FILER:

COMPANY DATA:
COMPANY CONFORMED NAME: FIRST BANKS, INC
CENTRAL INDEX KEY: 0000710507
STANDARD INDUSTRIAL CLASSIFICATION: NATIONAL COMMERCIAL BANKS [6021]
IRS NUMBER: 431175538
STATE OF INCORPORATION: MO
FISCAL YEAR END: 1231

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FORMER COMPANY:
FORMER CONFORMED NAME: FIRST BANKS INC
DATE OF NAME CHANGE: 19940805
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

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

For the transition period from ________ to ________

Commission File Number - 0-20632

FIRST BANKS, INC.
(Exact name of registrant as specified in its charter)

MISSOURI	43-1175538
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

135 North Meramec, Clayton, Missouri 63105
(Address of principal executive offices) (Zip code)

(314) 854-4600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
8.15% Cumulative Trust Preferred Securities (issued by First Preferred Capital Trust IV and guaranteed by First Banks, Inc.)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ] Yes [X] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. [X] Yes [ ] No

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. [X] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]   Accelerated filer [ ]
Non-accelerated filer [X] (Do not check if a smaller reporting company)   Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). [ ] Yes [X] No

None of the voting stock of the Company is held by non-affiliates. All of the voting stock of the Company is owned by various trusts, which were established by and for the benefit of Mr. James F. Dierberg, the Company's Chairman of the Board of Directors, and members of his immediate family.

At March 26, 2008, there were 23,661 shares of the registrant's common stock outstanding.

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FIRST BANKS, INC.

2007 ANNUAL REPORT ON FORM 10-K

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain forward-looking statements with respect to our financial condition, results of operations and business. Generally, forward-looking statements may be identified through the use of words such as: "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning or future or conditional terms such as: "will," "would," "should," "could," "may," "likely," "probably," or "possibly." Examples of forward-looking statements include, but are not limited to, estimates or projections with respect to our future financial condition, and expected or anticipated revenues with respect to our results of operations and our business. These forward-looking statements are subject to certain risks and uncertainties, not all of which can be predicted or anticipated. Factors that may cause our actual results to differ materially from those contemplated by the forward-looking statements herein include market conditions as well as conditions affecting the banking industry generally and factors having a specific impact on us, including but not limited to: fluctuations in interest rates and in the economy, including the threat of future terrorist activities, existing and potential wars and/or military actions related thereto, and domestic responses to terrorism or threats of terrorism; the impact of laws and regulations applicable to us and changes therein; the impact of accounting pronouncements applicable to us and changes therein; competitive conditions in the markets in which we conduct our operations, including competition from banking and non-banking companies with substantially greater resources than us, some of which may offer and develop products and services not offered by us; our ability to control the composition of our loan portfolio, including our real estate concentration, without adversely affecting interest income; the credit risk associated with consumers who may not repay loans; the geographic dispersion of our offices; the impact our hedging activities may have on our operating results; the highly regulated environment in which we operate; and our ability to respond to changes in technology. With regard to our efforts to grow through acquisitions, factors that could affect the accuracy or completeness of forward-looking statements contained herein include: our ability to consummate pending acquisitions; the competition of larger acquirers with greater resources; fluctuations in the prices at which acquisition targets may be available for sale; the impact of making acquisitions without using our common stock; and possible asset quality issues, unknown liabilities or integration issues with the businesses that we have acquired. Refer to further discussion under "Business --Item 1A Risk Factors" for factors that may impact these forward-looking statements. We do not have a duty to and will not update these forward-looking statements. Readers of this Annual Report on Form 10-K should therefore consider these risks and uncertainties in evaluating forward-looking statements and should not place undue reliance on these statements.

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PART I

Item 1. Business

General. We are a registered bank holding company incorporated in Missouri in 1978 and headquartered in St. Louis, Missouri. We operate through our wholly owned subsidiary bank holding company, The San Francisco Company, or SFC, and SFC's majority-owned subsidiary bank, First Bank, both headquartered in St. Louis, Missouri. In conjunction with the acquisition of Coast Financial Holdings, Inc., or CFHI, on November 30, 2007, First Bank issued one million shares of Class B non-voting common stock to CFHI, and thus, First Bank became 96.89% owned by SFC and 3.11% owned by CFHI. First Bank operates through its subsidiaries, as listed below, and its branch banking offices. First Bank's subsidiaries are wholly owned, except for SBLS LLC, which was 76.0% owned by First Bank and 24.0% owned by First Capital America, Inc. as of December 31, 2007.

- First Bank Business Capital, Inc.;
- Missouri Valley Partners, Inc., or MVP;
- Adrian N. Baker & Company, or Adrian Baker;
- Universal Premium Acceptance Corporation and its wholly owned subsidiary, UPAC of California, Inc., or collectively, UPAC; and
- Small Business Loan Source LLC, or SBLS LLC.

First Bank currently operates 217 branch offices in California, Florida, Illinois, Missouri and Texas, with 253 automated teller machines, or ATMs, across the five states. Over the last ten years, our organization has grown significantly, primarily as a result of our acquisition strategy, as well as through internal growth. At December 31, 2007, we had assets of $10.90 billion, loans, net of unearned discount, of $8.88 billion, deposits of $9.15 billion and stockholders' equity of $867.5 million.

Through First Bank, we offer a broad range of financial services, including commercial and personal deposit products, commercial and consumer lending, and many other financial products and services. Commercial and personal deposit products include demand, savings, money market and time deposit accounts. In addition, we market combined basic services for various customer groups, including packaged accounts for more affluent customers, and sweep accounts, lock-box deposits and cash management products for commercial customers. Commercial lending includes commercial, financial and agricultural loans, real estate construction and development loans, commercial real estate loans, small business lending, asset-based loans, trade financing and insurance premium financing. Consumer lending includes residential real estate, home equity and installment lending. Other financial services include mortgage banking, debit cards, brokerage services, employee benefit and commercial and personal insurance services, internet banking, remote deposit, ATMs, telephone banking, safe deposit boxes, and trust, private banking and institutional money management services. The revenues generated by First Bank and its subsidiaries consist primarily of interest income, generated from our loan and investment security portfolios, service charges and fees generated from our deposit products and services, and fees generated by our mortgage banking, insurance, and trust, private banking and institutional money management business units. Our extensive line of products and services are offered to customers primarily within our geographic areas, which include eastern Missouri, Illinois, including the Chicago metropolitan area, southern and northern California, Houston and Dallas, Texas, and Florida, including Bradenton and the greater Tampa metropolitan area. Certain loan products, including small business loans and insurance premium financing loans, are available nationwide through our subsidiaries, SBLS LLC and UPAC.

Primary responsibility for managing our banking units rests with the officers and directors of each unit, but we centralize many of our overall corporate policies, procedures and administrative functions and provide centralized operational support functions for our subsidiaries. This practice allows us to achieve various operating efficiencies while allowing our banking units to focus on customer service.

Various trusts, established by and administered by and for the benefit of Mr. James F. Dierberg, our Chairman of the Board, and members of his immediate family, own all of our voting stock. Mr. Dierberg and his family, therefore, control our management and policies.

We have formed numerous affiliated Delaware or Connecticut business or statutory trusts. These trusts operate as financing entities and were created for the sole purpose of issuing trust preferred securities, and the sole assets of the trusts are our subordinated debentures. In conjunction with the formation of our financing entities and their issuance of the trust preferred securities, we issued subordinated debentures to each of our financing entities in amounts equivalent to the respective trust preferred securities plus the amount of the common securities of the individual trusts, as outlined in the following table and more fully described in Note 12 to our Consolidated Financial Statements. We pay interest on our subordinated debentures to our respective financing entities. In turn, our financing entities pay distributions to the holders of the trust preferred securities. The interest payable on our subordinated debentures is included in interest expense in our consolidated statements of income.
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The trust preferred securities issued by First Preferred Capital Trust IV are publicly held and traded on the New York Stock Exchange, or NYSE. The remaining trust preferred securities were issued in private placements. The trust preferred securities have no voting rights except in certain limited circumstances. A summary of the outstanding trust preferred securities issued by our affiliated statutory and business trusts, and our related subordinated debentures issued to our respective trusts in conjunction with the trust preferred securities offerings, is as follows:

<TABLE>
<CAPTION>

Name of Trust	Date of Trust Formation	Type of Offering	Interest Rate	Preferred Securities	S
<S>	<C>	<C>	<C>	<C>	
First Preferred Capital Trust IV	January 2003	Publicly Underwritten	8.15%	$46,000,000	$
First Bank Statutory Trust	March 2003	Private Placement	8.10%	25,000,000	
First Bank Statutory Trust II	September 2004	Private Placement	Variable	20,000,000	
Royal Oaks Capital Trust I	October 2004	Private Placement	Variable	4,000,000	
First Bank Statutory Trust III	November 2004	Private Placement	Variable	40,000,000	
First Bank Statutory Trust IV	February 2006	Private Placement	Variable	40,000,000	
First Bank Statutory Trust V	April 2006	Private Placement	Variable	20,000,000	
First Bank Statutory Trust VI	June 2006	Private Placement	Variable	25,000,000	
First Bank Statutory Trust VII	December 2006	Private Placement	Variable	50,000,000	
First Bank Statutory Trust VIII	February 2007	Private Placement	Variable	25,000,000	
First Bank Statutory Trust X	August 2007	Private Placement	Variable	15,000,000	
First Bank Statutory Trust IX	September 2007	Private Placement	Variable	25,000,000	
First Bank Statutory Trust XI	September 2007	Private Placement	Variable	10,000,000	

</TABLE>

Strategy. In the development of our banking franchise, we have focused on building and reorganizing our infrastructure as necessary to accomplish our objectives for organic growth, and to supplement this growth with de novo and acquisition strategies to further expand our banking franchise. Our organization is structured to leverage a strong sales force in each of our major market areas in an effort to continue to provide quality financial products and the highest level of customer service to our expanding customer base. Within the individual markets, the sales organization is supported by a regional structure to position it to serve the market opportunities within each area in the five states in which we operate. We are committed to serving the small business and mid-sized commercial segments along with the retail consumer market. We have devoted significant resources to improving our infrastructure dedicated to rapid approval, underwriting and documentation of consumer loans, strengthening our small business services area, increasing our commercial business development staff, reorganizing our marketing and product management areas, improving the quality and depth of our regional commercial and consumer management groups, and increasing resources for financial service product line and delivery systems, branch development and training, and administrative and operational support.

In the past three years, we have added two business lines, including an insurance premium financing company and an insurance brokerage agency, providing our customers with new and expanded products and services to complement our existing line of financial services. In line with our small business lending strategy, we segmented the loan origination and servicing functions and added new business development officers throughout our markets. Through our acquisition of CFHI on November 30, 2007, we entered a fifth state, expanding our banking franchise by 20 branch offices in Florida's Manatee, Pinellas, Hillsborough and Pasco counties. Our entrance into Florida should provide further opportunities for growth and delivery of our full range of financial products and services. We further expanded our banking franchise in the Houston and Dallas markets, as well as in southern California. With the significant expansion of our Chicago banking franchise over recent years, we have created a complete regional structure in the Chicago area as well as three additional commercial banking groups to enable our credit administration, commercial real estate and commercial and industrial banking groups, branch administration, credit review, and human resources and training functions to better serve our customers and employees. We continue to focus on modifying and effectively repositioning our internal and external resources to better serve the markets in which we operate. Although these efforts have led to certain increased capital expenditures and noninterest expenses, we expect they will lead to additional internal growth, more efficient operations and improved profitability over the long term, in accordance with our long-term corporate vision.

In the development of our banking franchise, we acquire other entities providing financial services as one means of achieving our growth objectives and to augment internal growth. Acquisitions may serve to enhance our presence in a given market, to expand the extent of our market area, to enable us to enter new or noncontiguous markets or to enable us to expand the array of financial services that we provide. Due to the nature of our ownership, we have elected to engage only in those acquisitions that can be accomplished for cash, rather than by issuing securities, which given the characteristics of the acquisition arena

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may, at times, place us at a competitive disadvantage relative to other acquirers offering stock transactions. This results from the market attractiveness of other financial institutions' stock and the advantages of tax-free exchanges to the selling shareholders. Our acquisition activities are generally somewhat sporadic because we may consummate multiple transactions in a particular period, followed by a substantially less active acquisition period. Furthermore, the intangible assets recorded in conjunction with these acquisitions create an immediate reduction in our regulatory capital, providing further financial disincentives to paying large premiums in cash acquisitions.

Recognizing these facts, we generally follow certain patterns in our acquisitions. First, we generally acquire several smaller institutions, sometimes over an extended period of time, rather than a single larger one. We attribute this approach to the constraints imposed by the amount of funds required for a larger transaction, as well as the opportunity to minimize the aggregate premium required through smaller individual transactions. We may, however, periodically acquire larger institutions that provide us with the opportunity to rapidly expand our market presence in a highly desired market area. Secondly, in some acquisitions, we may acquire institutions having significant asset-quality, ownership, legal, regulatory or other problems. We seek to address the risks of these issues by adjusting the acquisition pricing, accompanied by appropriate remedial attention after consummation of the transaction. In these institutions, these issues may diminish their attractiveness to other potential acquirers, and therefore may reduce the amount of acquisition premium required. Finally, we may pursue our acquisition strategy in other geographic areas, or pursue internal growth more aggressively because cash transactions may not be economically viable in extremely competitive acquisition markets.

Our acquisitions have allowed us to significantly expand our presence throughout our geographic markets, improve operational efficiencies, convey a more consistent image and quality of service and more cohesively market and deliver our products and services. Following our acquisitions, various undertakings are necessary to effectively integrate the acquired entities into our business systems and culture. While the specific activities required are dependent upon the individual circumstances surrounding each acquisition, the majority of our efforts have been concentrated in various areas including, but not limited to: (a) improving asset quality; (b) reducing unnecessary, duplicative and/or excessive expenses including personnel, information technology and certain other operational and administrative expenses; (c) maintaining, repairing and, in some cases, refurbishing bank premises necessitated by the deferral of such projects by some of the acquired entities; (d) renegotiating long-term leases that provide space in excess of that necessary for banking activities and/or at rates in excess of current market rates, or subleasing excess space to third parties; (e) relocating branch offices that are not adequate, conducive or convenient for banking operations; and (f) managing actual or potential litigation that existed with respect to acquired entities to minimize the overall costs of negotiation, settlement or litigation.

The post-acquisition process also includes the combining of separate and distinct entities together to form a cohesive organization with common objectives and focus. We have invested and continue to invest significant resources to reorganize staff, recruit and train personnel where needed, and establish the direction and focus necessary for the combined entity to take advantage of the opportunities available to it. This investment generally contributes to increases in noninterest expense, and results in the creation of new banking units within the newly integrated combined entity, which convey a more consistent image and quality of service. The new banking units provide a broad array of banking products to their customers and generally compete effectively in their marketplaces, even in the presence of other financial institutions with much greater resources. While some of these modifications do not contribute to reductions of noninterest expense, they contribute to the commercial and retail business development efforts of the combined entity, and ultimately to their prospects for improving future profitability.

Our business strategy also encompasses the opening of de novo branch offices as another means of achieving our growth objectives, particularly when our acquisition prospects are somewhat limited, primarily due to the market environment requiring significantly higher premiums in order to transact financial institution acquisitions. Our de novo branch strategy also provides similar opportunities to our acquisition strategy by allowing us to enhance our presence in our existing markets and enter new markets. Additionally, we generally have more flexibility in selecting the most opportunistic sites for our de novo branches, constructing the branch offices in accordance with our standard business model and marketing and promoting our customized products and services under our long-established trade name. We opened nine de novo branch offices over the past three years and have plans underway to open several de novo branch offices over the next few years. We expect to further concentrate our efforts on this portion of our business strategy while continuing to identify viable acquisition candidates at reasonable acquisition premiums that are commensurate with our established acquisition strategy.

Acquisitions. In the continuing development of our banking franchise, we emphasize acquiring other financial institutions and financial services companies as one means of achieving our growth objectives. After we consummate an acquisition, we expect to enhance the franchise of the acquired entity by supplementing the marketing and business development efforts to broaden the customer base, strengthening particular segments of the business or filling voids in the overall market coverage.
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During the three years ended December 31, 2007, we completed ten bank acquisitions, four branch office purchases, and the acquisition of an insurance premium financing company and an insurance brokerage agency. As demonstrated in the following table, our acquisitions during the past three years have expanded our banking franchise to a fifth state with our entrance into the Florida market, significantly increased our banking franchise presence in the dynamic market areas of Houston, Dallas and southern California, and further augmented our existing markets in metropolitan Chicago and the Midwest. We funded these acquisitions from available cash reserves, borrowings under our secured credit facility and proceeds from the issuance of subordinated debentures.

These transactions, which are further described in Note 2 to our Consolidated Financial Statements, are summarized as follows:

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Entity / Closing Date	Total Assets	Loans, Net of Unearned Discount	Investment Securities	Deposits	Purchase Price	Goodwill and Other Intangibles

------------	------	--------	----------	--------	-----	----------
			(dollars expressed in thousands)			
2007						
- ----						
Coast Financial Holdings, Inc.						
Bradenton, Florida						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
November 30, 2007	$ 660,400	518,000	70,400	628,100	12,100	10,600
Royal Oaks Bancshares, Inc.						
Houston, Texas						
February 28, 2007	206,900	175,500	4,100	159,100	38,600	27,700
	---------	-------	------	-------	-------	-------
	$ 867,300	693,500	74,500	787,200	50,700	38,300
	=========	=======	======	=======	=======	=======
2006						
- ----						
MidAmerica National Bank						
Peoria and Bloomington,						
Illinois						
Branch Offices (1)						
November 10, 2006	$ 158,300	154,100	--	48,200	--	2,400
First Bank of Beverly Hills						
Beverly Hills, California						
Branch Office (2)						
November 3, 2006	157,500	--	--	156,100	--	8,700
TeamCo, Inc.						
Oak Lawn, Illinois						
August 31, 2006	67,900	43,100	16,100	60,100	13,900	9,600
San Diego Community Bank						
Chula Vista, California						
August 15, 2006	91,700	78,600	2,800	76,100	25,500	11,200
Universal Premium Acceptance						
Corporation						
Lenexa, Kansas						
May 31, 2006	152,800	149,200	--	--	52,700 (3)	44,700
First Independent National Bank						
Plano, Texas						
May 1, 2006	68,200	59,600	800	55,500	19,200	11,800
Pittsfield Community						
Bancorp, Inc.						
Pittsfield, Illinois (4)						
April 28, 2006	17,600	11,100	3,300	12,300	5,100	1,300
Adrian N. Baker & Company						
Clayton, Missouri						
March 31, 2006	3,000	--	--	--	7,400	9,500
Dallas National Bank						
Richardson, Texas						
Branch Office (5)						
January 20, 2006	1,100	100	--	1,100	--	--
First National Bank of Sachse						
Sachse, Texas						
January 3, 2006	76,200	49,300	14,300	66,200	20,800	12,400
	---------	-------	------	-------	-------	-------
	$ 794,300	545,100	37,300	475,600	144,600	111,600
	=========	=======	======	=======	=======	=======

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		Loans,				
		Net of				Goodwill

Entity / Closing Date	Total Assets	Unearned Discount	Investment Securities	Deposits	Purchase Price	and Other Intangibles
			(dollars expressed in thousands)			
2005						
Northway State Bank Grayslake, Illinois						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
October 31, 2005	$ 50,400	41,800	--	45,200	10,300	5,400
International Bank of California Los Angeles, California September 30, 2005	151,600	113,500	14,700	132,100	33,700	15,800
Bank and Trust Company Roodhouse, Illinois Branch Office (6) September 23, 2005	5,000	--	--	5,100	--	100
FBA Bancorp, Inc. Chicago, Illinois April 29, 2005	73,300	54,300	5,400	55,700	10,500	4,500
	$ 280,300	209,600	20,100	238,100	54,500	25,800

(1) The Peoria and Bloomington, Illinois branch offices of MidAmerica National Bank, or MidAmerica acquired by First Bank through a purchase of certain assets and assumption of certain liabilities branch offices. Total assets consisted primarily of loans and fixed assets. Concurrent wit transaction, First Bank closed and merged one of the former MidAmerica banking offices into an ex First Bank banking office located in Peoria, Illinois, and, in addition, First Bank closed and merg of its existing banking offices into one of the former MidAmerica banking offices located in P Illinois.

