSETS**

HOW I EN GRAMMO AGGETO			S	eptember						
(Dollars in thousands)	Dec	cember 31, 2010	30, 2010			June 30, 2010		March 31, 2010	De	cember 31, 2009
Non-Accrual Loans	\$	90,591	\$	98,597	\$	120,205	\$	122,891	\$	118,409
Renegotiated Loans		7,139		5,320		1,657		859		8,833
Non-Performing Loans (NPL)		97,730		103,917		121,862		123,750		127,242
Real Estate Owned and Repossessed Assets		20,927		21,546		20,124		18,268		14,879
Non-Performing Assets (NPA)		118,657		125,463		141,986		142,018		142,121
90+ Days Delinquent		1,330		5,320		4,537		2,600		3,967
NPAS & 90 Day Delinquent	\$	119,987	\$	130,783	\$	146,523	\$	144,618	\$	146,088
Loan Loss Reserve	\$	82.977	\$	83.660	\$	86.970	\$	88.568	\$	92,131
YTD Charge-offs	Ψ	55.637	Ψ	47.876	Ψ	34.045	Ψ	17.432	Ψ	81,628
NPAs / Actual Assets %		2.85%	ó	3.00%	ó	3.39%	ó	3.25%	)	3.17%
NPAs & 90 Day / Actual Assets %		2.88%	Ď	3.13%	ó	3.50%	ó	3.30%	)	3.26%
NPAs / Actual Loans and REO %		4.12%	, o	4.25%	, o	4.61%	, D	4.50%	)	4.32%
Loan Loss Reserves / Actual Loans (%)		2.90%	Ď	2.86%	Ď	2.84%	Ó	2.82%	)	2.81%
NCOs / YTD Average Loans (%)		1.82%	Ď	1.54%	Ď	1.08%	Ó	0.54%	)	2.30%

#### **CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)	Decer 31		S	eptember 30,		June 30,	M	arch 31,	D	ecember 31,
(Dollars III tilousarius)	201	•		2010		2010		2010		2009
ASSETS										
Cash and due from banks		0,844	\$	54,736	\$	60,223	\$	52,679	\$	76,801
Federal funds sold		7,463		6,392		4,101		7,044		102,346
Cash and cash equivalents		8,307		61,128		64,324		59,723		179,147
Interest-bearing time deposits		5,216		114,401		40,823		157,735		74,025
Investment securities		6,797		701,852		646,185		639,081		563,117
Mortgage loans held for sale		21,469		15,390		7,600		3,646		8,036
Loans		5,683		2,913,364		3,051,346	3	3,134,540		3,269,788
Less: Allowance for loan losses		32,977)		(83,660)		(86,970)		(88,568)		(92,131)
Net loans		2,706		2,829,704		2,964,376	3	3,045,972	(	3,177,657
Premises and equipment		2,450		52,774		53,437		54,431		55,804
Federal Reserve and Federal Home Loan Bank stock		3,884		36,271		36,218		36,721		38,576
Interest receivable		.8,674		20,310		18,894		19,532		20,818
Core deposit intangibles and goodwill	15	4,019		155,180		156,340		157,532		158,740
Cash surrender value of life insurance	9	6,731		96,206		95,666		95,146		94,636
Other real estate owned	2	0,927		21,546		20,124		18,268		14,879
Tax asset, deferred and refundable	4	5,017		50,972		52,839		59,190		64,394
Other assets	2	24,045		24,586		26,422		28,889		31,123
TOTAL ASSETS	\$ 4,17	0,242	\$	4,180,320	\$	4,183,248	\$ 4	,375,866	\$ 4	4,480,952
LIABILITIES	+ 1,=1	0,2 .2	Ť	1,200,020	<u> </u>	1,200,210		1,010,000	Ě	1,100,002
Deposits:										
Noninterest-bearing	\$ 58	3,696	\$	525,463	\$	516,769	\$	520,551	\$	516,487
Interest-bearing		5,184		2,728,888		2,744,194		2,877,235		3,020,049
Total Deposits		8,880		3,254,351		3,260,963		3,397,786		3,536,536
Borrowings:	3,20	00,000		3,234,331		3,200,903		,,391,100	,	3,330,330
Securities sold under repurchase agreements	10	9,871		109,647		107,505		112,826		125,687
Federal Home Loan Bank advances		32,684		92,628		100,540		123,261		129,749
Subordinated debentures, revolving credit lines and	O	2,004		92,020		100,540		123,201		129,149
term loans	22	26,440		227,514		225,867		194,794		194,790
		8,995	_	429,789	_		_	430,881	_	450,226
Total Borrowings						433,912				
Interest payable		4,262		4,011		4,911		4,812		5,711
Other liabilities		24,303	_	29,704	_	25,933		53,446	_	24,694
Total Liabilities	3,71	6,440		3,717,855		3,725,719	3	3,886,925	4	4,017,167
STOCKHOLDERS' EQUITY										
Preferred Stock, no-par value:										
Authorized 500,000 shares										
Series A, Issued and outstanding - 69,600 and 116,000	_									
shares	6	7,880		67,764		67,649		112,559		112,373
Cumulative Preferred Stock, \$1,000 par value, \$1,000										
liquidation value:										
Authorized 600 shares										
Issued and outstanding - 125 shares		125		125		125		125		125
Common Stock, \$.125 stated value:										
Authorized 50,000,000 shares										
Issued and outstanding - 25,574,251 and 21,227,741										
shares		3,197		3,194		3,191		3,187		2,653
Additional paid-in capital		32,503		231,979		231,372		230,764		206,600
Retained earnings		0,254		158,074		158,118		150,595		150,860
Accumulated other comprehensive income (loss)	(1	0,157)		1,329		(2,926)		(8,289)		(8,826)
Total Stockholders' Equity	45	3,802		462,465		457,529		488,941		463,785
TOTAL LIABILITIES AND STOCKHOLDERS'										