(2) The Beverly Hills, California branch office of First Bank of Beverly Hills was acquired by Firs through a purchase of certain assets and assumption of certain liabilities of the branch office. assets consisted primarily of cash received upon assumption of the deposit liabilities and certain a

(3) In conjunction with the acquisition of UPAC, First Bank repaid in full the outstanding seni subordinated notes of UPAC, including accumulated accrued and unpaid interest, totaling $125.9 millio

(4) Community Bank operated two banking offices, one in Pittsfield, Illinois and one in Mount Ste Illinois. On June 16, 2006, First Bank sold the Mount Sterling, Illinois banking office to Bear Savings, s.b. At the time of the sale, the Mount Sterling banking office had assets of $2.7 million, net of unearned discount, of $2.4 million, and deposits of $3.7 million. First Bank consolidate existing banking office in Pittsfield with and into the acquired Pittsfield banking office.

(5) The Richardson, Texas branch office of Dallas National Bank was acquired by First Bank through a pu of certain assets and assumption of certain liabilities of the branch office. Total assets cor primarily of cash received upon assumption of the deposit liabilities and certain assets.

(6) The Roodhouse, Illinois branch of Bank and Trust Company was acquired by First Bank through a purch certain assets and assumption of certain liabilities of the branch office. Total assets consisted pri of cash received upon assumption of the deposit liabilities.

</TABLE>

For the years ended December 31, 2007, 2006 and 2005, net income was $57.2 million, $111.7 million and $96.9 million, respectively. Additional information pertaining to our business and results of operations is included in the information set forth in pages 17 through 51 of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in pages 106 through 107 of "Note 20 to our Consolidated Financial Statements," and is incorporated herein by reference. Although we may encounter certain short-term adverse effects on our operating results associated with acquisitions, we believe the long-term benefits of our acquisition program will exceed the short-term issues encountered with certain acquisitions. Accordingly, in addition to concentrating on internal growth through continued efforts to further develop our corporate infrastructure and product and service offerings, we expect to continue to identify and pursue opportunities for further growth through acquisitions and expansionary de novo branch activities.

De Novo Branch Offices. During the three years ended December 31, 2007, we opened the following nine de novo branch offices:

<TABLE>
<CAPTION>

Branch Office Location	Date Opened

<S>	<C>	<C>
	Farmington, Missouri	January 18, 2005
	St. Louis, Missouri	January 22, 2007
	Katy (Houston), Texas	February 26, 2007
	Lincoln (Sacramento), California	March 12, 2007
	Dardenne Prairie (St. Louis), Missouri	May 9, 2007
	Chula Vista (San Diego), California	June 25, 2007
	Brentwood (San Francisco), California	September 24, 2007
	Shadow Creek Ranch (Houston), Texas	October 15, 2007
	Valencia (Los Angeles), California	October 29, 2007

</TABLE>

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Other Corporate Transactions. On July 19, 2007, we completed the sale of two banking offices located in Denton and Garland, Texas (collectively, Texas Branch Offices) to Synergy Bank, SSB, a subsidiary of Premier Bancshares, Inc., resulting in a pre-tax gain of $1.0 million. At the time of the transaction, the Texas Branch Offices had loans, net of unearned discount, of $911,000 and deposits of $52.0 million.

Acquisition and Integration Costs. Certain costs associated with our acquisitions are accrued as of the respective consummation dates, including costs that we incur related to salary continuation agreements, or other similar agreements, of executive management and certain other employees of the acquired entities that were in place prior to the acquisition dates, and costs relating to adjustments to the staffing levels of the acquired entities or to the anticipated termination of information technology or item processing contracts of the acquired entities prior to their stated contractual expiration dates. A summary of the cumulative acquisition and integration costs attributable to our acquisitions, which were accrued as of the consummation dates of the respective acquisition, are summarized in Note 2 to our Consolidated Financial Statements. These acquisition and integration costs are reflected in accrued and other liabilities in our consolidated balance sheets. As the obligation to make payments under these agreements is accrued at the consummation date, such payments do not have any impact on our consolidated statements of income. We also incur integration costs associated with our acquisitions that are expensed in our consolidated statements of income that relate principally to additional costs incurred in conjunction with the information technology conversions of the respective entities, as further discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations --Comparison of Results of Operations for 2007 and 2006, and --Comparison of Results of Operations for 2006 and 2005."

Lending Activities. As further discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations --Loans and Allowance for Loan Losses," our business development efforts are primarily focused on the origination of the following general loan types: commercial, financial and agricultural loans; real estate construction and land development loans; commercial real estate mortgage loans; and to a lesser extent, residential real estate mortgage loans. Our lending strategy emphasizes quality, growth and diversification. Throughout our organization, we employ a common credit underwriting policy. In addition to underwriting based on estimates and projection of financial strength, collateral values and future cash flows, most loans to borrowing entities other than individuals require the guarantee of the parent company or entity sponsor, or in the case of smaller entities, the personal guarantees of the principals. Our enhanced business development resources continue to assist in the realignment of certain acquired loan portfolios, which were skewed toward loan types that reflected the abilities and experiences of the management members of the acquired entities. In order to achieve a more diversified portfolio, to address asset-quality issues in the portfolios and to achieve a higher interest yield on our loan portfolio, we reduced a substantial portion of the loans that were acquired in certain acquisitions through payments, refinancing with other financial institutions, charge-offs and, in certain instances, sales of loans. As the acquired loan portfolios decrease, we attempt to replenish them with higher yielding loans that are internally generated by our business development function. With our acquisitions, we have expanded our business development function into the newly acquired market areas. We also continued to grow through internal growth. Consequently, in spite of relatively large reductions in certain acquired portfolios, our aggregate loan portfolio, net of unearned discount, has increased 63.5% from $5.43 billion at December 31, 2002, to $8.88 billion at December 31, 2007.

Commercial, Financial and Agricultural. Our commercial, financial and

agricultural loan portfolio, including lease financing, was $2.38 billion, or 26.8% of total loans, at December 31, 2007, compared to $1.93 billion, or 25.2% of total loans, at December 31, 2006. The primary component of commercial, financial and agricultural loans is commercial loans, which are made based on the borrowers' general credit strength and ability to generate cash flows for repayment from income sources. Most of these loans are made on a secured basis, generally involving the use of company equipment, inventory and/or accounts receivable, and, from time to time, real estate, as collateral. Regardless of collateral, substantial emphasis is placed on the borrowers' ability to generate cash flow sufficient to operate the business and provide coverage of debt servicing requirements. Commercial loans are frequently renewable annually, although some terms may be as long as five years. These loans typically require the borrower to maintain certain operating covenants appropriate for the specific business, such as profitability, debt service coverage and current asset and leverage ratios, which are generally reported and monitored on a quarterly basis and subject to more detailed annual reviews. Commercial loans are made to customers primarily located in First Bank's geographic trade areas of California, Florida, Illinois, Missouri and Texas that are engaged in manufacturing, retailing, wholesaling and service businesses. This portfolio is not concentrated in large specific industry segments that are characterized by sufficient homogeneity that would result in significant concentrations of credit exposure. Rather, it is a highly diversified portfolio that encompasses many industry segments. Within both our real estate and commercial lending portfolios, we strive for the highest degree of diversity that is practicable. We also emphasize the development of other service relationships, particularly deposit accounts, with our commercial borrowers.
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Real Estate Construction and Development. Our real estate construction and land development loan portfolio was $2.14 billion, or 24.1% of total loans, at December 31, 2007, compared to $1.83 billion, or 23.9% of total loans, at December 31, 2006. Real estate construction and land development loans include commitments for construction of both residential and commercial properties. Commercial real estate projects often require commitments for permanent financing from other lenders upon completion of the project and, more typically, may include a short-term amortizing component of the financing from the bank. Commitments for construction of multi-tenant commercial and retail projects generally require lease commitments from a substantial primary tenant or tenants prior to commencement of construction. We typically engage in multi-phase, multi-tenant projects, as opposed to large vertical projects, that allow us to complete the projects in phases and limit the number of tenant building starts based upon successful lease and/or sale of the tenant units. We finance some projects for borrowers whose home office is located within our trade area but the particular project may be outside our normal trade area. Although we generally do not engage in developing commercial and residential construction lending business outside of our trade area, certain loans acquired in acquisitions from time to time have been related to projects outside our trade area. Residential real estate construction and development loans are made based on the cost of land acquisition and development, as well as the construction of the residential units. Although we finance the cost of display units and units held for sale, a substantial portion of the loans for individual residential units have purchase commitments prior to funding. Residential condominium projects are funded as the building construction progresses, but funding of unit finishing is generally based on firm sales contracts.

Commercial Real Estate. Our commercial real estate loan portfolio was $2.43 billion, or 27.4% of total loans, at December 31, 2007, compared to $2.20 billion, or 28.7% of total loans, at December 31, 2006. Commercial real estate loans include loans for which the intended source of repayment is rental and other income from the real estate. This includes commercial real estate developed for lease to third parties as well as the owner's occupancy. The underwriting of owner occupied commercial real estate loans generally follows the procedures for commercial lending described above, except that the collateral is real estate, and the loan term may be longer. The primary emphasis in underwriting loans for which the source of repayment is the performance of the collateral is the projected cash flow from the real estate and its adequacy to cover the operating costs of the project and the debt service requirements. Secondary emphasis is placed on the appraised value of the real estate, with the requirement that the appraised liquidation value of the collateral must be adequate to repay the debt and related interest in the event the cash flow becomes insufficient to service the debt. Generally, underwriting terms require the loan principal not to exceed 80% of the appraised value of the collateral and the loan maturity not to exceed ten years. Commercial real estate loans are made for commercial office space, retail properties, industrial and warehouse facilities and recreational properties. We typically only finance commercial real estate or rental properties that have lease commitments for a majority of the rentable space.

Residential Real Estate Mortgage. Our residential real estate mortgage loan portfolio was $1.60 billion, or 18.0% of total loans, at December 31, 2007, compared to $1.27 billion, or 16.6% of total loans, at December 31, 2006. Residential real estate mortgage loans are primarily loans secured by single-family, owner-occupied properties. These loans include both adjustable rate and fixed rate mortgage loans. Although we typically originate residential real estate mortgage loans for sale in the secondary mortgage market in the form of a mortgage-backed security or to various private third-party investors, from time-to-time, we retain certain residential mortgage loans in our loan portfolio as directed by management's business strategies. These strategies are reflected in the expansion of our one-to-four family residential real estate mortgage loans, excluding loans held for sale, since 2004, with a home equity product line campaign in 2004 and our business strategy decision, which began in 2003, to retain a portion of our new loan production in our real estate mortgage portfolio to provide more diversification within our loan portfolio and to compensate for continued weak loan demand in other sectors of our loan portfolio at that time. In addition, in 2005, we began retaining additional mortgage loans in our residential real estate mortgage portfolio, including 15-year fixed rate, conforming conventional adjustable rate mortgages and other similar products, which contributed to an increase in this portion of our loan portfolio and represented a strategy we employed throughout the first and second quarters of 2006 prior to reverting to our longer-term business strategy of selling the majority of our mortgage loan production in the secondary mortgage market.

Throughout 2007, we experienced deterioration in our residential real estate mortgage portfolio, primarily in our sub-prime portfolio (loans that carry a higher interest rate to compensate for increased credit risk). Our involvement in the sub-prime market was limited to the origination and subsequent sale of these loans in the secondary market, and historically represented approximately 40% of our mortgage banking loan origination and sale volumes. Our residential real estate mortgage loans included approximately $54.8 million of sub-prime mortgage loans, representing approximately 0.6% of our total loan portfolio, at December 31, 2007, of which approximately $6.6 million were deemed nonperforming. During the first quarter of 2007, we discontinued loan originations of this product following a decline in bid prices and in market liquidity for these loan products. We expect the declining market conditions

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associated with our one-to-four family residential mortgage loan portfolio to continue in the near term and we are aggressively addressing the risk in our portfolio through loan sales and other means as further discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations --Loans and Allowance for Loan Losses."

Nonperforming Loans. Our nonperforming loans were $202.2 million, $48.7 million and $97.2 million at December 31, 2007, 2006 and 2005, respectively, representing 2.28%, 0.64% and 1.38%, respectively, of total loans. The level of nonperforming loans at December 31, 2007 is significantly higher than our historical averages primarily due to an increase in nonperforming loans in our Northern California real estate portfolio to $99.2 million at December 31, 2007 from $7.9 million at December 31, 2006; the CFHI acquisition, which added nonperforming loans of $45.1 million; and an increase in nonperforming loans within our one-to-four family residential mortgage loan portfolio, as further discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations --Loans and Allowance for Loan Losses."

Market Areas. As of December 31, 2007, First Bank's 217 banking facilities were located in California, Florida, Illinois, Missouri and Texas. First Bank operates in the St. Louis metropolitan area, in eastern Missouri and throughout Illinois, including Chicago. First Bank also operates in southern California, including San Diego and the greater Los Angeles metropolitan area, including Ventura County, Riverside County and Orange County; in Santa Barbara County; in northern California, including the greater San Francisco, San Jose and Sacramento metropolitan areas; in Texas in the Houston and Dallas metropolitan areas, and in Florida, including Bradenton and the greater Tampa metropolitan area. Our larger networks of branch offices are located in high growth markets, specifically the Los Angeles, San Francisco, Chicago and Tampa metropolitan areas.

The following table lists the geographic market areas in which First Bank operates, total deposits, deposits as a percentage of total deposits and the number of locations as of December 31, 2007:

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Geographic Area	Total Deposits (in millions)	Deposits as a Percentage of Total Deposits	L
<S>	<C>	<C>	
Southern California	$ 2,172.9	23.8%	
Northern Illinois (including Chicago metropolitan area)	1,572.0	17.2	
St. Louis, Missouri metropolitan area	1,542.3	16.9	
Northern California	1,111.5	12.1	
Central and southern Illinois	1,082.3	11.8	
Texas	640.4	7.0	
Florida	614.9	6.7	
Missouri (excluding the St. Louis metropolitan area)	412.9	4.5	
Total deposits	$ 9,149.2	100.0%	

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Competition and Branch Banking. The activities in which First Bank engages are highly competitive. Those activities and the geographic markets served primarily involve competition with other banks, some of which are affiliated with large regional or national holding companies, and other financial services companies. Financial institutions compete based upon interest rates offered on deposit accounts and other credit and service charges, the types of products and quality of services rendered, the convenience of branch facilities, interest rates charged on loans and, in the case of loans to large commercial borrowers, relative lending limits.

Our principal competitors include other commercial banks, savings banks, savings and loan associations, mutual funds, finance companies, including insurance premium financing companies, trust companies, insurance brokerage companies, credit unions, mortgage companies, leasing companies, private issuers of debt obligations and suppliers of other investment alternatives, such as securities firms and financial holding companies. Many of our non-bank competitors are not subject to the same degree of regulation as that imposed on bank holding companies, federally insured banks and national or state chartered banks. As a result, such non-bank competitors have advantages over us in providing certain services. We also compete with major multi-bank holding companies, which are significantly larger than us and have greater access to capital and other resources.

We believe we will also continue to face competition in the acquisition of independent banks, savings banks, branch offices and other financial companies. We often compete with larger financial institutions that have substantially greater resources available for making acquisitions.
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Subject to regulatory approval, commercial banks operating in California, Florida, Illinois, Missouri and Texas are permitted to establish branches throughout their respective states, thereby creating the potential for additional competition in our service areas.

Supervision and Regulation

General. Along with First Bank, we are extensively regulated by federal and state laws and regulations which are designed to protect depositors of First Bank and the safety and soundness of the U.S. banking system, not our stockholders. To the extent this discussion refers to statutory or regulatory provisions, it is not intended to summarize all such provisions and is qualified in its entirety by reference to the relevant statutory and regulatory provisions. Changes in applicable laws, regulations or regulatory policies may have a material effect on our business and prospects. We are unable to predict the nature or extent of the effects on our business and earnings that new federal and state legislation or regulation may have. The enactment of the legislation described below has significantly affected the banking industry generally and is likely to have ongoing effects on First Bank and us in the future.

As a registered bank holding company under the Bank Holding Company Act of 1956, as amended, we are subject to regulation and supervision of the Board of Governors of the Federal Reserve System, or Federal Reserve. We file annual reports with the Federal Reserve and provide to the Federal Reserve additional information as it may require.

Since First Bank is an institution chartered by the State of Missouri and a member of the Federal Reserve, both the State of Missouri Division of Finance and the Federal Reserve supervise, regulate and examine First Bank. First Bank is also regulated by the Federal Deposit Insurance Corporation, or FDIC, which provides deposit insurance of up to $100,000 for each insured depositor.

Bank Holding Company Regulation. The activities of bank holding companies are generally limited to the business of banking, managing or controlling banks, and other activities that the Federal Reserve has determined to be so closely related to banking or managing or controlling banks as to the proper incident thereto. In addition, under the Gramm-Leach-Bliley Act, or GLB Act, which was enacted in November 1999 and is further discussed below, a bank holding company, whose control depository institutions are "well-capitalized" and "well-managed" (as defined in Federal Banking Regulations), and which obtains "satisfactory" Community Reinvestment Act (discussed briefly below) ratings, may declare itself to be a "financial holding company" and engage in a broader range of activities. As of this date, we are not a "financial holding company."

We are also subject to capital requirements applied on a consolidated basis, which are substantially similar to those required of First Bank (briefly summarized below). The Bank Holding Company Act also requires a bank holding company to obtain approval from the Federal Reserve before:

>> acquiring, directly or indirectly, ownership or control of any voting shares of another bank or bank holding company if, after such acquisition, it would own or control more than 5% of such shares (unless it already owns or controls a majority of such shares);

>> acquiring all or substantially all of the assets of another bank or bank holding company; or

>> merging or consolidating with another bank holding company.

The Federal Reserve will not approve any acquisition, merger or consolidation that would have a substantially anti-competitive result, unless the anti-competitive effects of the proposed transaction are clearly outweighed by a greater public interest in meeting the convenience and needs of the community to be served. The Federal Reserve also considers capital adequacy and other financial and managerial factors in reviewing acquisitions and mergers.

Safety and Soundness and Similar Regulations. We are subject to various regulations and regulatory policies directed at the financial soundness of First Bank. These include, but are not limited to, the Federal Reserve's source of strength policy, which obligates a bank holding company such as us to provide financial and managerial strength to its subsidiary banks; restrictions on the nature and size of certain affiliate transactions between a bank holding company and its subsidiary depository institutions and restrictions on extensions of credit by its subsidiary banks to executive officers, directors, principal stockholders and the related interests of such persons.
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Regulatory Capital Standards. The federal bank regulatory agencies have adopted substantially similar risk-based and leverage capital guidelines for banking organizations. Risk-based capital ratios are determined by classifying assets and specified off-balance sheet obligations and financial instruments into weighted categories, with higher levels of capital being required for categories deemed to represent greater risk. Federal Reserve policy also provides that banking organizations generally, and particularly those that are experiencing internal growth or actively making acquisitions, are expected to maintain capital positions that are substantially above the minimum supervisory levels, without significant reliance on intangible assets.

Under the risk-based capital standard, the minimum consolidated ratio of total capital to risk-adjusted assets required for bank holding companies is 8% and the minimum consolidated ratio of Tier I capital (as described below) to risk-adjusted assets required for bank holding companies is 4%. At least one-half of the total capital must be composed of common equity, retained earnings, qualifying noncumulative perpetual preferred stock, a limited amount of qualifying cumulative perpetual preferred stock and minority interests in the equity accounts of consolidated subsidiaries, less certain items such as goodwill and certain other intangible assets, which amount is referred to as "Tier I capital." The remainder may consist of qualifying hybrid capital instruments, perpetual debt, mandatory convertible debt securities, a limited amount of subordinated debt, preferred stock that does not qualify as Tier I capital and a limited amount of loan and lease loss reserves, which amount, together with Tier I capital, is referred to as "Total Risk-Based Capital."

In addition to the risk-based standard, we are subject to minimum requirements with respect to the ratio of our Tier I capital to our average assets less goodwill and certain other intangible assets, or the Leverage Ratio. Applicable requirements provide for a minimum Leverage Ratio of 3% for bank holding companies that have the highest supervisory rating, while all other bank holding companies must maintain a minimum Leverage Ratio of at least 4% to 5%. The Office of the Comptroller of the Currency and the FDIC have established capital requirements for banks under their respective jurisdictions that are consistent with those imposed by the Federal Reserve on bank holding companies.

Information regarding our capital levels and First Bank's capital levels under the federal capital requirements is contained in Note 21 to our Consolidated Financial Statements appearing elsewhere in this report. As further described in Note 21 to our Consolidated Financial Statements, on March 1, 2005, the Federal Reserve adopted a final rule, Risk-Based Capital Standards: Trust Preferred Securities and the Definition of Capital, which allows for the continued inclusion, on a limited basis, of trust preferred securities in Tier I capital. Under the final rule, trust preferred securities and other restricted core capital elements will be subject to stricter quantitative limits. The Federal Reserve's final rule limits restricted core capital elements to 25% of the sum of all core capital elements, including restricted core capital elements, net of goodwill less any associated deferred tax liability.

Prompt Corrective Action. The FDIC Improvement Act requires the federal bank regulatory agencies to take prompt corrective action in respect to depository institutions that do not meet minimum capital requirements. A depository institution's status under the prompt corrective action provisions depends upon how its capital levels compare to various relevant capital measures and other factors as established by regulation.

The federal regulatory agencies have adopted regulations establishing relevant capital measures and relevant capital levels. Under the regulations, a bank will be:

- "well capitalized" if it has a total risk-based capital ratio of 10% or greater, a Tier I capital ratio of 6% or greater and a Leverage Ratio of 5% or greater and is not subject to any order or written directive by any such regulatory authority to meet and maintain a specific capital level for any capital measure;

- "adequately capitalized" if it has a total risk-based capital ratio of 8% or greater, a Tier I capital ratio of 4% or greater and a Leverage Ratio of 4% or greater (3% in certain circumstances);

- "undercapitalized" if it has a total risk-based capital ratio of less than 8%, a Tier I capital ratio of less than 4% or a Leverage Ratio of less than 4% (3% in certain circumstances);

- "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6%, a Tier I capital ratio of less than 3% or a Leverage Ratio of less than 3%; and

- "critically undercapitalized" if its tangible equity is equal to or less than 2% of its average quarterly tangible assets.

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Under certain circumstances, a depository institution's primary federal regulatory agency may use its authority to lower the institution's capital category. The banking agencies are permitted to establish individual minimum capital requirements exceeding the general requirements described above. Generally, failing to maintain the status of "well capitalized" or "adequately capitalized" subjects a bank to restrictions and limitations on its business that become progressively more severe as the capital levels decrease.

A bank is prohibited from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the bank would thereafter be "undercapitalized." Limitations exist for "undercapitalized" depository institutions regarding, among other things, asset growth, acquisitions, branching, new lines of business, acceptance of brokered deposits and borrowings from the Federal Reserve System. These institutions are also required to submit a capital restoration plan that includes a guarantee from the institution's holding company. "Significantly undercapitalized" depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become "adequately capitalized," requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. The appointment of a receiver or conservator may be required for "critically undercapitalized" institutions.

Dividends. Our primary source of funds in the future is the dividends, if any, paid by First Bank. The ability of First Bank to pay dividends is limited by federal laws, by regulations promulgated by the bank regulatory agencies and by principles of prudent bank management. Under the most restrictive of these requirements, the future payment of dividends from First Bank is limited to approximately $114.0 million at December 31, 2007, unless prior permission of the regulatory authorities is obtained.

Customer Protection. First Bank is also subject to consumer laws and regulations intended to protect consumers in transactions with depository institutions, as well as other laws or regulations affecting customers of financial institutions generally. These laws and regulations mandate various disclosure requirements and substantively regulate the manner in which financial institutions must deal with their customers. First Bank must comply with numerous regulations in this regard and is subject to periodic examinations with respect to its compliance with the requirements.

Community Reinvestment Act. The Community Reinvestment Act of 1977 requires that, in connection with examinations of financial institutions within their jurisdiction, the federal banking regulators evaluate the record of the financial institutions in meeting the credit needs of their local communities, including low and moderate income neighborhoods, consistent with the safe and sound operation of those financial institutions. These factors are also considered in evaluating mergers, acquisitions and other applications to expand.

The Gramm-Leach-Bliley Act. The GLB Act, enacted in 1999, amended and repealed portions of the Glass-Steagall Act and other federal laws restricting the ability of bank holding companies, securities firms and insurance companies to affiliate with each other and to enter new lines of business. The GLB Act established a comprehensive framework to permit financial companies to expand their activities, including through such affiliations, and to modify the federal regulatory structure governing some financial services activities. This authority of financial firms to broaden the types of financial services offered to customers and to affiliates with other types of financial services companies may lead to further consolidation in the financial services industry. However, it may lead to additional competition in the markets in which we operate by allowing new entrants into various segments of those markets that are not the traditional competitors in those segments. Furthermore, the authority granted by the GLB Act may encourage the growth of larger competitors.

The GLB Act also adopted consumer privacy safeguards requiring financial services providers to disclose their policies regarding the privacy of customer information to their customers and, subject to some exceptions, allowing customers to "opt out" of policies permitting such companies to disclose confidential financial information to non-affiliated third parties.

The Sarbanes-Oxley Act. In July 2002, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, was enacted. Sarbanes-Oxley imposes a myriad of corporate governance and accounting measures designed to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies, and to protect investors by improving the accuracy and reliability of disclosures under securities laws. All public companies that file periodic reports with the United States Securities and Exchange Commission, or SEC, are affected by Sarbanes-Oxley.
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Sarbanes-Oxley addresses, among other matters: (i) the creation of an independent accounting oversight board to oversee the audit of public companies and auditors who perform such audits; (ii) auditor independence provisions which restrict non-audit services that independent accountants may provide to their audit clients; (iii) additional corporate governance and responsibility measures which require the chief executive officer and chief financial officer to certify financial statements, to forfeit salary and bonuses in certain situations, and protect whistleblowers and informants; (iv) expansion of the audit committee's authority and responsibility by requiring that the audit committee have direct control of the outside auditor, be able to hire and fire the auditor, and approve all non-audit services; (v) requirements that audit committee members be independent; (vi) disclosure of a code of ethics; and (vii) enhanced penalties for fraud and other violations. The provisions of Sarbanes-Oxley also require that management assess the effectiveness of internal control over financial reporting and that the independent auditor issue an attestation report on management's report on internal control over financial reporting. As we are a non-accelerated filer and the provisions of Sarbanes-Oxley became effective for us as of December 31, 2007, management's report on internal control over financial reporting was not subject to attestation by the Company's Independent Registered Public Accounting Firm as of December 31, 2007 pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report, as further discussed under "Item 9A -- Controls and Procedures."

The USA Patriot Act. The Patriot Act was enacted in October 2001 in response to the terrorist attacks in New York, Pennsylvania and Washington, D.C. that occurred on September 11, 2001. The Patriot Act is intended to strengthen the ability of U.S. law enforcement agencies and the intelligence communities to work cohesively to combat terrorism on a variety of fronts. The potential impact of the Patriot Act on financial institutions of all kinds is significant and wide ranging. The Patriot Act contains sweeping anti-money laundering and financial transparency laws and imposes various regulations, including standards for verifying client identification at account opening, and rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. The Patriot Act is expected to increase the administrative costs and burden of doing business for financial institutions; however, while we cannot predict the full impact of such an increase, we do not expect it to differ from that of other financial institutions.

Reserve Requirements; Federal Reserve System and Federal Home Loan Bank System. The Federal Reserve requires all depository institutions to maintain reserves against their transaction accounts and non-personal time deposits. The balances maintained to meet the reserve requirements imposed by the Federal Reserve may be used to satisfy liquidity requirements. Institutions are authorized to borrow from the Federal Reserve Bank discount window, but Federal Reserve regulations require institutions to exhaust other reasonable alternative sources of funds, including advances from Federal Home Loan Banks, before borrowing from the Federal Reserve Bank.

First Bank is a member of the Federal Reserve System and the Federal Home Loan Bank System. As a member, First Bank is required to hold investments in those systems. First Bank was in compliance with these requirements at December 31, 2007, with investments of $26.3 million in stock of the Federal Reserve Bank of St. Louis and $13.3 million in stock of the Federal Home Loan Bank of Des Moines. First Bank also holds an investment of $794,000 in stock of the Federal Home Loan Bank of San Francisco and $201,000 in stock of the Federal Home Loan Bank of Dallas, as a nonmember, to collateralize certain Federal Home Loan Bank, or FHLB, advances assumed in conjunction with certain acquisition transactions.

Monetary Policy and Economic Control. The commercial banking business is affected by legislation, regulatory policies and general economic conditions as well as the monetary policies of the Federal Reserve. The instruments of monetary policy available to the Federal Reserve include the following: (i) changes in the discount rate on member bank borrowings and the targeted federal funds rate; (ii) the availability of credit at the discount window; (iii) open market operations; (iv) the imposition of changes in reserve requirements against deposits of domestic banks; (v) the imposition of changes in reserve requirements against deposits and assets of foreign branches; and (vi) the imposition of and changes in reserve requirements against certain borrowings by banks and their affiliates.

These monetary policies are used in varying combinations to influence overall growth and distributions of bank loans, investments and deposits, and this use may affect interest rates charged on loans or paid on liabilities. The monetary policies of the Federal Reserve have had a significant effect on the operating results of commercial banks and are expected to do so in the future. Such policies are influenced by various factors, including inflation, unemployment, and short-term and long-term changes in the international trade balance and in the fiscal policies of the U.S. Government. We cannot predict the effect that changes in monetary policy or in the discount rate on member bank borrowings will have on our future business and earnings or those of First Bank.
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Employees

As of March 26, 2008, we employed approximately 2,525 employees. None of the employees are subject to a collective bargaining agreement. We consider our relationships with our employees to be good.

Item 1A. Risk Factors

Readers of our Annual Report on Form 10-K should consider the risk factors described below in conjunction with the other information included in this Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, our Selected Financial Data, our Consolidated Financial Statements and the related notes thereto, and the financial and other data contained elsewhere in this report. See also "Special Note Regarding Forward-Looking Statements" appearing at the beginning of this report.

Weakness in the real estate market has adversely affected us and may continue to do so. As discussed under "Business --Lending Activities," we have experienced deterioration within our residential real estate mortgage loan portfolio throughout 2007, primarily in our sub-prime loan portfolio. Our residential real estate mortgage loans were $1.60 billion at December 31, 2007 (including approximately $54.8 million of sub-prime mortgage loans), representing 18.0% of our loan portfolio. The effects of ongoing mortgage market challenges, as well as the ongoing correction in residential real estate market prices and reduced levels of home sales, could result in further price reductions in single family home values, adversely affecting the value of collateral securing mortgage loans held, mortgage loan originations and gains recognized on the sale of mortgage loans. In the event the allowance for loan losses is insufficient to cover such losses, our earnings, capital, liquidity and financial condition may be adversely affected.

Our emphasis on commercial real estate lending and real estate construction and development lending has increased our credit risk. Our expanded level of commercial real estate and construction and development lending may carry with it greater credit risk than the credit risk associated with residential real estate lending. A substantial portion of our loans are secured by commercial real estate. Commercial real estate and real estate construction and development loans were $2.43 billion and $2.14 billion, respectively, at December 31, 2007, representing 27.4% and 24.1%, respectively, of our loan portfolio. As discussed under "Business --Lending Activities," we have experienced increasing amounts of nonperforming loans within our real estate construction and development portfolio and commercial real estate portfolio, reflective of declining market conditions surrounding land acquisition and development loans, particularly in our Northern California market, as a result of increased developer inventories, slower lot and home sales, and declining market values. Furthermore, problem loans acquired with our bank acquisitions have also significantly contributed to the increasing amounts of nonperforming loans within these loan portfolios. Adverse developments affecting real estate in one or more of our markets could further increase the credit risk associated with our loan portfolio. The Department of the Treasury, Federal Reserve and FDIC collectively issued guidance entitled, "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices," that focuses on financial institutions that have high and increasing concentrations of commercial real estate loans on their balance sheets that make them more vulnerable to cyclical commercial real estate markets, and is intended to reinforce the institution's risk management practices and appropriate capital levels associated with these concentrations.

We pursue acquisitions to supplement our internal growth. Acquisitions involve varying degrees of inherent risk that could affect our profitability. Acquisitions of other banks or businesses may expose us to asset quality problems, higher than anticipated expenses, operational problems or unknown or contingent liabilities, including litigation, of the entities we acquire. If the quantity of these problems exceeds our estimates, our earnings and financial condition may be adversely affected. Furthermore, acquisitions generally require integration of the acquired entity's systems and procedures with ours in order to make the transaction economically feasible. This integration process is complicated and time consuming and can also be disruptive to the customers of the acquired business. If the integration process is not conducted successfully and with minimal effect on the business and its customers, we may not realize the anticipated economic benefits of particular acquisitions within the expected time frame, and we may lose higher than expected numbers of customers or employees of the acquired business.

Competition for acquisitions in the financial services industry and our status

as a privately held company make our efforts to grow through acquisitions difficult. We face intense competition from other financial institutions in pursuing acquisitions, particularly related to price. Prices at which acquisitions can be made fluctuate with market conditions. We have experienced times during which acquisitions could not be made in specific markets at prices our management considered acceptable, and we expect that this situation will happen again. Because of our intention to remain a closely held company, we do not use our common stock to make acquisitions. Our use of cash as acquisition consideration can be a disadvantage in acquisitions relative to other prospective acquirers in those instances in which selling stockholders desire a tax-free exchange.
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Geographic distance between our operations increases operating costs and makes efforts to standardize operations more difficult. We operate banking offices in California, Florida, Illinois, Missouri and Texas. The noncontiguous nature of many of our geographic markets increases operating costs and makes it more difficult for us to standardize our business practices and procedures. As a result of our geographic dispersion, we face the following challenges, among others: (a) operation of information technology and item processing functions at remote locations including the transportation of documents and increased communications line charges from various service providers; (b) control of correspondent accounts, reserve balances and wire transfers in different time zones; (c) familiarizing personnel with our business environment, banking practices and customer requirements at geographically dispersed locations; (d) providing administrative support, including accounting, human resources, credit administration, loan servicing, internal audit and credit review at significant distances; and (e) establishing and monitoring compliance with our corporate policies and procedures in different areas.

Decreases in interest rates could have a negative impact on our profitability. Our earnings are principally dependent on our ability to generate net interest income. Net interest income is affected by many factors that are partly or completely beyond our control, including competition, general economic conditions and the policies of regulatory authorities, including the monetary policies of the Federal Reserve. Under our current interest rate risk position, our net interest income could be negatively affected by a decline in interest rates, as further discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations --Interest Rate Risk Management."

Our interest rate risk hedging activities may not effectively reduce volatility in earnings. To offset the risks associated with the effects of changes in market interest rates, we periodically enter into transactions designed to hedge our interest rate risk. The accounting for such hedging activities under U.S. generally accepted accounting principles requires our hedging instruments to be recorded at fair value. The effect of certain of our hedging strategies may result in volatility in our quarterly and annual earnings as interest rates change or as the volatility in the underlying derivatives markets increases or decreases. The volatility in earnings is primarily a result of marking to market certain of our hedging instruments and/or modifying our overall hedge position, as further discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations --Interest Rate Risk Management."

The financial services business is highly competitive, and we face competitive disadvantages because of our size and the nature of banking regulation. We encounter strong direct competition for deposits, loans and other financial services in all of our market areas. Our larger competitors, which have significantly greater resources, may have advantages over us in providing certain services. Our principal competitors include other commercial banks, savings banks, savings and loan associations, mutual funds, finance companies, trust companies, insurance companies, leasing companies, credit unions, mortgage companies, private issuers of debt obligations and suppliers of other investment alternatives, such as securities firms and financial holding companies. Many of our non-bank competitors are not subject to the same degree of regulation as that imposed on bank holding companies, federally insured banks and national or state chartered banks. As a result, such non-bank competitors may have advantages over us in providing certain services.

We may not be able to implement technological change as effectively as our competitors. The financial services industry has in the past and continues to undergo rapid technological change related to delivery and availability of products and services and operating efficiencies. In many instances technological improvements require significant capital expenditures, and many of our larger competitors have significantly greater resources to absorb such capital expenditures than we may have available.