EQUITY	\$ 4,17	0,242	\$	4,180,320	\$	4,183,248	\$ 4	,375,866	\$ 4	4,480,952

Tranship	(Dollars in thousands, except per share amounts)		ecember 31, 2010		ptember 30, 2010		ıne 30, 2010		arch 31, 2010	De	ecember 31, 2009
Traxable (1942) 8 43,148 8 43,297 8 45,468 8 42,977 Tax exempt (205) 236 525 277 296 [Investment securilies: 1942] 1246 1256 1268 1268 1268 1268 1268 1268 1268 126	INTEREST INCOME									-	
Tax exempt (250) 236 252 277 296 (250) Tax exempt (150) T	Loans receivable:										
Transcript   3,680   3,100   3,286   2,891   2,248   Taxabing   2,573   2,610   2,548   2,646   2,646   Tax exempt   2,573   2,610   2,548   2,546   2,646   2,646   Tax exempt   2,546   2,548   2,546	Taxable	\$		\$	43,148	\$	43,977	\$	45,448	\$	48,297
Taxable	Tax exempt		(250)		236		252		277		296
Tax exempt Federal funds sold institutions Federal funds sold institutions Federal funds sold institutions  142 84 95 60 32 33 3 17 7 37 37 50 50 50 50 50 50 50 50 50 50 50 50 50	Investment securities:										
Tax exempt Federal funds sold institutions Federal funds sold institutions Federal funds sold institutions  142 84 95 60 32 33 3 17 7 37 37 50 50 50 50 50 50 50 50 50 50 50 50 50	Taxable		3,680		3,100		3,286		2,891		2,348
Federal funds sold   3   3   3   3   17   37   17   17   1	Tax exempt		2.573						2.646		2.668
Deposits with financial institutions   142   84   95   60   75   Federal Reserve and Federal Home Loan Bank stock   47,957   49,431   50,491   51,699   54,069									•		•
Federal Reserve and Federal Home Loan Bank stock   312   250   330   360   348   Total Interest Income   47957   47951   51,099   51,099   54,099									60		
Total Interest Income  Total Interest ExpNSIS  Deposits Pederal funds purchased   8,427   9,434   10,520   11,495   12,445   Federal funds purchased   1					_						
NTEREST EXPENSE				_		_				_	
Deposits   Securities Sold under repurchase agreements   Securities Sold under repurchase sold under repurchas			47,957	_	49,431	_	50,491	_	51,699		54,069
Federal funds purchased   1											
Securities sold under repurchase agreements   383   401   429   499   511   Federal Home Loan Bank advances   1.146   1.218   1.440   1.564   1.627   Subordinated debentures, revolving credit lines and term   2.508   2.695   1.919   1.926   1.921   Total Interest Expense   12.464   13.749   14.312   15.484   10.504   INTEREST INCOME   35.493   35.682   36.179   36.215   37.565   Provision for loan losses   7.078   10.521   15.015   13.690   26.020   INTERIST INCOME AFTER PROVISION FOR LOAN   28.415   25.161   21.164   22.346   11.545   TOHER INCOME   2.247   1.984   2.246   11.545   TOHER INCOME   2.247   2.080   2.255   2.285   2.285   2.286   1.991   TOHER INCOME   2.247   2.080   2.255   2.286   2.286   1.991   TOHICH INCOME   2.247   2.080   2.255   2.286			8,427				•		11,495		12,445
Federal Home Loan Bank advances   1,146   2,18   1,40   1,564   1,627							-				
Subordinated debentures, revolving credit lines and term paras   2,508							-				_
Total Interest Expense			1,146		1,218		1,440		1,564		1,627
Total Interest Expense	Subordinated debentures, revolving credit lines and term										
Total Interest Expense	oans		2,508		2,695		1,919		1,926		1,921
VET INTEREST INCOME   35,493   35,882   36,179   36,215   37,565   Provision for loan losses   7,078   10,521   15,015   13,869   26,020   VET INTEREST INCOME AFTER PROVISION FOR LOAN   28,415   25,161   21,164   22,346   11,545   25,005   21,000   21,0											
Provision for loan losses	<del>-</del>										
Internation   Section									•		
DITHER INCOME		_	7,078		10,521	_	15,015		±3,869		∠0,0∠0
Service charges on deposit accounts											
Service charges on deposit accounts			28,415		25,161		21,164		22,346		11,545
Fiduciary activities	OTHER INCOME										
Fiduciary activities	Service charges on deposit accounts		3,111		3,404		3,506		3,262		3,735