We operate in a highly regulated environment. Recently enacted, proposed and future legislation and regulations may increase our cost of doing business. We and our subsidiaries are subject to extensive federal and state legislation, regulation and supervision. Recently enacted, proposed and future legislation and regulations have had and are expected to continue to have a significant impact on the financial services industry. Expansion of our banking franchise into Florida subjects us to legislation and regulations applicable to that state, which may also increase our costs of doing business in that market. Some of the legislative and regulatory changes, including the Sarbanes-Oxley Act and the USA Patriot Act, have and are expected to continue to increase our costs of doing business, particularly personnel and technology expenses necessary to maintain compliance with the expanded regulatory requirements. Additionally, the legislative and regulatory changes could reduce our ability to compete in certain markets, as further discussed under "Business --Supervision and Regulation."
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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own our office building, which houses our principal place of business, located at 135 North Meramec, Clayton, Missouri 63105. The property is in good condition and consists of approximately 60,353 square feet, of which approximately 1,791 square feet is currently leased to others. Of our other 216 offices and four operations and administrative facilities at December 31, 2007, 115 are located in buildings that we own and 105 are located in buildings that we lease.

We consider the properties at which we do business to be in good condition generally and suitable for our business conducted at each location. To the extent our properties or those acquired in connection with our acquisition of other entities provide space in excess of that effectively utilized in the operations of First Bank, we seek to lease or sub-lease any excess space to third parties. Additional information regarding the premises and equipment utilized by First Bank appears in Note 7 to our Consolidated Financial Statements appearing elsewhere in this report.

Item 3. Legal Proceedings

CFHI Securities Litigation. Prior to our acquisition of CFHI, CFHI and certain of its present and former officers were named as defendants in three purported class action complaints filed in the United States District Court for the Middle District of Florida, Tampa Division (the Court) alleging violations of the federal securities laws, the first of which was filed with the Court on March 20, 2007 (the Securities Actions). On June 22, 2007, the Court entered an order pursuant to which the Court (i) consolidated the Securities Actions, with the matter proceeding under the docket for Grand Lodge of Pennsylvania v. Brian P. Peters, et al., Case No. 8:07-cv-429-T-26-EAJ and (ii) appointed Troy Ratcliff and Daniel Altenburg (the Lead Plaintiffs) as lead plaintiffs pursuant to the provisions of the Private Securities Litigation Reform Act of 1995.

Subsequently, on or about August 24, 2007, the Lead Plaintiffs filed a consolidated amended class action complaint (the Amended Complaint). The Amended Complaint added as defendants (i) the then current members of CFHI's Board of Directors, (ii) one former member of CFHI's Board of Directors, (iii) the underwriters of CFHI's October 5, 2005 public offering of common stock, and (iv) CFHI's external auditors.

The Amended Complaint was brought on behalf of a putative class of purchasers of CFHI's common stock between January 21, 2005 and January 22, 2007. In general, the Amended Complaint alleges that CFHI's SEC filings and public statements contained misstatements and omissions regarding its residential construction-to-permanent lending operations and, more specifically, regarding a home builder and its affiliates and that CFHI's financial statements violated U.S. generally accepted accounting principles. The Amended Complaint asserts claims under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On August 30, 2007, the Lead Plaintiffs filed a notice with the Court voluntarily dismissing their claims against Anne V. Lee and Justin D. Locke without prejudice.

CFHI filed a motion to dismiss the Amended Complaint on December 3, 2007. The Lead Plaintiffs filed an omnibus opposition to CFHI's motion to dismiss on February 1, 2008.

Other. In the ordinary course of business, we and our subsidiaries become involved in legal proceedings other than those discussed above. Our management, in consultation with legal counsel, believes the ultimate resolution of these existing proceedings will not have a material adverse effect on our business, financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information. There is no established public trading market for our common stock. Various trusts, which were established by and are administered by and for the benefit of Mr. James F. Dierberg, our Chairman of the Board, and members of his immediate family, own all of our voting stock.

Dividends. In recent years, we have paid minimal dividends on our Class A Convertible Adjustable Rate Preferred Stock and our Class B Non-Convertible Adjustable Rate Preferred Stock, and have paid no dividends on our Common Stock. Our ability to pay dividends is limited by regulatory requirements and our secured credit agreement, and by the receipt of dividend payments from First Bank, which is also subject to regulatory requirements. The dividend limitations are further described in Note 11 and Note 22 to our Consolidated Financial Statements appearing elsewhere in this report.

Item 6. Selected Financial Data

The selected consolidated financial data set forth below are derived from our consolidated financial statements. This information is qualified by reference to our Consolidated Financial Statements appearing elsewhere in this report. This information should be read in conjunction with such Consolidated Financial Statements, the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
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	As of or For the Year Ended December 31,			
	2007	2006	2005	2004
	(dollars expressed in thousands, except share and			
Income Statement Data:				
<S>	<C>	<C>	<C>	<C>
Interest income	$ 699,913	646,304	493,940	394,782
Interest expense	316,461	261,862	168,259	94,767
Net interest income	383,452	384,442	325,681	300,015
Provision for loan losses	75,000	12,000	(4,000)	25,750
Net interest income after provision for loan losses	308,452	372,442	329,681	274,265
Noninterest income	103,269	112,943	96,085	87,199
Noninterest expense	344,250	319,216	277,638	233,218
Income before provision for income taxes and minority interest in income (loss) of subsidiary	67,471	166,169	148,128	128,246
Provision for income taxes	10,159	55,062	52,509	45,338
Income before minority interest in income (loss) of subsidiary	57,312	111,107	95,619	82,908
Minority interest in income (loss) of subsidiary	78	(587)	(1,287)	--
Net income	$ 57,234	111,694	96,906	82,908

Dividends:				
Preferred stock	$ 786	786	786	786
Common stock	--	--	--	--
Ratio of total dividends declared to net income	1.37%	0.70%	0.81%	0.95%
Per Share Data:				
Earnings per common share:				
Basic	$ 2,385.68	4,687.38	4,062.36	3,470.80
Diluted	2,379.45	4,630.72	4,007.46	3,421.58
Weighted average shares of common stock outstanding	23,661	23,661	23,661	23,661
Balance Sheet Data:				
Investment securities	$ 1,019,271	1,464,946	1,340,783	1,813,349
Loans, net of unearned discount	8,883,254	7,666,481	7,020,771	6,137,968
Total assets	10,897,360	10,158,714	9,170,333	8,732,841
Total deposits	9,149,193	8,443,086	7,541,831	7,151,970
Other borrowings	376,123	373,899	539,174	594,750
Notes payable	39,000	65,000	100,000	15,000
Subordinated debentures	353,752	297,966	215,461	273,300
Common stockholders' equity	854,425	787,372	665,875	587,830
Total stockholders' equity	867,488	800,435	678,938	600,893
Earnings Ratios:				
Return on average assets	0.55%	1.16%	1.10%	1.10%
Return on average stockholders' equity	6.83	15.26	15.11	14.44
Net interest margin (2)	4.07	4.36	4.01	4.36
Efficiency ratio (3)	70.73	64.18	65.83	60.23
Tangible efficiency ratio (3)	68.18	62.53	64.68	59.48
Asset Quality Ratios:				
Allowance for loan losses to loans	1.90%	1.90	1.93	2.46
Nonperforming loans to loans (4)	2.28	0.64	1.38	1.40
Allowance for loan losses to nonperforming loans (4)	83.27	299.05	139.23	175.65
Nonperforming assets to loans and other real estate (5)	2.40	0.72	1.41	1.46
Net loan charge-offs to average loans	0.83	0.09	0.21	0.45

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Capital Ratios:				
Average total stockholders' equity to average total assets	8.10	7.61	7.28	7.61
Total risk-based capital ratio	10.09	10.25	10.14	10.61
Leverage ratio	8.32	8.13	8.13	7.89

- ----------------------------
(1) The comparability of the selected data presented is affected by the acquisitions of 13 banks, an insur agency, an insurance premium financing company, a loan origination business and five branch offices du year period ended December 31, 2007. The selected data includes the financial position and results of each acquired entity only for the periods subsequent to its respective date of acquisition.
(2) Net interest margin is the ratio of net interest income (expressed on a tax-equivalent basis) to ave earning assets.
(3) Efficiency ratio is the ratio of noninterest expense to the sum of net interest income and nonir Tangible efficiency ratio is the ratio of noninterest expense (excluding amortization of intangible as sum of net interest income and noninterest income.
(4) Nonperforming loans consist of nonaccrual loans and certain loans with restructured terms.
(5) Nonperforming assets consist of nonperforming loans and other real estate.
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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following presents management's discussion and analysis of our financial condition and results of operations as of the dates and for the periods indicated. This discussion should be read in conjunction with our "Selected Financial Data," our Consolidated Financial Statements and the related notes thereto, and the other financial data appearing elsewhere in this report. This discussion set forth in Management's Discussion and Analysis of Financial

Condition and Results of Operations contains forward-looking statements with respect to our financial condition, results of operations and business. These forward-looking statements are subject to certain risks and uncertainties, not all of which can be predicted or anticipated. Various factors may cause our actual results to differ materially from those contemplated by the forward-looking statements herein. We do not have a duty to and will not update these forward-looking statements. Readers of our Annual Report on Form 10-K should therefore consider these risks and uncertainties in evaluating forward-looking statements and should not place undue reliance on forward-looking statements. See "Special Note Regarding Forward-Looking Statements" appearing at the beginning of this report and "Item 1A - Risk Factors," appearing elsewhere in this report.

RESULTS OF OPERATIONS

Overview

Net income was $57.2 million, $111.7 million and $96.9 million for the years ended December 31, 2007, 2006 and 2005, respectively. Our return on average assets and our return on average stockholders' equity were 0.55% and 6.83%, respectively, for the year ended December 31, 2007, compared to 1.16% and 15.26%, respectively, for 2006, and 1.10% and 15.11%, respectively, for 2005. Our earnings levels reflect the following:

>> a provision for loan losses of $75.0 million for the year ended December 31, 2007, compared to $12.0 million in 2006 and a negative provision for loan losses of $4.0 million in 2005;

>> net interest income of $383.5 million for the year ended December 31, 2007, compared to $384.4 million in 2006 and $325.7 million in 2005, which contributed to a decline in our net interest margin to of 4.07% for the year ended December 31, 2007, compared to 4.36% in 2006 and 4.01% in 2005;

>> gains on loans sold and held for sale of $14.1 million for the year ended December 31, 2007, compared to $26.0 million in 2006 and $20.8 million in 2005;

>> noninterest expense of $344.3 million for the year ended December 31, 2007, compared to $319.2 million in 2006 and $277.6 million in 2005; and

>> a provision for income taxes of $10.2 million for the year ended December 31, 2007, compared to $55.1 million in 2006 and $52.5 million in 2005.

The increase in the provision for loan losses in 2007 was primarily driven by increased net loan charge-offs and a decline in asset quality related to our one-to-four family residential mortgage and real estate construction and development loan portfolios, as further discussed under "--Provision for Loan Losses."

The declines in our net interest income and our net interest margin in 2007 primarily resulted from an increase in higher priced deposit accounts and pressures on loan yields as a result of competitive conditions within our markets, as further discussed under "--Net Interest Income."

The decrease in gain on loans sold and held for sale in 2007 primarily resulted from a decrease in the volume of loans originated and sold. The decrease in volume is primarily attributable to the discontinuation of the origination and subsequent sale of sub-prime loans in February of 2007, as well as overall market disruption, as further discussed under "--Noninterest Income."

The overall increase in the level of noninterest expense for 2007 reflects increased salaries and employee benefits expense, occupancy and furniture and equipment expenses and amortization of intangible assets, commensurate with the significant expansion of our branch office network resulting from our acquisitions of an insurance premium financing company and an insurance brokerage agency in 2006, the addition of 38 branch offices associated with acquisitions in 2006 and 2007 and the opening of eight de novo branch offices during 2007, in addition to certain other nonrecurring expenses incurred in 2007, primarily related to profit improvement initiatives and other items, as further discussed under "--Noninterest Expense."
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Our earnings in 2006 were driven by an 18.0% increase in net interest income and a 17.5% increase in noninterest income. Our average interest-earning assets increased 8.7% and, coupled with higher prevailing interest rates, contributed to a $58.8 million increase in net interest income and improvement in our net interest margin, which increased 35 basis points to 4.36% for 2006, from 4.01% for 2005. Noninterest income increased to $112.9 million in 2006, from $96.1 million in 2005. The increases in net interest income and noninterest income were partially offset by an increase in our provision for loan losses and higher levels of noninterest expense. Noninterest expense increased 15.0% to $319.2 million in 2006, from $277.6 million in 2005. The increased expenses are commensurate with significant expansion of our branch office network and employee base in several key markets resulting from our acquisitions of other financial institutions in 2005 and 2006, and the acquisition of an insurance premium financing company and an insurance brokerage agency in 2006. Our aggressive and diligent efforts to improve asset quality resulted in a 44.4% reduction in nonperforming assets during 2006.

Financial Condition and Average Balances

Our average total assets were $10.34 billion for the year ended December 31, 2007, compared to $9.61 billion and $8.81 billion for the years ended December 31, 2006 and 2005, respectively, reflecting increases of $727.8 million and $797.7 million, respectively. Our total assets increased to $10.90 billion at December 31, 2007, compared to $10.16 billion and $9.17 billion at December 31, 2006 and 2005, respectively, representing increases of $738.6 million and $988.4 million, respectively. We attribute the increase in our total assets in 2007 and 2006 to a combination of organic growth and growth through acquisitions in our target markets completed during the past three years, including our acquisition of CFHI in late 2007 which expanded our banking franchise to the Florida market, and the acquisition of two financial service companies, an insurance premium financing company and an insurance brokerage company, thereby providing our business with new opportunities, and expanding the broad array of products and services available to our customers. Our acquisitions completed in 2005, 2006 and 2007 provided total assets at the time of the transactions of $280.3 million, $794.3 million and $867.3 million, in aggregate, respectively, as well as the related intangible assets associated with these transactions.

Our interest-earning assets averaged $9.47 billion for the year ended December 31, 2007, compared to $8.86 billion and $8.15 billion for the years ended December 31, 2006 and 2005, respectively, while our interest-bearing liabilities averaged $8.15 billion for the year ended December 31, 2007, compared to $7.50 billion and $6.82 billion for the years ended December 31, 2006 and 2005, respectively. Funds available from increased average deposits of $648.8 million were primarily used to fund an increase in average loans of $597.5 million in 2007. During 2006, we used funds from the growth of average deposits of $809.9 million and maturities of investment securities to fund internal loan growth and to reinvest in higher-yielding investment securities in 2006. Our average other borrowings declined $18.8 million and $191.2 million during 2007 and 2006, respectively, as a result of a net reduction of certain term repurchase agreements utilized in conjunction with our interest rate risk management program, as further described below. We issued additional subordinated debentures in 2006 and 2007, as further described below, which we primarily used to fund our bank acquisitions and to refinance existing, higher-cost subordinated debentures in December 2006 and April 2007 on their optional call dates, as further described below.

Average loans, net of unearned discount, were $8.07 billion, $7.47 billion and $6.44 billion for the years ended December 31, 2007, 2006 and 2005, respectively. Our acquisitions completed during 2006 and 2007 provided total loans, net of unearned discount, of $545.1 million and $693.5 million, respectively. Funds available from deposit growth were used to fund loan growth. Internal loan growth of $697.5 million for 2007 was partially offset by the securitization and subsequent sale of certain residential mortgage loans held in portfolio, and the sale and/or payoff of certain nonperforming and other loans in our residential mortgage loan and commercial real estate loan portfolios, as further discussed under "--Loans and Allowance for Loan Losses." Internal loan growth of $584.2 million for 2006 reflects management's business strategy decision to retain certain mortgage loan production in our residential real estate mortgage portfolio during the first half of 2006, partially offset by the securitization of certain residential mortgage loans in early 2006 which shifted these assets to available-for-sale investment securities, the sale of certain residential mortgage loans and certain nonperforming and other loans in our commercial and commercial real estate loan portfolios, and the payoff of two significant nonperforming loans, totaling $27.3 million in aggregate, that were included in our held for sale portfolio, as further discussed under "--Loans and

Allowance for Loan Losses." The increase in average loans for 2007 compared to 2006 primarily reflects: an increase in average commercial, financial and agricultural loans of $329.7 million; an increase in average real estate construction and development loans of $211.0 million; and an increase in average real estate mortgage loans of $152.2 million; partially offset by a decrease in average loans held for sale of $112.4 million. The increase in average loans for 2006 compared to 2005 primarily reflects: an increase in average commercial, financial and agricultural loans of $215.2 million; an increase in average real estate construction and development loans of $367.2 million; an increase in average real estate mortgage loans of $374.2 million; and an increase in average loans held for sale of $83.6 million.
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Investment securities averaged $1.27 billion for the years ended December 31, 2007 and 2006, compared to $1.64 billion for the year ended December 31, 2005. Funds provided by maturities of investment securities in 2007 were primarily used to fund internal loan growth. Securities provided by our bank acquisitions completed in 2007 were $74.5 million. Furthermore, we liquidated our trading portfolio in July 2007, reflecting a decrease from the portfolio balance of $81.2 million at December 31, 2006. Average short-term investments increased $13.7 million to $130.3 million for the year ended December 31, 2007, from $116.6 million in 2006. Funds available from maturities of investment securities, deposit growth and excess short-term investments were utilized to fund internal loan growth during the majority of 2006, and the remaining funds were reinvested in higher-yielding investment securities. These securities purchases primarily occurred late in 2006 and resulted from funds available from deposit growth in excess of loan demand. The sale of available-for-sale investment securities associated with the termination of $200.0 million of term repurchase agreements in the first half of 2006 was partially offset by an increase in the securities portfolio due to the securitization of $138.9 million of certain of our residential mortgage loans held in our loan portfolio, an increase in our trading securities portfolio of $77.8 million, and the addition of $37.3 million of securities obtained with our bank acquisitions completed in 2006.

Nonearning assets averaged $866.9 million, $754.7 million and $662.4 million for the years ended December 31, 2007, 2006 and 2005, respectively. The increases in 2007 and 2006 are largely attributable to our acquisitions, which increased our capital expenditures, thus contributing to an overall increase in bank premises and equipment, partially offset by continued related depreciation and amortization, and an increase in intangible assets recognized in conjunction with the acquisitions. In addition, purchases of land, bank premises and equipment for future de novo branch offices further contributed to the overall increases in nonearning assets during these periods. Goodwill and other intangible assets recorded in conjunction with our acquisitions completed in 2007 and 2006 were $38.3 million and $111.6 million in aggregate, respectively. Average deferred income taxes were $102.9 million, $121.2 million and $127.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. The fair value of our derivative financial instruments averaged $2.2 million, ($4.0) million and ($3.1) million for the years ended December 31, 2007, 2006 and 2005, respectively, and reflect changes in the fair value of certain derivative financial instruments and the maturity and/or termination of certain of our interest rate swap agreements during 2006 and 2007, as further discussed under "--Interest Rate Risk Management" and in Note 5 to our Consolidated Financial Statements.