Other customer fees         2,217         2,080         2,195         2,498         1,989         1,181           Commission income         1,267         1,482         1,487         1,989         1,181           Earnings on cash surrender value of life insurance         524         540         526         508         569           Net gains and fees on sales of loans         2,384         2,088         1,185         1,149         1,744           Net realized and unrealized gains on sales of available for sale securities         6656         (400)         (488)         (2,979           Other income         904         332         208         144         (472           Other income         904         332         208         144         (472           Total Other Income         13,593         11,045         10,942         17,962         9,557           THER EXPENSES         19         1,655         18,094         17,942         17,562         18,680           Net occupancy         2,452         2,574         2,058         2,851         2,816           Equipment         1,612         1,797         1,861         1,852         1,938           Equipment         1,612         1,797         1,86							•		•		•
Commission income   1,267   1,482   1,487   1,989   1,181   Earnings on cash surreder value of life insurance   524   540   526   508   569   Net gains and fees on sales of loans   2,384   2,088   1,185   1,149   1,744   1,445											
Earnings on cash surrender value of life insurance   524   540   526   508   508   508   Net gains and fees on sales of loans   2.384   2.088   1.185   1.149   1.744   Net realized and unrealized gains on sales of available for lace securities   1.305   2   257   1.842   1.984   1.98											
Net gains and fiees on sales of loans   1,744   1,744   1,744   Net realized and unrealized gains on sales of available for sale securities   1,305   2   257   1,842   1,984   1,98											
Net realized and unrealized gains on sales of available for sale securities											
sale securities Other-than-temporary impairment on available for sale securities Other-than-temporary impairment on available for sale securities Other income 904 332 208 144 (472 Total Other Income 13,593 11,045 10,942 12,964 9,557 THER EXPENSES  Salaries and employee benefits 19,655 18,094 17,942 17,562 18,680 Net occupancy 2,452 2,574 2,058 2,851 2,816 Equipment 1,812 1,797 1,861 1,853 1,935 Marketing 527 519 495 429 513 Outside data processing fees 1,154 1,348 1,311 1,280 1,488 Printing and office supplies 317 303 321 318 359 Core deposit amortization 1,161 1,161 1,192 1,207 1,277 TPICIC assessments 2,044 2,112 2,243 1,722 3,203 Other expenses 9,071 7,227 6,920 7,418 9,366 Total Other Expenses 38,193 35,135 34,343 34,640 39,657 income tax expense (benefit) 390 (564) (1,894) (916) (8,334 LET INCOME (LOSS) BEFORE INCOME TAX 3,815 1,071 (2,237) 670 (18,555 income tax expense (benefit) 390 (564) (1,894) (916) (8,334 LET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS \$ 2,555 \$ 765 \$ 8,266 \$ 136 \$ (10,221 EVILLE OLD) COMMON STOCKHOLDERS \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ 0.05 C 28 Dividends and discount accretion (B70) \$ 0.02 \$ 0.35 \$ 0.01 \$ 0.05 C 28 Dividends Paid Average Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.08 Average Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid Average Dividends Paid \$ 0.01 \$ 0.02 \$ 0.35 \$ 0.01 \$ 0.05 C 28 Dividends Paid Average Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid Average Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid Average Stockholders Equity \$ 2,20 \$ 0.67 \$ 6.73 \$ 0.12 \$ 0.92 Average Bitcher Graph Average Assets \$ 0.24% \$ 0.07% \$ 0.77% \$ 0.01% \$ 0.02 \$ 0.35 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.05 C 28 Dividends Paid \$ 0.01 \$ 0			2,304		2,000		1,105		1,149		1,744
Content			1 205		2		257		1 0 4 2		1.004
Securities   (666) (400) (488) (2,979   Other income   904   332   208   144   (472   1754   Other Income   13,593   11,045   10,942   12,964   9,557   OTHER EXPENSES   Salaries and employee benefits   19,655   18,094   17,942   17,562   18,680   Net occupancy   2,452   2,574   2,058   2,851   2,816   Equipment   1,812   1,797   1,861   1,853   1,935   Marketing   527   519   495   429   513   Outside data processing fees   1,154   1,348   1,311   1,280   1,488   Printing and office supplies   317   303   321   318   359   Core deposit amortization   1,161   1,161   1,162   1,222   1,207   1,277   FDIC assessments   2,044   2,112   2,243   1,722   3,203   (1,401)   1,201   1,			1,305		2		257		1,842		1,984