Deposits averaged $8.66 billion, $8.01 billion and $7.20 billion for the years ended December 31, 2007, 2006 and 2005, respectively. Our year-end deposits were $9.15 billion, $8.44 billion and $7.54 billion at December 31, 2007, 2006 and 2005, respectively, reflecting increases of $706.1 million, $901.3 million and $389.9 million for 2007, 2006 and 2005, respectively. The increases in 2007 and 2006 were attributable to organic growth stemming from our deposit development programs throughout the periods, including enhanced product and service offerings coupled with marketing campaigns, in addition to our acquisitions of banks and/or branches that were completed in 2006 and 2007, which provided aggregate deposits of $475.6 million and $787.2 million, respectively, at the time of their acquisition. The change in the composition of our deposit mix during 2007 reflects organic growth in our savings, money market and time deposits attributable to our continued focus on marketing these deposit products, our deposit pricing strategies and our ongoing efforts to further develop multiple account relationships. On July 19, 2007, we sold our two banking offices located in Denton and Garland, Texas, which resulted in a decrease in deposits of $52.0 million. The change in the composition of our deposit mix during 2006 reflects continued efforts to expand our existing customer relationships by increasing the number and types of products provided, efforts to increase transactional accounts, such as savings and demand accounts through our deposit development campaigns, coupled with trends toward increased time deposits and higher deposit rates paid on certain products resulting from the highly competitive rate market environment. Average time deposits were $3.86 billion, $3.63 billion and $2.91 billion for the years ended December 31, 2007, 2006 and 2005, respectively. Average demand and savings deposits were $4.80 billion, $4.38 billion and $4.30 billion for the years ended December 31, 2007, 2006 and 2005, respectively.

Other borrowings averaged $361.7 million, $380.5 million and $571.7 million for the years ended December 31, 2007, 2006 and 2005, respectively. The decrease in the average balances for 2007 reflects the termination of a $100.0 million term repurchase agreement in August 2007 that was entered into in July 2006, partially offset by an increase in daily repurchase agreements, primarily in connection with cash management activities of our commercial deposit customers. The decrease in the average balances for 2006 reflects the termination of $150.0 million and $50.0 million of term repurchase agreements in the first and second quarters of 2006, respectively, partially offset by a $100.0 million term repurchase agreement entered into in July 2006, and the termination of a $50.0 million term repurchase agreement in late 2005, as further described in Note 5 and Note 10 to our Consolidated Financial Statements. We also attribute the decrease to the prepayment of $35.3 million of FHLB advances that were assumed with certain bank acquisitions, and a decrease in daily repurchase agreements.
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Our notes payable averaged $34.9 million, $88.8 million and $36.8 million for the years ended December 31, 2007, 2006 and 2005, respectively. The decrease in 2007 reflects quarterly principal installment payments and additional prepayments of $61.0 million in aggregate on our term loan facility, partially offset by an additional borrowing on our term loan facility of $15.0 million in November 2007 to partially fund our acquisition of CFHI, and borrowings of $20.0 million on our revolving credit facility in December 2007. The increase in 2006 was attributable to the addition of a $100.0 million term loan in conjunction with the restructuring of our overall financing arrangement in 2005, partially offset by the subsequent repayments of $35.0 million of the term loan during 2006, reducing the balance to $65.0 million at December 31, 2006, from $100.0 million at December 31, 2005.

Subordinated debentures issued to our affiliated statutory and business trusts averaged $320.8 million, $281.5 million and $259.2 million for the years ended December 31, 2007, 2006 and 2005, respectively. During 2007, we issued a total of $77.3 million of variable rate subordinated debentures in private placements through four newly-formed statutory trusts as follows:

- $25.8 million issued to First Bank Statutory Trust VIII on February 23, 2007, of which a portion of the proceeds from the issuance of these debentures were utilized to fund our acquisition of Royal Oaks Bancshares, Inc., or Royal Oaks;

- $15.5 million issued to First Bank Statutory Trust X on August 31, 2007;

- $25.8 million issued to First Bank Statutory Trust IX on September 20, 2007; and

- $10.3 million issued to First Bank Statutory Trust XI on September 28, 2007.

We also assumed $4.1 million of subordinated debentures with our acquisition of Royal Oaks that Royal Oaks had previously issued to Royal Oaks Capital Trust I. On April 22, 2007, we repaid in full $25.8 million of variable rate subordinated debentures that were issued to First Bank Capital Trust, or FBCT, in conjunction with the redemption of the cumulative variable rate trust preferred securities issued by FBCT. On January 2, 2007, we repaid in full $56.9 million of 9.0% fixed rate subordinated debentures in conjunction with the December 31, 2006 redemption of the trust preferred securities of our former business trust, First Preferred Capital Trust III, as further described in Note 12 to our Consolidated Financial Statements. During 2006, we also issued a total of $139.2 million of variable rate subordinated debentures in private placements through four newly-formed statutory trusts: specifically, $41.2 million issued to First Bank Statutory Trust IV on March 1, 2006; $20.6 million issued to First Bank Statutory Trust V on April 28, 2006; $25.8 million issued to First Bank Statutory Trust VI on June 16, 2006; and $51.5 million issued to First Bank Statutory Trust VII on December 14, 2006.

Stockholders' equity averaged $837.5 million, $731.9 million and $641.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. The increase for 2007 reflects: net income of $57.2 million; a $2.5 million cumulative effect of a change in accounting principle recorded in conjunction with our adoption of Financial Accounting Standards Board, or FASB, Interpretation No. 48 -- Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS No. 109 -- Accounting for Income Taxes, or FIN 48, as further discussed in Note 1 and Note 13 to our Consolidated Financial Statements; and an increase of $8.1 million in accumulated other comprehensive income, which was comprised of a $9.1 million increase associated with the change in the fair value of our derivative financial instruments, partially offset by a $1.0 million decrease associated with the change in our unrealized gains and losses on available-for-sale investment securities; and dividends paid on our Class A and Class B preferred stock. The increase for 2006 reflects: net income of $111.7 million; a $6.8 million increase in accumulated other comprehensive income, which was comprised of $4.9 million associated with the change in our unrealized gains and losses on available-for-sale investment securities and $1.9 million associated with the change in the fair value of our derivative financial instruments; partially offset by dividends paid on our Class A and Class B preferred stock.

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The following table sets forth, on a tax-equivalent basis, certain information relating to our average balance sheets, and reflects the average yield earned on our interest-earning assets, the average cost of our interest-bearing liabilities and the resulting net interest income for the years ended December 31, 2007, 2006 and 2005.

<TABLE>
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	Years Ended December 31,						
	2007			2006			
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Avera Balar
	(dollars expressed in thousands)						
ASSETS							
Interest-earning assets:							
Loans: (1)(2)(3)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Taxable	$ 8,039,922	628,304	7.81%	$7,451,016	580,448	7.79%	$6,422
Tax-exempt (4)	29,681	2,340	7.88	21,073	1,623	7.70	14
Investment securities:							
Taxable	1,233,415	61,785	5.01	1,220,785	57,017	4.67	1,599
Tax-exempt (4)	39,707	2,468	6.22	47,946	2,885	6.02	45
Short-term investments	130,283	6,699	5.14	116,630	5,909	5.07	70
Total interest-earning assets	9,473,008	701,596	7.41	8,857,450	647,882	7.31	8,152
Nonearning assets	866,907			754,678			662
Total assets	$10,339,915			$9,612,128			$8,814
LIABILITIES AND STOCKHOLDERS' EQUITY							
Interest-bearing liabilities:							
Interest-bearing deposits:							
Interest-bearing demand	$ 957,454	9,183	0.96%	$ 962,956	8,147	0.85%	$ 905
Savings and money market	2,613,745	79,804	3.05	2,152,419	53,297	2.48	2,135
Time	3,859,552	183,900	4.76	3,631,516	155,252	4.28	2,906
Total interest-bearing							

deposits	7,430,751	272,887	3.67	6,746,891	216,696	3.21	5,947
Other borrowings	361,721	16,634	4.60	380,546	16,803	4.42	571
Notes payable (5)	34,932	2,426	6.94	88,843	5,530	6.22	3
Subordinated debentures (3)	320,840	24,514	7.64	281,500	22,833	8.11	259
Total interest-bearing liabilities	8,148,244	316,461	3.88	7,497,780	261,862	3.49	6,815
Noninterest-bearing liabilities:							
Demand deposits	1,232,650			1,267,681			1,257
Other liabilities	121,484			114,735			10
Total liabilities	9,502,378			8,880,196			8,172
Stockholders' equity	837,537			731,932			641
Total liabilities and stockholders' equity	$10,339,915			$9,612,128			$8,814
Net interest income		385,135			386,020		
Interest rate spread			3.53			3.82	
Net interest margin (6)			4.07%			4.36%	

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(1) For purposes of these computations, nonaccrual loans are included in the average loan amounts.
(2) Interest income on loans includes loan fees.
(3) Interest income and interest expense include the effects of interest rate swap agreements.
(4) Information is presented on a tax-equivalent basis assuming a tax rate of 35%. The tax-equivalent adju
$1.7 million, $1.6 million and $1.3 million for the years ended December 31, 2007, 2006 and 2005, resp
(5) Interest expense on our notes payable includes commitment, arrangement and renewal fees. Exclusive of
rates paid were 6.41%, 6.11% and 4.93% for the years ended December 31, 2007, 2006 and 2005, respectiv
(6) Net interest margin is the ratio of net interest income (expressed on a tax-equivalent basis) to
assets.

</TABLE>

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The following table indicates, on a tax-equivalent basis, the changes in interest income and interest expense that are attributable to changes in average volume and changes in average rates, in comparison with the preceding year. The change in interest due to the combined rate/volume variance has been allocated to rate and volume changes in proportion to the dollar amounts of the change in each.

<TABLE>
<CAPTION>

	Increase (Decrease) Attributable to Change in:				
	2007 Compared to 2006			2006 Compared to 20	
	Volume	Rate	Net Change	Volume	Rate
	(dollars expressed in thousands)				
Interest earned on:					
Loans: (1)(2)(3)					
<S>	<C>	<C>	<C>	<C>	<C>
Taxable	$ 46,350	1,506	47,856	73,513	83,574
Tax-exempt (4)	678	39	717	497	(3)
Investment securities:					
Taxable	593	4,175	4,768	(16,922)	8,044
Tax-exempt (4)	(510)	93	(417)	137	73
Short-term investments	707	83	790	1,923	1,775
Total interest income	47,818	5,896	53,714	59,148	93,463
Interest paid on:					
Interest-bearing demand deposits	(46)	1,082	1,036	297	3,452
Savings and money market deposits	12,791	13,716	26,507	242	23,463
Time deposits (3)	10,283	18,365	28,648	26,572	35,513

Other borrowings	(844)	675	(169)	(7,199)	5,762
Notes payable (5)	(3,681)	577	(3,104)	3,240	(15)
Subordinated debentures (3)	3,059	(1,378)	1,681	1,801	475
Total interest expense	21,562	33,037	54,599	24,953	68,650
Net interest income	$ 26,256	(27,141)	(885)	34,195	24,813

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(1) For purposes of these computations, nonaccrual loans are included in the average loan amounts.
(2) Interest income on loans includes loan fees.
(3) Interest income and interest expense include the effect of interest rate swap agreements.
(4) Information is presented on a tax-equivalent basis assuming a tax rate of 35%.
(5) Interest expense on our notes payable includes commitment, arrangement and renewal fees.
</TABLE>

Net Interest Income

The primary source of our income is net interest income. Net interest income, expressed on a tax-equivalent basis, was $385.1 million for the year ended December 31, 2007, compared to $386.0 million and $327.0 million for the years ended December 31, 2006 and 2005, respectively. Our net interest margin was 4.07% for the year ended December 31, 2007, compared to 4.36% and 4.01% for the years ended December 31, 2006 and 2005, respectively. Net interest income is the difference between the interest earned on our interest-earning assets, such as loans and investment securities, and the interest paid on our interest-bearing liabilities, such as deposits and borrowings. Net interest income is affected by the level and composition of assets, liabilities and stockholders' equity, as well as the general level of interest rates and changes in interest rates. Interest income on a tax-equivalent basis includes the additional amount of interest income that would have been earned if our investment in certain tax-exempt interest-earning assets had been made in assets subject to federal, state and local income taxes yielding the same after-tax income. Net interest margin is determined by dividing net interest income on a tax-equivalent basis by average interest-earning assets. The interest rate spread is the difference between the average equivalent yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities.
<PAGE>

We attribute the decrease in net interest margin and net interest income in 2007 to a shift in our deposit mix that reflects increased higher-costing average time deposits and savings and money market accounts, in contrast to demand accounts, coupled with competitive pressures on the rates paid on our loan portfolio. The average rate paid on interest-bearing deposits increased 46 basis points to 3.67% for the year ended December 31, 2007, compared to 3.21% in 2006, while the average yield earned on our interest-earning assets increased 10 basis points to 7.41% for the year ended December 31, 2007, compared to 7.31% in 2006. The average rate paid on interest-bearing liabilities increased 39 basis points to 3.88% for the year ended December 31, 2007, compared to 3.49% in 2006. Our average interest-bearing assets increased $615.6 million, or 6.9% during 2007 to $9.47 billion, from $8.86 billion in 2006. The increase is primarily attributable to continued internal loan growth and interest-earning assets provided by our acquisitions completed in 2006 and 2007, which provided assets, in aggregate, of $867.3 million and $794.3 million, respectively. Our average interest-bearing deposits increased $683.9 million, or 10.1% during 2007 to $7.43 billion, from $6.75 billion in 2006. Our average interest-bearing liabilities increased $650.5 million, or 8.7% during 2007 to $8.15 billion, from $7.50 billion in 2006. In light of weakening economic conditions in our markets and expected continued future rate reductions by the Federal Reserve, we expect to experience continued downward pressure on our net interest margin and net interest income.

We attribute the increase in net interest income in 2006 to an 8.7% increase in our average interest-earning assets stemming from internal growth and growth through acquisitions of banks and other financial service companies, combined with higher yields on those assets commensurate with the prevailing interest rates in our markets. The increase in average interest-earning assets reflects increases in average loans and average short-term investments, and the transfer of funding from lower-yielding investment securities to higher-yielding loans, partially offset by increased interest expense related to increasing deposit balances along with a continued redistribution of deposit balances toward higher-yielding products and higher interest rates paid on those deposits, as well as increased interest expense paid on the overall levels of our other borrowings and subordinated debentures. Our overall borrowing levels reflect the reduction in the use of higher cost funding sources, such as term repurchase agreements and FHLB advances. Our average notes payable increased $52.0 million as a result of the term loan advances we borrowed in August 2005 and November 2005. Our average subordinated debentures, which support acquisitions and are also utilized for other corporate purposes, increased $22.3 million as a result of our issuance of $139.2 million of variable rate subordinated debentures through four newly-formed statutory trusts, partially offset by the repayment of $56.9 million of 9.0% fixed rate subordinated debentures on December 31, 2006. In addition, our net interest income was adversely affected by a decline in earnings on our interest rate swap agreements that were entered into in conjunction with our interest rate risk management program, as further discussed below.

Derivative financial instruments that were entered into in conjunction with our interest rate risk management program to mitigate the effects of decreasing interest rates reduced our net interest income by $3.1 million and $5.0 million for the years ended December 31, 2007 and 2006, respectively, whereas these derivative financial instruments contributed to an increase in our net interest income of $2.2 million for the year ended December 31, 2005. The earnings on our interest rate swap agreements reduced our net interest margin by approximately three and six basis points for 2007 and 2006, respectively, and increased our net interest margin by approximately three basis points for 2005. During the third quarter of 2006, we expanded our utilization of derivative financial instruments to reduce our exposure to falling interest rates, as further described in Note 5 to our Consolidated Financial Statements. The Company has implemented various methods to reduce the effect of decreasing interest rates on our net interest income, including the funding of investment security purchases through the issuance of term repurchase agreements. Our interest rate swap agreements are anticipated to partially mitigate the impact of the Federal Reserve interest rate cuts throughout the fourth quarter of 2007 and first quarter of 2008.

Interest income on our loan portfolio, expressed on a tax-equivalent basis, was $630.6 million, $582.1 million and $424.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. The yield on our loan portfolio was 7.82%, 7.79% and 6.59% for the years ended December 31, 2007, 2006 and 2005, respectively, reflecting increases of three basis points and 120 basis points during 2007 and 2006, respectively. The yield on our loan portfolio increased during 2007 primarily as a result of increases in the prime rate throughout the first half of 2006 from 7.25% to 8.25% and a decrease in the reduction of interest income associated with our interest rate swap agreements from $4.2 million in 2006 to $3.1 million in 2007, partially offset by competitive pressures on loan yields within our markets, an increase in the average amount of nonaccrual loans during 2007 as compared to 2006, and a decline in the prime rate from 8.25% to 7.25% from September 2007 through December 31, 2007.

The yield on our loan portfolio increased 120 basis points during 2006, reflecting increases in prevailing interest rates that began in mid-2004 and continued throughout 2005 and 2006 partially offset by a reduction of interest

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income associated with our interest rate swap agreements of $4.2 million in 2006 compared to an increase in interest income of $2.6 million in 2005. During 2006, the Federal Reserve increased the targeted federal funds rate, resulting in four increases in the prime rate of interest from 7.25% at December 31, 2005 to 8.25% at December 31, 2006, and during 2005, the Federal Reserve increased the targeted federal funds rate, resulting in eight increases in the prime rate of interest from 5.25% at December 31, 2004 to 7.25% at December 31, 2005. These interest rates are reflected not only in the rate of interest earned on loans that are indexed to the prime rate, but also in other assets and liabilities which either have variable or adjustable rates, or which have matured or repriced during these periods. In addition, interest income on our loan portfolio for 2007 reflects the reversal of accrued interest of approximately $2.6 million upon placement of significant credits on nonaccrual status. Interest income on our loan portfolio for 2006 also includes a $2.0 million recovery of interest and fees from the payoff of a single nonaccrual loan, as further described under "--Loans and Allowance for Loan Losses."

Interest expense on interest-bearing deposits was $272.9 million, $216.7 million and $127.2 million for the years ended December 31, 2007, 2006 and 2005, respectively. For the years ended December 31, 2007, 2006 and 2005, the aggregate weighted average rate paid on our interest-bearing deposit portfolio was 3.67%, 3.21% and 2.14%, respectively. We attribute the increase in 2007 to higher priced deposits driven by competitive pricing conditions within our markets, and a change in the mix of our average deposits to increased time deposits and savings and money market accounts. We attribute the increase in 2006 to the rising interest rate environment and a change in the mix of our average deposits which reflects a trend towards increased time deposits over transactional accounts, coupled with higher interest rates paid on deposits commensurate with the highly competitive rate market that continues to exert pressure on our net interest margin. While deposit growth continues to provide an adequate funding source for our loan portfolio, competitive pressures on deposits within our markets continue to impact our deposit pricing and our net interest margin.