Other income         904         332         208         1.44         (472           TOTAL Other Income         13,593         11,045         10,942         12,964         9,557           OTHER EXPENSES         Salaries and employee benefits         19,655         18,094         17,942         17,562         18,680           Net occupancy         2,452         2,574         2,058         2,861         2,816         2,818         2,811         2,818         2,935         419         513         3,935         321         3,18         3,935         321         3,18         3,535         3,321         3,18         3,535         3,433         3,4640         39,657         3,265         3,433         3,4640         39,657         3,41         3,155         1,717         2,233         4,604         3,255         1,635         1,635         1,					(050)		(400)		(400)		(0.070)
Total Other Income  THER EXPENSES  Salaries and employee benefits  Salaries and employee benefits  Salaries and employee benefits  19,655  18,094  17,942  17,562  18,680  Net occupancy  2,452  2,574  2,058  2,851  2,816  Equipment  1,812  1,797  1,861  1,853  1,935  Marketing  527  519  495  495  429  513  Outside data processing fees  1,154  1,348  1,311  1,280  1,488  Printing and office supplies  317  303  321  318  359  Core deposit amortization  1,161  1,161  1,161  1,192  1,207  1,277  FDIC assessments  2,044  2,112  2,243  1,722  3,203  Other expenses  9,071  7,227  6,920  7,418  9,386  Total Other Expenses  9,071  TOZOTO (18,555)  Income tax expense (benefit)  930  (564)  Gain on exchange of preferred stock for trust preferred lebt  Extrincome (Loss)  Freferred stock dividends and discount accretion  Extrincome (Loss)  Available to Common  Stockholders  Basic Net Income (Loss) Available to Common  Stockholders  South Income			004								
Salaries and employee benefits   19,655   18,094   17,942   17,562   18,680   Net occupancy   2,452   2,574   2,058   2,851   2,816   Equipment   1,812   1,797   1,861   1,853   1,935   Marketing   527   519   495   449   513   Outside data processing fees   1,154   1,348   1,311   1,280   1,488   Printing and office supplies   317   303   321   318   339   320   321   318   339   321   318   339   321   318   339   321   338   339   321   338   339   321   338   339   321   338   339   321   338   339   321   338   339   321   338   339   321   338   339   321   338   339   331   335   34,343   34,640   39,657   34,341   34,640   3	Other income										(472)
Salaries and employee benefits         19,655         18,094         1,7,942         17,562         18,685           Net occupancy         2,452         2,574         2,058         2,851         2,816           Equipment         1,812         1,797         1,861         1,853         1,935           Marketing         527         519         495         429         513           Outside data processing fees         1,154         1,348         1,311         1,280         1,488           Printing and office supplies         317         303         321         318         359           Core deposit amortization         1,161         1,161         1,192         1,207         1,277           FDIC assessments         2,044         2,112         2,243         1,722         3,203           Other expenses         9,071         7,227         6,920         7,418         9,366           Total Other Expenses         38,193         35,155         34,343         34,640         39,657           NCOME (LOSS) BEFORE INCOME TAX         3,815         1,071         (2,237)         670         (18,555           Income tax expense (benefit)         3,425         1,635         (343)         1,586 <t< td=""><td>Total Other Income</td><td></td><td>13,593</td><td></td><td>11,045</td><td></td><td>10,942</td><td></td><td>12,964</td><td></td><td>9,557</td></t<>	Total Other Income		13,593		11,045		10,942		12,964		9,557
Net occupancy	OTHER EXPENSES					_					
Net occupancy	Salaries and employee benefits		19.655		18.094		17.942		17.562		18.680
Equipment											
Marketing											
Dutside data processing fees   1,154   1,348   1,311   1,280   1,481   1,481   1,480   1,427   1,277   1,277   1,277   1,277   1,277   1,277   1,277   1,277   1,277   1,277   1,277   1,278											
Printing and office supplies   317   303   321   318   359   Core deposit amortization   1,161   1,161   1,192   1,207   1,277   FDIC assessments   2,044   2,112   2,243   1,722   3,203   Other expenses   9,071   7,227   6,920   7,418   9,386   Total Other Expenses   38,193   35,135   34,343   34,640   39,657   NCOME (LOSS) BEFORE INCOME TAX   3,815   1,071   (2,237)   670   (18,555   Income tax expense (benefit)   390   (564)   (1,894)   (916)   (8,334   NET INCOME (LOSS)   6,635   (1,635   1,6											
Core deposit amortization											
FDIC assessments											
Other expenses         9,071         7,227         6,920         7,418         9,386           Total Other Expenses         38,193         35,135         34,343         34,640         39,657           NCOME (LOSS) BEFORE INCOME TAX         3,815         1,071         (2,237)         670         (18,555)           Income tax expense (benefit)         390         (564)         (1,894)         (916)         (8,334)           NET INCOME (LOSS)         3,425         1,635         (343)         1,586         (10,221)           Gain on exchange of preferred stock for trust preferred lebt         10,052           Preferred stock dividends and discount accretion         (870)         (870)         (1,443)         (1,450)         (1,451)           NET INCOME (LOSS) AVAILABLE TO COMMON         STOCKHOLDERS         5         8,2555         765         8,266         136         (11,672)           PER SHARE:         Basic Net Income (Loss) Available to Common         STOCKHOLDERS         5         0,01         0,02         0,35         0,01         (0,55           Cash Dividends Paid         0,10         0,02         0,35         0,01         (0,55           Cash Dividends Paid         0,01 <td></td>											
Total Other Expenses   38,193   35,135   34,343   34,640   39,657     NCOME (LOSS) BEFORE INCOME TAX   3815   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   670   (18,555   1,071   (2,237)   (343)   1,586   (10,221   (2,237)   (343)   1,586   (10,221   (2,237)											
NCOME (LOSS) BEFORE INCOME TAX   3,815   1,071   (2,237)   670   (18,555   10,000   1,000	Other expenses										9,386
Income tax expense (benefit)   390 (564) (1,894) (916) (8,334     NET INCOME (LOSS)   3,425   1,635   (343)   1,586   (10,221     Gain on exchange of preferred stock for trust preferred lebt   10,052     Preferred stock dividends and discount accretion   (870) (870) (1,443) (1,450) (1,451     NET INCOME (LOSS) AVAILABLE TO COMMON     STOCKHOLDERS   \$ 2,555   \$ 765   \$ 8,266   \$ 136   \$ (11,672     PER SHARE:   Basic Net Income (Loss) Available to Common     Stockholders   \$ 0.10   \$ 0.02   \$ 0.35   \$ 0.01   \$ (0.55     Diluted Net Income (Loss) Available to Common     Stockholders   \$ 0.10   \$ 0.02   \$ 0.35   \$ 0.01   \$ (0.55     Cash Dividends Paid   \$ 0.01   \$ 0.01   \$ 0.01   \$ 0.01   \$ 0.08     Average Diluted Shares Outstanding (in thousands)   25,737   25,686   25,633   21,462   21,211     SINANCIAL RATIOS:   Return on Average Assets   0.24%   0.07%   0.77%   0.01%   -1.04     Return on Average Stockholders' Equity   2.20   0.67   6.73   0.12   (9.87     Average Earning Assets to Average Assets   90.27   90.39   90.34   90.64   90.28     Allowance for Loan Losses as % of Total Loans   2.90   2.86   2.84   2.82   2.81     Net Charge Off's as % of Average Loans (Annualized)   1.07   1.84   2.14   2.18   2.49     Average Stockholders' Equity to Average Assets   10.93   10.95   11.47   10.70   10.50     Tax Equivalent Yield on Earning Assets   5.13   5.38   5.38   5.39   5.48	Total Other Expenses		38,193		35,135		34,343		34,640		39,657
Income tax expense (benefit)   390 (564) (1,894) (916) (8,334     NET INCOME (LOSS)   3,425   1,635   (343)   1,586   (10,221     Gain on exchange of preferred stock for trust preferred lebt   10,052     Preferred stock dividends and discount accretion   (870) (870) (1,443) (1,450) (1,451     NET INCOME (LOSS) AVAILABLE TO COMMON     STOCKHOLDERS   \$ 2,555   \$ 765   \$ 8,266   \$ 136   \$ (11,672     PER SHARE:   Basic Net Income (Loss) Available to Common     Stockholders   \$ 0.10   \$ 0.02   \$ 0.35   \$ 0.01   \$ (0.55     Diluted Net Income (Loss) Available to Common     Stockholders   \$ 0.10   \$ 0.02   \$ 0.35   \$ 0.01   \$ (0.55     Cash Dividends Paid   \$ 0.01   \$ 0.01   \$ 0.01   \$ 0.01   \$ 0.08     Average Diluted Shares Outstanding (in thousands)   25,737   25,686   25,633   21,462   21,211     SINANCIAL RATIOS:   Return on Average Assets   0.24%   0.07%   0.77%   0.01%   -1.04     Return on Average Stockholders' Equity   2.20   0.67   6.73   0.12   (9.87     Average Earning Assets to Average Assets   90.27   90.39   90.34   90.64   90.28     Allowance for Loan Losses as % of Total Loans   2.90   2.86   2.84   2.82   2.81     Net Charge Off's as % of Average Loans (Annualized)   1.07   1.84   2.14   2.18   2.49     Average Stockholders' Equity to Average Assets   10.93   10.95   11.47   10.70   10.50     Tax Equivalent Yield on Earning Assets   5.13   5.38   5.38   5.39   5.48	NCOME (LOSS) BEFORE INCOME TAX		3.815		1.071		(2.237)		670		(18.555)