Interest expense on our other borrowings was $16.6 million, $16.8 million and $18.2 million for the years ended December 31, 2007, 2006 and 2005, respectively. The aggregate weighted average rate paid on our other borrowings was 4.60% for the year ended December 31, 2007, compared to 4.42% and 3.19% for the years ended December 31, 2006 and 2005, respectively, reflecting the rise in short-term interest rates during these periods. The increase in the aggregate weighted average rates paid on our other borrowings also reflect: (a) the termination of $50.0 million and $200.0 million of term repurchase agreements in 2005 and 2006, respectively, resulting in a prepayment penalty of $306,000 in 2006; (b) the modification of the pricing structure of a $100.0 million term repurchase agreement in August 2006; (c) the entrance into a $100.0 million term repurchase agreement during 2006 and the subsequent termination of this agreement in August 2007, resulting in a prepayment penalty of $330,000; and (d) the impact of the related spreads to the London Interbank Offered Rate, or LIBOR, as further described in Note 5 and Note 10 to our Consolidated Financial Statements.

Interest expense on our notes payable was $2.4 million, $5.5 million and $2.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. The aggregate weighted average rate paid on our notes payable was 6.94%, 6.22% and 6.26% for the years ended December 31, 2007, 2006 and 2005, respectively. The aggregate weighted average rates paid reflect changing market interest rates during these periods, and unused commitment, arrangement and renewal fees paid in conjunction with this financing arrangement. Exclusive of these fees, the aggregate weighted average rate paid on our notes payable was 6.41%, 6.11% and 4.93% for the years ended December 31, 2007, 2006 and 2005, respectively, reflecting the rise in short-term interest rates during the periods. Our secured credit agreement represents a relatively high-cost funding source as increased advances have the effect of increasing the weighted average rate of our non-deposit liabilities. We borrowed $100.0 million of term loans under the secured credit agreement in late 2005, subsequently reduced the outstanding balance of these term loans to $65.0 million and $19.0 million at December 31, 2006 and 2007, respectively, and taken an advance of $20.0 million on the revolving credit sub-facility portion of our secured credit agreement in late 2007, contributing the overall level of interest expense during these periods, as further described in Note 11 to our Consolidated Financial Statements.

Interest expense on our subordinated debentures was $24.5 million, $22.8 million and $20.6 million for the years ended December 31, 2007, 2006 and 2005, respectively. The aggregate weighted average rate paid on our subordinated debentures was 7.64%, 8.11% and 7.93% for the years ended December 31, 2007, 2006 and 2005, respectively. The aggregate weighted average rates and the level of interest expense reflect: (a) the issuance of $77.3 million of variable rate subordinated debentures during 2007 through four newly formed statutory trusts, partially offset by the repayment of $25.8 million of variable rate subordinated debentures on April 22, 2007, as further described in Note 12 to our Consolidated Financial Statements; (b) the issuance of $139.2 million of variable rate subordinated debentures during 2006 through four newly formed statutory trusts, partially offset by the repayment of $56.9 million of 9.0% fixed rate subordinated debentures on December 31, 2006; and (c) the repayment of $59.3 million of 10.24% fixed rate subordinated debentures in September 2005.

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The refinancing of the outstanding subordinated debentures that carried a higher fixed interest rate improved our net interest income and net interest margin. However, the earnings impact of our interest rate swap agreements had a negative impact on the reduction of interest expense associated with our subordinated debentures. These interest rate swap agreements, which reduced interest expense by $2.0 million during 2005, increased interest expense by $814,000 during 2006. These swap agreements, which were designated as fair value hedges, were terminated in May 2005 and February 2006, as further discussed under "--Interest Rate Risk Management" and in Note 5 to our Consolidated Financial Statements.

Comparison of Results of Operations for 2007 and 2006

Net Income. Net income was $57.2 million for the year ended December 31, 2007, compared to $111.7 million for 2006. Our return on average assets and our return on average stockholders' equity were 0.55% and 6.83%, respectively, for the year ended December 31, 2007, compared to 1.16% and 15.26%, respectively, for 2006. The decrease in net income for 2007, as compared to 2006, reflects the following:

- >> a provision for loan losses of $75.0 million for the year ended December 31, 2007, compared to $12.0 million in 2006;

- >> net interest income of $383.5 million for the year ended December 31, 2007, compared to $384.4 million in 2006, which contributed to a decline in our net interest margin to 4.07% for the year ended December 31, 2007, compared to 4.36% in 2006;

- >> gains on loans sold and held for sale of $14.1 million for the year ended December 31, 2007, compared to $26.0 million in 2006;

- >> noninterest expense of $344.3 million for the year ended December 31, 2007, compared to $319.2 million in 2006; and

- >> a provision for income taxes of $10.2 million for the year ended December 31, 2007, compared to $55.1 million in 2006.

The increase in the provision for loan losses was primarily driven by increased net loan charge-offs and a decline in asset quality related to our one-to-four family residential mortgage and real estate construction and development loan portfolios, as further discussed under "--Provision for Loan Losses."

The decline in our net interest income and our net interest margin primarily resulted from an increase in higher priced deposit accounts and pressures on loan yields as a result of competitive conditions within our markets, as further discussed under "--Net Interest Income."

The decrease in gain on loans sold and held for sale primarily resulted from a decrease in the volume of loans originated and sold. The decrease in volume is primarily attributable to the discontinuation of the origination and subsequent sale of sub-prime loans in February of 2007, as well as overall market disruption, as further discussed under "--Noninterest Income."

The overall increase in the level of noninterest expense for 2007 reflects increased salaries and employee benefits expense, occupancy and furniture and equipment expenses and amortization of intangible assets, commensurate with the significant expansion of our branch office network resulting from our acquisitions of an insurance premium financing company and an insurance brokerage agency in 2006, the addition of 38 branch offices associated with acquisitions in 2006 and 2007 and the opening of eight de novo offices during 2007, in addition to certain other nonrecurring expenses incurred in 2007, primarily related to profit improvement initiatives and other items, as further discussed under "--Noninterest Expense."

The decrease in the provision for income taxes primarily resulted from decreased earnings and the reversal of a portion of our deferred tax asset valuation allowance, as further discussed under "--Provision for Income Taxes."

Provision for Loan Losses. We recorded a provision for loan losses of $75.0 million for the year ended December 31, 2007 compared to $12.0 million for the year ended December 31, 2006. The increase in the provision for loan losses was primarily driven by increased net loan charge-offs and a decline in asset quality related to our one-to-four family residential mortgage and land acquisition, development and construction loan portfolios. Throughout 2007, we encountered considerable distress in our one-to-four family residential loan portfolio as a result of the unstable market conditions surrounding sub-prime loan products. We also saw declining market conditions in our land acquisition, development and construction loan portfolio, particularly in Northern California, resulting in increased developer inventories, slower lot and home sales, and declining market values, as well as further deterioration on certain residential development and construction portfolio credits that began in the latter part of 2006, as further discussed below. All of these factors led to increased risk in our loan portfolio thereby contributing to a significant increase in our provision for loan losses. We recorded a provision for loan losses of $49.0 million for the three months ended December 31, 2007 compared to $4.0 million for the comparable period in 2006. The increase in the three months ended December 31, 2007 was primarily driven by increased net loan charge-offs

and rapidly declining market conditions in our one-to-four family residential mortgage and certain sectors of our land acquisition, development and construction loan portfolios, as discussed above.
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The provision recorded during 2006 was primarily driven by significant growth within our loan portfolio, coupled with deterioration within our one-to-four family residential portfolio in addition to the deterioration of certain other credits, including four large credit relationships within our residential development and construction portfolio during the later part of 2006 that were primarily driven by current market conditions, including slowdowns in unit sales.

Our nonperforming loans were $202.2 million at December 31, 2007, compared to $48.7 million at December 31, 2006. The increase in the overall level of nonperforming loans during 2007 was primarily driven by a decline in asset quality related to our one-to-four family residential mortgage and land acquisition, development and construction loan portfolios, and the acquisition of CFHI, which added $45.1 million of nonperforming loans, as further discussed under "--Loans and Allowance for Loan Losses."

Our net loan charge-offs increased to $66.8 million for the year ended December 31, 2007, compared to $6.8 million for the year ended December 31, 2006. Our net loan charge-offs for 2007 were 0.83% of average loans, compared to 0.09% in 2006. Loan charge-offs were $75.4 million for 2007, compared to $22.2 million in 2006, and loan recoveries were $8.7 million for 2007, compared to $15.4 million in 2006. Net loan charge-offs were $32.3 million for the three months ended December 31, 2007, compared to $7.6 million for the comparable period in 2006. Net loan charge-offs for the three months and year ended December 31, 2007 include $20.5 million and $40.9 million of net charge-offs associated with our one-to-four family residential loan portfolio, respectively, of which $14.5 million and $23.3 million, respectively, were recorded in conjunction with the sale of approximately $59.6 million of nonperforming one-to-four family residential mortgage loans during 2007. Net loan charge-offs also include charge-offs of $7.6 million associated with the sale of certain commercial loans which resulted in sales proceeds of $33.5 million. Loan charge-offs for 2006 included approximately $3.3 million of loan charge-offs associated with two significant residential development project relationships that were placed on nonaccrual status during 2006, in addition to $2.3 million of charge-offs recorded in conjunction with the transfer of certain portfolio loans to our loans held for sale portfolio prior to their sale in December 2006. Loan recoveries for 2006 included $5.0 million recorded on the payoff of a single loan that was transferred to our held for sale portfolio on December 31, 2005.

Under our loan policy, loans are placed on nonaccrual status once principal or interest payments become 90 days past due. However, individual loan officers may submit written requests for approval to continue the accrual of interest on loans that become 90 days past due. These requests must be submitted for approval consistent with the authority levels provided in our credit approval policies, and they are only granted if an expected near term future event, such as a pending renewal or expected payoff, exists at the time the loan becomes 90 days past due. If the expected near term future event does not occur as anticipated, the loan is then placed on nonaccrual status. Management considers the nonperforming assets trends in its overall assessment of the adequacy of the allowance for loan losses.

Tables summarizing nonperforming assets, past due loans and charge-off and recovery experience are presented under "--Loans and Allowance for Loan Losses."
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Noninterest Income and Expense. The following table summarizes noninterest income and noninterest expense for the years ended December 31, 2007 and 2006:
<TABLE>
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	December 31,		Increase (D
	2007	2006	Amount
	(dollars expressed in thousa		
Noninterest income:			
<S>	<C>	<C>	<C>
Service charges on deposit accounts and customer service fees....	$ 46,834	43,310	3,524
Gain on loans sold and held for sale............................	14,068	26,020	(11,952)
Net loss on investment securities...............................	(1,646)	(1,813)	167

Bank-owned life insurance investment income	3,841	3,103	738
Investment management income	7,111	8,412	(1,301)
Insurance fee and commission income	6,860	4,848	2,012
Other	26,201	29,063	(2,862)
Total noninterest income	$ 103,269	112,943	(9,674)
Noninterest expense:			
Salaries and employee benefits	$ 172,510	166,864	5,646
Occupancy, net of rental income	32,671	26,953	5,718
Furniture and equipment	19,683	16,960	2,723
Postage, printing and supplies	6,747	6,721	26
Information technology fees	36,305	37,099	(794)
Legal, examination and professional fees	9,893	8,783	1,110
Amortization of intangible assets	12,419	8,195	4,224
Advertising and business development	6,933	7,128	(195)
Charitable contributions	5,942	6,462	(520)
Other	41,147	34,051	7,096
Total noninterest expense	$ 344,250	319,216	25,034

</TABLE>

Noninterest Income. Noninterest income was $103.3 million for the year ended December 31, 2007, in comparison to $112.9 million for 2006. Noninterest income consists primarily of service charges on deposit accounts and customer service fees, mortgage-banking revenues, investment management income, insurance fee and commission income and other income.

Service charges on deposit accounts and customer service fees increased to $46.8 million from $43.3 million for the years ended December 31, 2007 and 2006, respectively. The increase in service charges and customer service fees is primarily attributable to: (a) increased deposit account balances associated with internal growth and our acquisitions of banks completed in 2006 and 2007, as further discussed under "--Financial Condition and Average Balances" and in Note 2 to our Consolidated Financial Statements; (b) increased cardholder interchange income primarily due to an increase in debit card usage by our customer base; (c) increased fee income from customer service charges for non-sufficient funds and returned check fees from our commercial deposit base primarily as a result of enhanced control of fee waivers; and (d) pricing increases on certain service charges and customer service fees instituted to reflect current market conditions.

Gain on loans sold and held for sale decreased to $14.1 million from $26.0 million for the years ended December 31, 2007 and 2006, respectively. The decrease in 2007 is attributable to a decrease in the volume of mortgage loans originated and subsequently sold in the secondary market. As further discussed under "--Loans and Allowance for Loan Losses" and "--Mortgage Banking Activities," we discontinued the origination and sale in the secondary market of sub-prime loans in February 2007, and as such, the discontinuation of these activities has reduced the amount of gains on loans sold and held for sale, in comparison to the level that we had historically generated through the origination and sale of these sub-prime loan products. Historically, approximately 40% of our origination and sale volume was related to sub-prime loan products. The decrease is also attributable to: (a) a gain of $851,000 recorded on the sale of approximately $13.4 million of certain repurchased and other residential mortgage loans in April 2007, compared to net gains of $2.4 million recorded on the sale of $278.7 million of certain residential mortgage loans during 2006 and a $3.7 million gain, before applicable income taxes, recorded on the sale of $32.6 million of commercial loans in December 2006, as further discussed under "--Loans and Allowance for Loan Losses" and "--Mortgage Banking Activities:" and (b) the recognition of $2.1 million of income generated from the securitization of $138.9 million in aggregate of residential mortgage loans in March and April 2006.

We recorded a net loss on investment securities of $1.6 million and $1.8 million for the years ended December 31, 2007 and 2006, respectively. The net loss for 2007 primarily resulted from a net decline of $1.5 million in the fair value of securities held in our trading portfolio prior the liquidation of the trading portfolio in July 2007. The net loss for 2006 primarily resulted the sale of certain available-for-sale investment securities associated with the termination of $200.0 million, in aggregate, of term repurchase agreements, as further described in Note 3, Note 5 and Note 10 to our Consolidated Financial Statements, partially offset by a gain of $389,000 on the redemption of common stock held as an available-for-sale investment security.

Bank-owned life insurance investment income was $3.8 million and $3.1 million for the years ended December 31, 2007 and 2006, respectively, reflecting an increased return on the performance of the underlying investments surrounding the insurance contracts which is primarily attributable to the portfolio investments mix and overall market conditions.

Investment management income generated by MVP, our institutional money management subsidiary, was $7.1 million for the year ended December 31, 2007, in comparison to $8.4 million in 2006, reflecting decreased portfolio management fee income associated with changes in the level of assets under management and current market conditions.

Insurance fee and commission income generated by Adrian Baker, our insurance brokerage agency acquired on March 31, 2006 was $6.9 million for the year ended December 31, 2007, in comparison to $4.8 million in 2006, reflecting a full year of activity in 2007 as compared to nine months in 2006 and increased customer volumes, partially offset by reductions in premiums attributable to current market conditions within the insurance industry.

Other income was $26.2 million and $29.1 million for the years ended December 31, 2007 and 2006, respectively. We primarily attribute the decline in other income to:

- a decrease of $2.2 million in gains on sales of other real estate, primarily attributable to a gain of $1.5 million recognized on the sale of a parcel of other real estate in January 2006;

- a decrease of $1.7 million attributable to interest due on tax refunds associated with the filing of amended federal income tax returns for the years from 2000 through 2004 that was recorded in the fourth quarter of 2006;

- a release fee of $938,000 received in the first quarter of 2006 on funds collected from a loan previously sold in which First Bank was entitled to 25% of any future fees collected on the loan under a defined release fee agreement that was entered into in conjunction with the loan sale; partially offset by

- an increase of $1.6 million in the gain (loss) on our derivative instruments resulting from an increase in the fair value of our interest rate floors and caps;

- an increase of $569,000 in gains on sales of other assets. Net pre-tax gains on sales of other assets were $4.4 million for the year ended December 31, 2007, and included a pre-tax gain of $2.6 million recognized in November 2007 on the sale of a branch building and a pre-tax gain of $1.0 million recognized in July 2007 on the sale of our Texas Branch Offices, as further described in Note 2 to our Consolidated Financial Statements. Net pre-tax gains on sales of other assets were $3.8 million for the year ended December 31, 2006 and included a pre-tax gain of $2.8 million gain recognized in September 2006 on the sale of an asset that was acquired as settlement in full of a loan previously charged-off and a pre-tax gain of $885,000 recognized on the sale of assets that were acquired with an acquisition completed in late 2004; and

- income associated with continued growth and expansion of our banking franchise, including our de novo branch offices and our acquisitions completed during 2006 and 2007.

Noninterest Expense. Noninterest expense was $344.3 million for the year ended December 31, 2007, in comparison to $319.2 million for 2006. Our efficiency ratio was 70.73% for the year ended December 31, 2007, compared to 64.18% for 2006. The efficiency ratio is used by the financial services industry to measure an organization's operating efficiency. The efficiency ratio represents the ratio of noninterest expense to the sum of net interest income and noninterest income. The increase in noninterest expense was primarily attributable to our 2006 and 2007 acquisitions, including salaries and employee benefits expense, occupancy and furniture and equipment expenses, as well as increases in amortization of intangible assets and other expense.

We record the majority of integration costs attributable to our acquisitions as of the consummation date of our business combinations. These costs include, but are not limited to, items such as:

- write-downs and impairment of assets of the acquired entities that will no longer be usable subsequent to the consummation date, primarily data processing equipment, incompatible hardware and software, bank signage, etc. These adjustments are generally recorded as of the consummation date as an allocation of the purchase price with the offsetting adjustment recorded as an increase to goodwill. For all periods presented, these adjustments are not material to our operations;

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- costs associated with a planned exit of an activity of the acquired entity that is not associated with or is not expected to generate revenues after the consummation date, such as credit card lending. These costs are generally recorded as of the consummation date through the establishment of an accrued liability with the offsetting adjustment recorded as an increase to goodwill. These costs are infrequently encountered and, for all periods presented, are not material to our operations;

- planned involuntary employee termination benefits, as further discussed under "Business --Acquisitions - Acquisition and Integration Costs" and Note 2 to our Consolidated Financial Statements; and

- contractual obligations of the acquired entities that existed prior to the consummation date that either have no economic benefit to the combined entity or have a penalty that we will incur to cancel the contractual obligation. These contractual obligations generally relate to existing information technology and item processing contracts of the acquired entities that include penalties for early termination. The acquisition of specialized entities does not typically result in costs associated with integration of information technology systems as the existing systems remain in use. In conjunction with the merger and integration of our acquisitions, the acquired banks are converted to our existing information technology and item processing systems. Consequently, the costs associated with terminating the existing contracts of the acquired entities are generally recorded as of the consummation date through the establishment of an accrued liability with the offsetting adjustment recorded as an increase to goodwill as further discussed under "Business -- Acquisitions - Acquisition and Integration Costs" and Note 2 to our Consolidated Financial Statements.