Set											
Casin on exchange of preferred stock for trust preferred debt   10,052   10,052   10,052   10,052   10,052   10,052   10,055		_				_				_	
Perferred stock dividends and discount accretion (870) (870) (1,443) (1,450) (1,451)  NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS \$ 2,555 \$ 765 \$ 8,266 \$ 136 \$ (11,672)  PER SHARE:  Basic Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55)  Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55)  Cash Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.08  Average Diluted Shares Outstanding (in thousands) 25,737 25,686 25,633 21,462 21,211  FINANCIAL RATIOS:  Return on Average Assets \$ 0.24% 0.07% 0.77% 0.01% -1.04  Return on Average Stockholders' Equity 2.20 0.67 6,73 0.12 (9.87  Average Earning Assets to Average Assets 90.27 90.39 90.34 90.64 90.28  Allowance for Loan Losses as % of Total Loans 2.90 2.86 2.84 2.82 2.81  Net Charge Off's as % of Average Loans (Annualized) 1.07 1.84 2.14 2.18 2.49  Average Stockholders' Equity to Average Assets 10.93 10.95 11.47 10.70 10.50  Tax Equivalent Yield on Earning Assets 5.39 5.48			3,423		1,033		(343)		1,500		(10,221)
Preferred stock dividends and discount accretion (870) (870) (1,443) (1,450) (1,451)  NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS \$ 2,555 \$ 765 \$ 8,266 \$ 136 \$ (11,672)  PER SHARE:  Basic Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Cash Dividends Paid \$ 0.01 \$ 0.							10.052				
STOCKHOLDERS   \$ 2,555   \$ 765   \$ 8,266   \$ 136   \$ (11,672   \$			(070)		(070)		•		(1 450)		(1 454)
### STOCKHOLDERS  ### STARE:  Basic Net Income (Loss) Available to Common  Stockholders  Diluted Net Income (Loss) Available to Common  Stockholders  Diluted Net Income (Loss) Available to Common  Stockholders  Cash Dividends Paid  Average Diluted Shares Outstanding (in thousands)  #### Stockholders  Return on Average Assets  Return on Average Assets  Allowance for Loan Losses as % of Total Loans  Net Charge Off's as % of Average Loans (Annualized)  Average Stockholders' Equity to Average Assets  Net Charge Off's as % of Average Assets  Net Charge Stockholders' Equity to Average Assets  10.93  10.95  11.47  10.70  10.50  \$ (0.55)  0.01 \$ (0.55)  0.05  0.01 \$ (0.55)  0.02 \$ (0.67 \$ 6.73 \$ 0.12 \$ (9.87)  0.01 \$ (0.55)  0.08 \$ (0.55)  0.08 \$ (0.55)  0.08 \$ (0.55)  0.08 \$ (0.55)  0.09 \$ (0.55)  0.00 \$ (0.55)  0.01 \$ (0.55)  0.01 \$ (0.55)  0.02 \$ (0.67 \$ 6.73 \$ 0.12 \$ (9.87)  0.01 \$ (0.55)  0.08 \$ (0.67 \$ 6.73 \$ 0.12 \$ (9			(870)		(87U)		(1,443)		(1,450)		(1,451)
PER SHARE: Basic Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Cash Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.08 Average Diluted Shares Outstanding (in thousands) 25,737 25,686 25,633 21,462 21,211  FINANCIAL RATIOS: Return on Average Assets 0.24% 0.07% 0.77% 0.01% -1.04 Return on Average Stockholders' Equity 2.20 0.67 6.73 0.12 (9.87 Average Earning Assets to Average Assets 90.27 90.39 90.34 90.64 90.28 Allowance for Loan Losses as % of Total Loans 2.90 2.86 2.84 2.82 2.81 Net Charge Off's as % of Average Loans (Annualized) 1.07 1.84 2.14 2.18 2.49 Average Stockholders' Equity to Average Assets 10.93 10.95 11.47 10.70 10.50 Tax Equivalent Yield on Earning Assets 5.13 5.38 5.38 5.39 5.48					_						
Basic Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Shares Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.08 Average Diluted Shares Outstanding (in thousands) \$ 25,737 \$ 25,686 \$ 25,633 \$ 21,462 \$ 21,211 \$ \]  FINANCIAL RATIOS:  Return on Average Assets \$ 0.24% \$ 0.07% \$ 0.77% \$ 0.01% \$ -1.04 \$ 0.01 \$ 0.	STOCKHOLDERS	\$	2,555	\$	765	\$	8,266	\$	136	\$	(11,672)
Basic Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Diluted Net Income (Loss) Available to Common Stockholders \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.08 Average Diluted Shares Outstanding (in thousands) \$ 25,737 \$ 25,686 \$ 25,633 \$ 21,462 \$ 21,211 \$ \]  FINANCIAL RATIOS:  Return on Average Assets \$ 0.24% \$ 0.07% \$ 0.77% \$ 0.01% \$ -1.04 \$ 0.07 \$ 0.07 \$ 0.01											
Stockholders	PER SHARE:										
Stockholders											
Diluted Net Income (Loss) Available to Common Stockholders \$ 0.10 \$ 0.02 \$ 0.35 \$ 0.01 \$ (0.55 Cash Dividends Paid \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.01 \$ 0.08 Average Diluted Shares Outstanding (in thousands) 25,737 25,686 25,633 21,462 21,211 CFINANCIAL RATIOS:  Return on Average Assets 0.24% 0.07% 0.77% 0.01% -1.04 Return on Average Stockholders' Equity 2.20 0.67 6.73 0.12 (9.87 Average Earning Assets to Average Assets 90.27 90.39 90.34 90.64 90.28 Allowance for Loan Losses as % of Total Loans 2.90 2.86 2.84 2.82 2.81 Net Charge Off's as % of Average Loans (Annualized) 1.07 1.84 2.14 2.18 2.49 Average Stockholders' Equity to Average Assets 10.93 10.95 11.47 10.70 10.50 Tax Equivalent Yield on Earning Assets 5.13 5.38 5.38 5.39 5.48		\$	0.10	\$	0.02	\$	0.35	\$	0.01	\$	(0.55)
Stockholders         \$ 0.10         \$ 0.02         \$ 0.35         \$ 0.01         \$ 0.08           Cash Dividends Paid         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.01         \$ 0.08         Average Diluted Shares Outstanding (in thousands)         25,737         25,686         25,633         21,462         21,211           FINANCIAL RATIOS:           Return on Average Assets         0.24%         0.07%         0.77%         0.01%         -1.04           Return on Average Stockholders' Equity         2.20         0.67         6.73         0.12         (9.87           Average Earning Assets to Average Assets         90.27         90.39         90.34         90.64         90.28           Allowance for Loan Losses as % of Total Loans         2.90         2.86         2.84         2.82         2.81           Net Charge Off's as % of Average Loans (Annualized)         1.07         1.84         2.14         2.18         2.49           Average Stockholders' Equity to Average Assets         10.93         10.95         11.47         10.70         10.50           Tax Equivalent Yield on Earning Assets         5.13							2.00				(3.33)
Cash Dividends Paid       \$ 0.01		\$	0.10	\$	0 02	\$	0.35	<b>.</b>	O O1	\$	(0.55)
Average Diluted Shares Outstanding (in thousands) 25,737 25,686 25,633 21,462 21,211  FINANCIAL RATIOS:  Return on Average Assets 0.24% 0.07% 0.77% 0.01% -1.04  Return on Average Stockholders' Equity 2.20 0.67 6.73 0.12 (9.87  Average Earning Assets to Average Assets 90.27 90.39 90.34 90.64 90.28  Allowance for Loan Losses as % of Total Loans 2.90 2.86 2.84 2.82 2.81  Net Charge Off's as % of Average Loans (Annualized) 1.07 1.84 2.14 2.18 2.49  Average Stockholders' Equity to Average Assets 10.93 10.95 11.47 10.70 10.50  Tax Equivalent Yield on Earning Assets 5.13 5.38 5.38 5.39 5.48											
FINANCIAL RATIOS:         Return on Average Assets       0.24%       0.07%       0.77%       0.01%       -1.04         Return on Average Stockholders' Equity       2.20       0.67       6.73       0.12       (9.87         Average Earning Assets to Average Assets       90.27       90.39       90.34       90.64       90.28         Allowance for Loan Losses as % of Total Loans       2.90       2.86       2.84       2.82       2.81         Net Charge Off's as % of Average Loans (Annualized)       1.07       1.84       2.14       2.18       2.49         Average Stockholders' Equity to Average Assets       10.93       10.95       11.47       10.70       10.50         Tax Equivalent Yield on Earning Assets       5.13       5.38       5.38       5.39       5.48		Ψ		Ψ		Ψ		Ψ		φ	
Return on Average Assets       0.24%       0.07%       0.77%       0.01%       -1.04         Return on Average Stockholders' Equity       2.20       0.67       6.73       0.12       (9.87         Average Earning Assets to Average Assets       90.27       90.39       90.34       90.64       90.28         Allowance for Loan Losses as % of Total Loans       2.90       2.86       2.84       2.82       2.81         Net Charge Off's as % of Average Loans (Annualized)       1.07       1.84       2.14       2.18       2.49         Average Stockholders' Equity to Average Assets       10.93       10.95       11.47       10.70       10.50         Tax Equivalent Yield on Earning Assets       5.13       5.38       5.38       5.39       5.48	Average Diluted Shares Outstanding (III thousands)		23,131		23,080		20,033		Z1,40Z		Z1,Z11