We make adjustments to the fair value of the acquired entities' assets and liabilities for these items as of the consummation date and include them in the allocation of the overall acquisition cost. We also incur costs associated with our acquisitions that are expensed in our consolidated statements of income. These costs relate specifically to additional costs incurred in conjunction with the information technology and item processing conversions of the acquired entities, as well as training of personnel on First Bank's systems, as further described and quantified below.

Salaries and employee benefits increased $5.6 million to $172.5 million for the year ended December 31, 2007, from $166.9 million in 2006. We attribute the overall increase to the following:

- increased salaries and employee benefits expenses associated with an aggregate of 38 additional branches acquired in 2006 and 2007, eight de novo branches opened in 2007, and the acquisitions of UPAC and Adrian Baker in 2006;

- generally higher salary and employee benefit costs associated with employing and retaining qualified personnel; and

- approximately $4.6 million of severance expenses associated with certain profit improvement initiatives, primarily related to reductions in mortgage banking production staff levels following the discontinuation of the origination and sale of sub-prime loans in February 2007; partially offset by

- lower salaries and employee benefits expenses resulting from decreased staffing levels within our mortgage banking division and the completion of certain other staff reductions. Our total full-time equivalent employees decreased to approximately 2,440 at December 31, 2007, from 2,630 at December 31, 2006; and

>> lower incentive compensation as a result of the decline in earnings.

Occupancy, net of rental income, and furniture and equipment expense was $52.4 million and $43.9 million for the years ended December 31, 2007 and 2006, respectively. The increase reflects higher levels of expense resulting from our de novo activities and acquisitions in 2006 and 2007, as discussed above, as well as increased technology equipment expenditures, continued expansion and renovation of certain corporate and branch offices, increased expenses associated with the purchase and/or lease of properties that will be utilized for future branch office locations, and depreciation expense associated with acquisitions and capital expenditures.

Information technology and item processing fees were $36.3 million and $37.1 million for the years ended December 31, 2007 and 2006, respectively. As more fully described in Note 19 to our Consolidated Financial Statements, First Services, L.P., a limited partnership indirectly owned by our Chairman and members of his immediate family, provides information technology and various operational support services to our subsidiaries and us. Information technology fees also include fees paid to outside servicers associated with our mortgage lending and trust divisions, our small business lending and institutional money management subsidiaries, and UPAC and Adrian Baker. The decrease in these fees in 2007 reflects a reduction in the number of acquisitions completed during 2007 as compared to 2006 and the related de-conversion costs from other providers associated with bank acquisitions, as well as enhanced automation of certain services, including remote deposit, branch capture and electronic image exchange, which has significantly contributed to reduced manual processes and reduced costs associated with these services, partially offset by depreciation expense associated with the related capital expenditures necessary to support the enhanced delivery channels. The decrease was also partially offset by higher costs associated with the addition of de novo branch offices and offices provided by our acquisitions, including the acquisition of CFHI; growth and technological advancements consistent with our product and service offerings; and continued expansion and upgrades to technological equipment, networks and communication channels.

Legal, examination and professional fees were $9.9 million and $8.8 million for the years ended December 31, 2007 and 2006, respectively. The continued expansion of overall corporate activities, the ongoing professional services utilized by certain of our acquired entities, and the levels of legal fees associated with certain litigation matters have all contributed to the overall expense levels in 2006 and 2007.

Amortization of intangible assets was $12.4 million and $8.2 million for the years ended December 31, 2007 and 2006, respectively. The increase is attributable to core deposit intangibles associated with our acquisitions completed in 2006 and 2007, in addition to the customer list intangibles associated with our acquisitions of Adrian Baker and UPAC in March 2006 and May 2006, respectively, as further described in Note 2 and Note 8 to our Consolidated Financial Statements.

Charitable contributions expense was $5.9 million and $6.5 million for the years ended December 31, 2007 and 2006, respectively, reflecting a decrease in charitable contributions made to the Dierberg Operating Foundation, Inc., a charitable foundation established by our Chairman and members of his immediate family, as further described in Note 19 to our Consolidated Financial Statements.

Other expense was $41.1 million and $34.1 million for the years ended December 31, 2007 and 2006, respectively. Other expense encompasses numerous general and administrative expenses including communications, insurance, freight and courier services, correspondent bank charges, miscellaneous losses and recoveries, expenses on other real estate owned, memberships and subscriptions, transfer agent fees, sales taxes and travel, meals and entertainment. The increase in other expense was primarily attributable to:

>> expenses associated with continued growth and expansion of our banking franchise, including our de novo branch offices and our acquisitions completed during 2006 and 2007; and

>> an increase in overdraft, robbery, fraud and other losses of $6.6 million from $2.3 million in 2006 to approximately $8.9 million in 2007, including a single overdraft loss of $5.0 million and an expense of $700,000 related to our estimated indemnification obligation, as a member bank, to share certain litigation costs of Visa, Inc., or Visa.

This resulted from revisions in October 2007 to Visa's by-laws affecting all member banks, as part of an overall reorganization in which the member banks indemnified Visa on certain covered litigation. The expense related to Visa's American Express litigation, which was settled by Visa in November 2007, and other Visa litigation which has not yet been settled. As part of the reorganization, Visa has planned an initial public offering, or IPO, in 2008, and a portion of the proceeds of the IPO representing each member bank's proportionate share will be used to fund the litigation settlements. We anticipate our proportional share of the proceeds of the Visa IPO will more than offset our estimated liabilities related to the Visa litigation.

Provision for Income Taxes. The provision for income taxes was $10.2 million for the year ended December 31, 2007, representing an effective income tax rate of 15.1%, in comparison to $55.1 million, representing an effective income tax rate of 33.1%, for the year ended December 31, 2006. The decrease in our provision for income taxes primarily reflects our decreased earnings, an increase in tax exempt income and a partial reduction of our deferred tax asset valuation allowance. In the fourth quarter of 2007, we reversed a portion of our deferred tax asset valuation allowance which had the effect of reducing the provision for income taxes by $10.7 million. This reversal was necessitated by a reduction in the allowance for loan losses allocated to certain loans acquired in 2004 as a result of final resolution of the loans through repayment, sale or other means. In 2006, we reversed a $2.9 million federal tax reserve and $1.9 million state tax reserve as they were no longer deemed necessary as a result of the resolution of a potential tax liability. In addition, we recorded net tax benefits of $1.9 million and $5.6 million relating to the utilization of certain federal and state tax credits for the years ended December 31, 2007 and 2006, respectively. Excluding these transactions, our effective income tax rate was 34.7% and 38.5% for the years ended December 31, 2007 and 2006, respectively, as further described in Note 13 to our Consolidated Financial Statements.

Comparison of Results of Operations for 2006 and 2005

Net Income. Net income was $111.7 million for the year ended December 31, 2006, compared to $96.9 million for 2005. Our return on average assets and our return on average stockholders' equity were 1.16% and 15.26%, respectively, for the year ended December 31, 2006, compared to 1.10% and 15.11%, respectively, for 2005. Net income for 2006 reflects increased net interest income and noninterest income, partially offset by an increase in our provision for loan losses, higher levels of noninterest expense and an increase in our provision for income taxes.
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The increase in earnings in 2006 reflects our continuing efforts to strengthen earnings while focusing on reducing the overall level of our nonperforming assets. The increase in net interest income and net interest margin resulted from (a) an increase in average interest-earning assets stemming from internal loan growth and growth through acquisitions, and (b) higher yields earned on those assets as a result of an increased interest rate environment; partially offset by increased interest expense associated with an increasing deposit base coupled with higher interest rates paid on deposits and on our short-term and long-term borrowings, and the adverse impact of a decline in earnings on our interest rate swap agreements associated with our interest rate risk management program, as further discussed under "--Net Interest Income." The increase in net income in 2006 was partially offset by a significant increase in our provision for loan losses, which resulted from loan portfolio growth and the deterioration of certain credit relationships despite an overall improvement in our nonperforming loans throughout 2006, as further discussed under "--Provision for Loan Losses." The increase in our noninterest income in 2006 was attributable to increased gains on loans sold and held for sale associated with mortgage banking activities and the sale of certain loans, commission fee income associated with our insurance brokerage agency acquired in March 2006, increased service charges on deposit accounts and customer service fees related to higher deposit balances stemming from product development efforts and deposits associated with our 2005 and 2006 acquisitions, and gains on the sale of other assets, as further discussed under "--Noninterest Income." The overall increase in the level of noninterest expense for 2006 reflects increased salaries and employee benefits expense, occupancy expenses and amortization of intangible assets, commensurate with the significant expansion of our branch office network and employee base resulting from our acquisitions of an insurance premium financing company and an insurance brokerage agency in 2006, the addition of 20 branch offices associated with acquisitions in 2005 and 2006, and an increase in the full-time equivalent employee base during 2006, as further discussed under "--Noninterest Expense."

Provision for Loan Losses. We recorded a provision for loan losses of $12.0

million for the year ended December 31, 2006. The provision recorded during 2006 was primarily driven by significant growth within our loan portfolio, coupled with deterioration within our one-to-four family residential portfolio in addition to the deterioration of certain other credits, including four large credit relationships within our residential development and construction portfolio during the later part of 2006 that were primarily driven by current market conditions, including slowdowns in unit sales, as further discussed under "Business -- Lending Activities" and "--Loans and Allowance for Loan Losses." We recorded a $4.0 million negative provision for loan losses for the year ended December 31, 2005 to reduce our allowance for loan losses to a level commensurate with the decreasing credit risk that existed in the loan portfolio at that time. Our nonperforming loans decreased $48.5 million, or 49.9%, to $48.7 million at December 31, 2006, from $97.2 million at December 31, 2005. The decrease in the overall level of nonperforming loans during 2006 reflects our efforts to improve asset quality through the sale of nonperforming loans and loan payoffs, as well as the strengthening of certain credit relationships, as further discussed under "--Loans and Allowance for Loan Losses." The overall decrease was partially offset by several significant credit relationships that were downgraded and placed on nonaccrual status during 2006, as previously mentioned.

Our allowance for loan losses was $145.7 million at December 31, 2006, compared to $135.3 million at December 31, 2005, representing 1.90% and 1.93% of loans, net of unearned discount, respectively, and 299.05% and 139.23% of nonperforming loans, respectively. The allowance for loan losses at December 31, 2006 includes $5.2 million of balances acquired in conjunction with our 2006 acquisitions. Our net loan charge-offs declined to $6.8 million from $13.4 million for the years ended December 31, 2006 and 2005, respectively. Our net loan charge-offs for 2006 were 0.09% of average loans, representing a significant improvement over 0.21% in 2005. Loan charge-offs were $22.2 million for 2006, compared to $33.1 million in 2005, and loan recoveries were $15.4 million for 2006, compared to $19.8 million in 2005. Loan charge-offs for 2006 included approximately $3.3 million of loan charge-offs associated with two significant residential development project relationships that were placed on nonaccrual status during 2006, in addition to $2.3 million of charge-offs recorded in conjunction with the transfer of certain portfolio loans to our loans held for sale portfolio prior to their sale in December 2006. Loan recoveries for 2006 included $5.0 million recorded on the payoff of a single loan that was transferred to our held for sale portfolio on December 31, 2005.

Tables summarizing nonperforming assets, past due loans and charge-off and recovery experience are presented under "--Loans and Allowance for Loan Losses."
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Noninterest Income and Expense. The following table summarizes noninterest income and noninterest expense for the years ended December 31, 2006 and 2005:
<TABLE>
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	December 31,		Increase (D
	2006	2005	Amount
	(dollars expressed in thousa		
Noninterest income:			
<S>	<C>	<C>	<C>
Service charges on deposit accounts and customer service fees....	$ 43,310	39,776	3,534
Gain on loans sold and held for sale............................	26,020	20,804	5,216
Net loss on investment securities...............................	(1,813)	(2,873)	1,060
Bank-owned life insurance investment income.....................	3,103	4,860	(1,757)
Investment management income....................................	8,412	8,573	(161)
Insurance fee and commission income.............................	4,848	--	4,848
Other...	29,063	24,945	4,118
Total noninterest income....................................	$ 112,943	96,085	16,858
Noninterest expense:			
Salaries and employee benefits..................................	$ 166,864	139,764	27,100
Occupancy, net of rental income.................................	26,953	22,081	4,872
Furniture and equipment...	16,960	16,015	945
Postage, printing and supplies..................................	6,721	5,743	978
Information technology fees.....................................	37,099	35,472	1,627
Legal, examination and professional fees........................	8,783	9,319	(536)
Amortization of intangible assets...............................	8,195	4,850	3,345
Advertising and business development............................	7,128	7,043	85

Charitable contributions	6,462	5,922	540
Other	34,051	31,429	2,622
Total noninterest expense	$ 319,216	277,638	41,578

</TABLE>

Noninterest Income. Noninterest income was $112.9 million for the year ended December 31, 2006, in comparison to $96.1 million for 2005. Noninterest income consists primarily of service charges on deposit accounts and customer service fees, mortgage-banking revenues, investment management income, insurance fee and commission income and other income.

Service charges on deposit accounts and customer service fees increased to $43.3 million from $39.8 million for the years ended December 31, 2006 and 2005, respectively. The increase in service charges and customer service fees is primarily attributable to: (a) increased deposit account balances associated with internal growth and our acquisitions of banks completed in 2005 and 2006, as further discussed under "--Financial Condition and Average Balances" and in Note 2 to our Consolidated Financial Statements; (b) additional products and services available and utilized by our retail and commercial customer base; (c) increased fee income from customer service charges for non-sufficient funds and returned check fees coupled with enhanced control of fee waivers; and (d) pricing increases on certain service charges and customer service fees instituted to reflect current market conditions.

The gain on loans sold and held for sale increased to $26.0 million from $20.8 million for the years ended December 31, 2006 and 2005, respectively. We primarily attribute the increase in 2006 to: (a) a $1.7 million gain, before applicable income taxes, recorded on the sale of certain nonperforming loans in March 2006 that were transferred to our loans held for sale portfolio on December 31, 2005; (b) the recognition of $1.2 million and $927,000 of income in March 2006 and April 2006, respectively, generated from the securitization and transfer to our investment portfolio of $77.1 million and $61.8 million, respectively, of residential mortgage loans held in our loan portfolio; (c) net gains of $2.4 million recorded on the sale of $278.7 million of certain residential mortgage loans; and (d) a $3.7 million gain, before applicable income taxes, recorded on the sale, in December 2006, of 44 loans in our loans held for sale portfolio, of which 26 were nonperforming loans. The increase in our gain on loans sold and held for sale was partially offset by a $1.1 million write-down of the carrying value of a nonperforming loan that was transferred to our loans held for sale portfolio on December 31, 2005, and subsequently transferred back into our loan portfolio at fair value in September 2006.

Noninterest income includes a net loss on investment securities of $1.8 million and $2.9 million for the years ended December 31, 2006 and 2005, respectively. The net loss for 2006 resulted primarily from sales of certain available-for-sale investment securities associated with the full termination of three $50.0 million term repurchase agreements and the partial termination of $50.0 million of a $150.0 million term repurchase agreement, as further described in Note 3, Note 5 and Note 10 to our Consolidated Financial Statements, partially offset by a gain of $389,000 on the redemption of common stock held as an available-for-sale investment security. The net loss for 2005 resulted from the sale of certain available-for-sale investment securities associated with the termination of a $50.0 million term repurchase agreement.

Bank-owned life insurance investment income was $3.1 million for the year ended December 31, 2006, in comparison to $4.9 million in 2005. The decrease reflects a reduced return on the performance of the underlying investments surrounding the insurance contracts which is primarily attributable to the portfolio mix of investments and overall market conditions.

Investment management income generated by MVP, our institutional money management subsidiary, was $8.4 million for the year ended December 31, 2006, in comparison to $8.6 million in 2005, reflecting decreased portfolio management fee income as a result of current market conditions.

Insurance fee and commission income generated by Adrian Baker, our insurance brokerage agency acquired on March 31, 2006, was $4.8 million for the year ended December 31, 2006.

Other income was $29.1 million and $24.9 million for the years ended December 31, 2006 and 2005, respectively. We attribute the primary components of the increase in other income to:

- an increase of $3.1 million in gains on sales of other assets, including a $2.8 million gain recognized on the sale of an asset that was acquired as settlement in full of a loan charged-off in prior years and a gain of $885,000 recognized on the sale of assets that were acquired with an acquisition completed in late 2004;

- an increase of $1.7 million attributable to interest due on tax refunds associated with the filing of amended federal income tax returns for the years from 2000 through 2004;

- a release fee of $938,000 received on funds collected from a loan previously sold in March 2005, in which First Bank was entitled to 25% of any future fees collected on the loan under a defined release fee agreement that was entered into in conjunction with the loan sale;

- a net increase of $839,000 in loan servicing fees, which was primarily attributable to a decrease of $966,000 in impairment charges on SBA servicing rights and a decrease of $1.5 million in the amortization of servicing rights; partially offset by a decrease of $1.6 million in fees from loans serviced for others;

- a decrease of $680,000 in net losses on our derivative instruments;

- an increase of $652,000 in gains on sales of other real estate. Gains on sales of other real estate were $2.0 million for the year ended December 31, 2006, and included a $1.5 million gain recognized on the sale of a parcel of other real estate in January 2006. Gains on sales of other real estate for the year ended December 31, 2005 were $1.3 million; and

- income associated with continued growth and expansion of our banking franchise, including our de novo branch offices and our acquisitions completed during 2005 and 2006; partially offset by

- a decrease of $2.5 million in recoveries of certain loan principal balances that had been previously charged-off by the financial institutions prior to their acquisitions by First Banks.

Noninterest Expense. Noninterest expense was $319.2 million for the year ended December 31, 2006, in comparison to $277.6 million for 2005. Our efficiency ratio was 64.18% for the year ended December 31, 2006, compared to 65.83% for 2005. The increase in noninterest expense was primarily attributable to our 2005 and 2006 acquisitions, including salaries and employee benefits expense, occupancy expense and information technology fees, as well as increases in amortization of intangible assets and other expense.

Salaries and employee benefits increased by $27.1 million to $166.9 million for the year ended December 31, 2006, from $139.8 million in 2005. We attribute the overall increase to increased salaries and employee benefits expenses associated with an aggregate of 20 additional branches acquired in 2005 and 2006, one de novo branch opened in 2005, the acquisitions of UPAC and Adrian Baker, in addition to generally higher salary and employee benefit costs associated with employing and retaining qualified personnel, including the implementation of enhanced incentive compensation and employee benefit plans. Our total full-time equivalent employees increased to approximately 2,630 at December 31, 2006 from approximately 2,290 at December 31, 2005.

Occupancy, net of rental income, and furniture and equipment expense was $43.9 million and $38.1 million for the years ended December 31, 2006 and 2005, respectively. The increase reflects higher levels of expense resulting from our de novo activities and acquisitions in 2005 and 2006, as discussed above, as well as increased technology equipment expenditures, continued expansion and renovation of certain corporate and branch offices, and increased depreciation expense associated with acquisitions and capital expenditures.