Return on Average Assets       0.24%       0.07%       0.77%       0.01%       -1.04         Return on Average Stockholders' Equity       2.20       0.67       6.73       0.12       (9.87         Average Earning Assets to Average Assets       90.27       90.39       90.34       90.64       90.28         Allowance for Loan Losses as % of Total Loans       2.90       2.86       2.84       2.82       2.81         Net Charge Off's as % of Average Loans (Annualized)       1.07       1.84       2.14       2.18       2.49         Average Stockholders' Equity to Average Assets       10.93       10.95       11.47       10.70       10.50         Tax Equivalent Yield on Earning Assets       5.13       5.38       5.38       5.39       5.48	INANCIAL RATIOS:										
Return on Average Stockholders' Equity       2.20       0.67       6.73       0.12       (9.87         Average Earning Assets to Average Assets       90.27       90.39       90.34       90.64       90.28         Allowance for Loan Losses as % of Total Loans       2.90       2.86       2.84       2.82       2.81         Net Charge Off's as % of Average Loans (Annualized)       1.07       1.84       2.14       2.18       2.49         Average Stockholders' Equity to Average Assets       10.93       10.95       11.47       10.70       10.50         Tax Equivalent Yield on Earning Assets       5.13       5.38       5.38       5.39       5.48			0.240/		0.070/		0 770/		0.010/		1.040
Average Earning Assets to Average Assets       90.27       90.39       90.34       90.64       90.28         Allowance for Loan Losses as % of Total Loans       2.90       2.86       2.84       2.82       2.81         Net Charge Off's as % of Average Loans (Annualized)       1.07       1.84       2.14       2.18       2.49         Average Stockholders' Equity to Average Assets       10.93       10.95       11.47       10.70       10.50         Tax Equivalent Yield on Earning Assets       5.13       5.38       5.38       5.39       5.48						)		)		J	
Allowance for Loan Losses as % of Total Loans       2.90       2.86       2.84       2.82       2.81         Net Charge Off's as % of Average Loans (Annualized)       1.07       1.84       2.14       2.18       2.49         Average Stockholders' Equity to Average Assets       10.93       10.95       11.47       10.70       10.50         Tax Equivalent Yield on Earning Assets       5.13       5.38       5.38       5.39       5.48											
Net Charge Off's as % of Average Loans (Annualized)1.071.842.142.182.49Average Stockholders' Equity to Average Assets10.9310.9511.4710.7010.50Tax Equivalent Yield on Earning Assets5.135.385.385.395.48											
Average Stockholders' Equity to Average Assets 10.93 10.95 11.47 10.70 10.50 Tax Equivalent Yield on Earning Assets 5.13 5.38 5.38 5.39 5.48											2.81
Average Stockholders' Equity to Average Assets 10.93 10.95 11.47 10.70 10.50 Tax Equivalent Yield on Earning Assets 5.13 5.38 5.38 5.39 5.48	Net Charge Off's as % of Average Loans (Annualized)				1.84		2.14				2.49
Tax Equivalent Yield on Earning Assets 5.13 5.38 5.38 5.39 5.48			10.00		10.05		11 /7				10.50
	Average Stockholders' Equity to Average Assets		10.93		10.93		11.47		10.70		10.50

#### LOANS

			S	September					
(Dollars in thousands)	De	cember 31,		30,	June 30,	1	March 31,	De	cember 31,
		2010		2010	 2010		2010		2009
Commercial and industrial loans	\$	530,322	\$	550,310	\$ 589,157	\$	621,591	\$	675,860
Agricultural production financing and other loans to									
farmers		95,516		99,087	108,439		109,457		121,031
Real estate loans:									
Construction		106,615		91,705	111,070		131,548		158,725
Commercial and farmland		1,229,037		1,229,836	1,269,455		1,282,635		1,276,164
Residential		724,020		779,483	816,823		821,014		841,584
Individuals' loans for household and other personal									
expenditures		115,295		128,400	129,724		142,108		154,132
Lease financing receivables, net of unearned income		5,157		5,763	6,143		6,396		7,135
Other loans		29,721		28,780	 20,535		19,791		35,157
Loans		2,835,683		2,913,364	3,051,346		3,134,540		3,269,788
Allowance for loan losses		(82,977)		(83,660)	(86,970)		(88,568)		(92,131)
NET LOANS	\$	2,752,706	\$	2,829,704	\$ 2,964,376	\$	3,045,972	\$	3,177,657
				<u> </u>					

# **DEPOSITS**

(Dollars in thousands)	De	ecember 31, 2010	_	30, 2010	 June 30, 2010	 March 31, 2010	De	ecember 31, 2009
Demand deposits	\$	1,362,927	\$	1,288,975	\$ 1,246,006	\$ 1,261,305	\$	1,308,741
Savings deposits		763,949		761,181	730,105	738,742		733,142
Certificates and other time deposits of \$100,000 or more		334,748		350,623	374,016	416,113		438,264
Other certificates and time deposits		661,569		685,917	715,941	750,382		781,509
Brokered deposits		145,687		167,655	194,895	231,244		274,880
TOTAL DEPOSITS	\$	3,268,880	\$	3,254,351	\$ 3,260,963	\$ 3,397,786	\$	3,536,536