Information technology and item processing fees were $37.1 million and $35.5 million for the years ended December 31, 2006 and 2005, respectively. The increased level of information technology fees was primarily attributable to the additional branch offices provided by our acquisitions and de novo branch office openings; certain de-conversion costs from other providers associated with our acquisitions; growth and technological advancements consistent with our product and service offerings; and continued expansion and upgrades to technological equipment, networks and communication channels, including costs to maintain security and provide compliance with the Sarbanes-Oxley Act of 2002; partially offset by expense reductions resulting from information technology conversions of our acquisitions completed in 2005 and 2006, as well as the achievement of certain efficiencies associated with the implementation of various technology projects.

Legal, examination and professional fees were $8.8 million and $9.3 million for the years ended December 31, 2006 and 2005, respectively. The continued expansion of overall corporate activities, the ongoing professional services utilized by certain of our acquired entities, and the levels of legal fees associated with certain litigation matters have all contributed to the overall expense levels in 2005 and 2006.

Amortization of intangible assets was $8.2 million and $4.9 million for the years ended December 31, 2006 and 2005, respectively. The increase is attributable to core deposit intangibles associated with our acquisitions completed in 2005 and 2006, in addition to the customer list intangibles associated with our acquisitions of Adrian Baker and UPAC in March 2006 and May 2006, respectively, as further described in Note 2 and Note 8 to our Consolidated Financial Statements.

Charitable contributions expense was $6.5 million and $5.9 million for the years ended December 31, 2006 and 2005, respectively. The increase is primarily attributable to an increase in charitable contributions made to the Dierberg Operating Foundation, Inc. and The Dierberg Foundation, charitable foundations established by our Chairman and members of his immediate family, as further described in Note 19 to our Consolidated Financial Statements.

Other expense was $34.1 million and $31.4 million for the years ended December 31, 2006 and 2005, respectively. Other expense encompasses numerous general and administrative expenses including communications, insurance, freight and courier services, correspondent bank charges, miscellaneous losses and recoveries, expenses on other real estate owned, memberships and subscriptions, transfer agent fees, sales taxes and travel, meals and entertainment. The increase in other expense was primarily attributable to:

>> a $617,000 specific reserve established in March 2006 and an increase of $746,000 to the specific reserve in June 2006 for the estimated loss associated with a $3.1 million unfunded letter of credit acquired with an acquisition completed in November 2004;

>> a $470,000 loss recognized on a liquidation sale of residential real estate and personal property of an SBA guaranteed loan; and

>> expenses associated with continued growth and expansion of our banking franchise, including our de novo branch offices and our acquisitions completed during 2005 and 2006; partially offset by

>> a decrease of $1.5 million of expenditures on other real estate. Expenses on other real estate were $520,000 for the year ended December 31, 2006. Expenses on other real estate were $2.0 million for the year ended December 31, 2005, and included expenditures of $1.1 million related to an acquired parcel of other real estate.

Provision for Income Taxes. The provision for income taxes was $55.1 million for the year ended December 31, 2006, representing an effective income tax rate of 33.1%, in comparison to $52.5 million, representing an effective income tax rate of 35.5%, for the year ended December 31, 2005. The increase in our provision for income taxes primarily reflects our increased earnings. In 2006, we reversed a $2.9 million federal tax reserve and a $1.9 million state tax reserve as they were no longer deemed necessary as a result of the resolution of a potential tax liability. In 2005, we reversed a $3.3 million state tax reserve as it was no longer deemed necessary as a result of the resolution of a potential tax liability. In addition, we recorded net tax benefits of $5.6 million and $2.1 million relating to the utilization of certain federal and state tax credits for the years ended December 31, 2006 and 2005, respectively. Excluding these transactions, our effective income tax rate was 38.5% and 38.4% for the years ended December 31, 2006 and 2005, respectively.
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Interest Rate Risk Management

For financial institutions, the maintenance of a satisfactory level of net interest income is a primary factor in achieving acceptable income levels. However, the maturity and repricing characteristics of the institution's loan and investment portfolios may differ significantly from those within its deposit structure. The nature of the loan and deposit markets within which a financial institution operates and its objectives for business development within those markets at any point in time influence these characteristics. In addition, the ability of borrowers to repay loans and depositors to withdraw funds prior to stated maturity dates introduces divergent option characteristics that operate primarily as interest rates change. These factors cause various elements of the institution's balance sheet to react in different manners and at different times relative to changes in interest rates, potentially leading to increases or decreases in net interest income over time. Depending upon the direction and magnitude of interest rate movements and their effect on the specific components of the institution's balance sheet, the effects on net interest income can be substantial. Consequently, managing a financial institution requires establishing effective control over the exposure of the institution to changes in interest rates.

We strive to manage our interest rate risk by:

- maintaining an Asset Liability Committee, or ALCO, responsible to our Board of Directors and Executive Management, to review the overall interest rate risk management activity and approve actions taken to reduce risk;

- employing a financial simulation model to determine our exposure to changes in interest rates;

- coordinating the lending, investing and deposit-generating functions to control the assumption of interest rate risk; and

- utilizing various financial instruments, including derivatives, to offset inherent interest rate risk should it become excessive.

The objective of these procedures is to limit the adverse impact that changes in interest rates may have on our net interest income.

The ALCO has overall responsibility for the effective management of interest rate risk and the approval of policy guidelines. The ALCO includes our President and Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Executive Vice President of Corporate Banking, Executive Vice President of Retail Banking, Director of Risk Management and Audit, and certain other senior officers. The Asset Liability Management Group, which monitors interest rate risk, supports the ALCO, prepares analyses for review by the ALCO and implements actions that are either specifically directed by the ALCO or established by policy guidelines.

In managing sensitivity, we strive to reduce the adverse impact on earnings by managing interest rate risk within internal policy constraints. Our policy is to manage exposure to potential risks associated with changing interest rates by maintaining a balance sheet posture in which annual net interest income is not significantly impacted by reasonably possible near-term changes in interest rates. To measure the effect of interest rate changes, we project our net income over a two-year horizon on a pro forma basis. The analysis assumes various scenarios for increases and decreases in interest rates including both instantaneous and gradual, and parallel and non-parallel shifts in the yield curve, in varying amounts. For purposes of arriving at reasonably possible near-term changes in interest rates, we include scenarios based on actual changes in interest rates, which have occurred over a two-year period, simulating both a declining and rising interest rate scenario.

We are "asset-sensitive," indicating that our assets would generally reprice with changes in interest rates more rapidly than our liabilities, and our simulation model indicates a loss of projected net interest income should interest rates decline. While a decline in interest rates of less than 100 basis points has a relatively minimal impact on our net interest income, an instantaneous parallel decline in the interest yield curve of 100 basis points indicates a pre-tax projected loss of approximately 3.9% of net interest income, based on assets and liabilities at December 31, 2007. Although we do not anticipate that instantaneous shifts in the yield curve as projected in our simulation model are likely, these are indications of the effects that changes in interest rates would have over time. Our asset-sensitive position, coupled with the effect of recent cuts in interest rates in late 2007 and in early 2008, has negatively impacted our net interest income and will continue to impact the level of our net interest income over time.
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We also prepare and review a more traditional interest rate sensitivity position in conjunction with the results of our simulation model. The following table presents the projected maturities and periods to repricing of our rate sensitive assets and liabilities as of December 31, 2007, adjusted to account for anticipated prepayments:

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(dollars expressed in thousand

	Three Months or Less	Over Three through Six Months	Over Six through Twelve Months	Over One through Five Years
Interest-earning assets:				
<S>	<C>	<C>	<C>	<C>
Loans (1)	$5,160,254	546,334	809,329	2,182,351
Investment securities	209,637	68,427	141,071	420,742
Short-term investments	14,078	--	--	--
Total interest-earning assets	5,383,969	614,761	950,400	2,603,093
Effect of interest rate swap agreements	(400,000)	--	--	400,000
Total interest-earning assets after the effect of interest rate swap agreements	$4,983,969	614,761	950,400	3,003,093
Interest-bearing liabilities:				
Interest-bearing demand deposits	$ 362,913	225,596	147,128	107,894
Money market deposits	2,267,206	--	--	--
Savings deposits	76,419	62,933	53,942	76,418
Time deposits	1,432,946	1,246,565	1,030,183	481,565
Other borrowings	375,356	92	170	505
Notes payable	39,000	--	--	--
Subordinated debentures	282,481	--	--	--
Total interest-bearing liabilities	$4,836,321	1,535,186	1,231,423	666,382
Interest-sensitivity gap:				
Periodic	$ 147,648	(920,425)	(281,023)	2,336,711
Cumulative	147,648	(772,777)	(1,053,800)	1,282,911
Ratio of interest-sensitive assets to interest-sensitive liabilities:				
Periodic	1.03	0.40	0.77	4.51
Cumulative	1.03	0.88	0.86	1.16

- ----------------------
(1) Loans are presented net of unearned discount.
</TABLE>

Management made certain assumptions in preparing the foregoing table. These assumptions included:

>> loans will repay at projected repayment rates;

>> mortgage-backed securities, included in investment securities, will repay at projected repayment rates;

>> interest-bearing demand accounts and savings deposits will behave in a projected manner with regard to their interest rate sensitivity; and

>> fixed maturity deposits will not be withdrawn prior to maturity.

A significant variance in actual results from one or more of these assumptions could materially affect the results reflected in the foregoing table.

Our overall asset-sensitive position at December 31, 2007 was $1.26 billion, or 11.54% of our total assets, in comparison to our overall asset-sensitive position of $1.39 billion, or 13.65% of our total assets, at December 31, 2006. However, we were in a liability-sensitive position on a cumulative basis through the twelve-month time horizon of $1.05 billion, or 9.67% of our total assets, and $608.4 million, or 5.99% of our total assets, at December 31, 2007 and 2006,

respectively. We primarily attribute the liability-sensitive position on a cumulative basis through the twelve-month time horizon in 2007 and 2006 to an increase in money market deposits and an increase in the repricing of time deposits within the twelve-month time horizon as a result of the interest rate environment and economic conditions as of December 31, 2007 and 2006.
<PAGE>

The interest-sensitivity position is one of several measurements of the impact of interest rate changes on net interest income. Its usefulness in assessing the effect of potential changes in net interest income varies with the constant change in the composition of our assets and liabilities and changes in interest rates. For this reason, we place greater emphasis on our simulation model for monitoring our interest rate risk exposure.

As previously discussed, we utilize derivative financial instruments to assist in our management of interest rate sensitivity by modifying the repricing, maturity and option characteristics of certain assets and liabilities. The derivative financial instruments we held as of December 31, 2007 and 2006 are summarized as follows:

<TABLE>
<CAPTION>

	December 31,			
	2007		2006	
	Notional Amount	Credit Exposure	Notional Amount	Credit Exposure
	(dollars expressed in thousands)			
<S>	<C>	<C>	<C>	<C>
Cash flow hedges...........................	$400,000	5,271	600,000	4,369
Interest rate floor agreements.............	300,000	1,699	300,000	376
Interest rate cap agreements................	400,000	50	400,000	139
Interest rate lock commitments.............	3,000	23	5,900	--
Forward commitments to sell mortgage-backed securities................	55,000	40	54,000	86
	========	======	========	======

</TABLE>

The notional amounts of our derivative financial instruments do not represent amounts exchanged by the parties and, therefore, are not a measure of our credit exposure through our use of these instruments. The credit exposure represents the loss we would incur in the event the counterparties failed completely to perform according to the terms of the derivative financial instruments and the collateral held to support the credit exposure was of no value.

For the years ended December 31, 2007 and 2006, we realized net interest expense of $3.1 million and $5.0 million, respectively, on our derivative financial instruments, whereas for the year ended December 31, 2005, we realized net interest income of $2.2 million on our derivative financial instruments. The increased net interest expense associated with our derivative financial instruments reflects the interest rate environment during these periods as well as a reduced level of derivative instruments due to the maturity and/or termination of certain of these instruments. We also recorded net gains on derivative instruments, which are included in noninterest income in the consolidated statements of income, of $1.2 million for the year ended December 31, 2007, in comparison to net losses on derivative instruments of $390,000 and $1.1 million for the years ended December 31, 2006 and 2005, respectively. The net gains and losses on derivative instruments reflect changes in the value of our interest rate floor and interest rate cap agreements. In March 2008, we entered into four interest rate swap agreements with a notional amount of $125.0 million in aggregate. These swap agreements were designated as cash flow hedges and effectively convert the interest payments on certain of our subordinated debentures from variable rate to fixed rate. Information regarding our derivative financial instruments outlined in the table above is further described in Note 5 to our Consolidated Financial Statements appearing elsewhere in this report.

Mortgage Banking Activities

Our mortgage banking activities consist of the origination, purchase and servicing of residential mortgage loans. The purchase of loans to be held for

sale is primarily limited to loans that we acquire in conjunction with our acquisition of other financial institutions. Generally, we sell our production of residential mortgage loans in the secondary loan markets. However, in mid-2003, as a result of continued weak loan demand in other sectors of our loan portfolio, we made a business strategy decision to retain a portion of new residential mortgage loan production in our real estate mortgage portfolio, generally represented by production originated in our St. Louis production offices with the exception of 20 and 30-year fixed rate loans which are typically sold in the secondary loan markets. Furthermore, in the third quarter of 2005, we revised our strategy and began retaining additional mortgage loan production in our residential real estate mortgage portfolio, including 15-year fixed rate, conforming conventional adjustable rate mortgages and other similar products, and continued this strategy through the first six months of 2006, as further discussed in "--Loans and Allowance for Loan Losses." Servicing rights may either be retained or released with respect to conventional, FHA and VA conforming fixed-rate and conventional adjustable rate residential mortgage loans.
<PAGE>

For the three years ended December 31, 2007, 2006 and 2005, we originated residential mortgage loans held for sale and held for portfolio totaling $548.0 million, $1.28 billion and $1.60 billion, respectively, and sold residential mortgage loans totaling $512.5 million, $1.11 billion and $1.14 billion, respectively. The origination and purchase of residential mortgage loans and the related sale of the loans provides us with additional sources of income including the gain or loss realized upon sale, the interest income earned while the loan is held awaiting sale and the ongoing loan servicing fees from the loans sold with servicing rights retained. Mortgage loans serviced for investors aggregated $1.10 billion, $1.04 billion and $1.01 billion at December 31, 2007, 2006 and 2005, respectively.

Gains on mortgage loans originated for resale, including loans sold and held for sale, were $10.5 million, $18.6 million and $18.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. These gains, net of losses, which are realized at the time of sale, are determined on a lower of cost or market basis. The cost basis reflects both the adjustments of the carrying values of loans held for sale to the lower of cost, adjusted to include the cost of hedging the loans held for sale, or current market values, as well as the adjustments for any gains or losses on loan commitments for which the interest rate has been established, net of anticipated underwriting "fallout," adjusted for the cost of hedging these loan commitments. Fallout represents loans not funded due to issues discovered during the underwriting process or withdrawal of the loan request by the customer. We primarily attribute the decrease in gains in 2007 as compared to 2006 and the increase in gains in 2006 as compared to 2005 to: (a) a decrease in the volume of mortgage loans originated and subsequently sold in the secondary market; (b) net gains of $2.4 million recorded on the sale of $278.7 million of certain residential mortgage loans during 2006 in comparison to an $851,000 gain, before applicable income taxes, recorded on the sale of approximately $13.4 million of certain repurchased and other residential mortgage loans in April 2007; and (c) the recognition of $2.1 million of income generated from the securitization of $138.9 million in aggregate of residential mortgage loans in March and April 2006. As further discussed under "--Loans and Allowance for Loan Losses," we discontinued the origination and sale in the secondary market of sub-prime loans in February 2007, and as such, the discontinuation of these activities has substantially reduced the amount of gains on loans sold and held for sale, in comparison to the level that we had historically generated through the origination and sale of these sub-prime loan products. Historically, approximately 40% of our origination and sale volume was related to sub-prime loan products.

Interest income on mortgage loans held for sale was $10.1 million for the year ended December 31, 2007, in comparison to $18.2 million and $11.7 million for the years ended December 31, 2006 and 2005, respectively. The amount of interest income realized on loans held for sale is a function of the average balance of loans held for sale, the period for which the loans are held and the prevailing interest rates when the loans are made. The average balance of loans held for sale was $140.7 million, $247.0 million and $184.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. Our yield on the portfolio of loans held for sale was 7.16%, 7.39% and 6.36% for the years ended December 31, 2007, 2006 and 2005, respectively. This compares with our cost of funds, as a percentage of average interest-bearing liabilities, of 3.88%, 3.49% and 2.47% for the years ended December 31, 2007, 2006 and 2005, respectively.

We report mortgage loan servicing fees in other noninterest income in our consolidated statements of income, net of amortization of mortgage servicing rights, interest shortfall and mortgage-backed security guarantee fee expense. Interest shortfall equals the difference between the interest collected from a loan-servicing customer upon prepayment of the loan and a full month's interest that is required to be remitted to the security owner. Our gross mortgage loan servicing fees were $2.8 million, $2.7 million and $3.7 million for the years ended December 31, 2007, 2006 and 2005, respectively. Amortization of mortgage servicing rights was $2.8 million, $4.1 million and $5.0 million for the years ended December 31, 2007, 2006 and 2005, respectively. We attribute the decrease in amortization of mortgage servicing rights in 2007 to lower levels of prepayments.

Our interest rate risk management policy provides certain hedging parameters to reduce the interest rate risk exposure arising from changes in loan prices from the time of commitment until the sale of the security or loan. To reduce this exposure, we use forward commitments to sell fixed-rate mortgage-backed securities at a specified date in the future. At December 31, 2007, 2006 and 2005, we had $54.5 million, $56.0 million and $47.7 million, respectively, of loans held for sale and related commitments, net of committed loan sales and estimated underwriting fallout, of which $55.0 million, $54.0 million and $47.0 million, respectively, were hedged through the use of such forward commitments.

Investment Securities

We classify the securities within our investment portfolio as trading, available for sale or held to maturity. Our investment security portfolio consists primarily of securities designated as available for sale. The investment security portfolio was $1.02 billion at December 31, 2007, compared to $1.46 billion and $1.34 billion at December 31, 2006 and 2005, respectively.
<PAGE>

We attribute the decrease in the investment securities portfolio in 2007 to: maturities and sales of investment securities of $1.05 billion and $170.7 million, respectively; the liquidation of our trading portfolio in July 2007, reflecting a decrease from the portfolio balance of $81.2 million at December 31, 2006; partially offset by the reinvestment of funds available from maturities and sales of investment securities of approximately $770.0 million in higher-yielding securities; and our acquisitions completed in 2007, which provided $74.5 million in securities. The remaining funds were primarily used to fund loan growth.

The increase in the investment securities portfolio in 2006 was attributable to: an increase in the available-for-sale securities portfolio due to the securitization of $138.9 million of certain of our residential mortgage loans held in our loan portfolio; an increase in our trading securities portfolio of $77.8 million; reinvestment of funds available from maturities in higher-yielding securities; and an increase of $37.3 million relating to securities acquired through our acquisitions completed in 2006; partially offset by the sale of the underlying available-for-sale investment securities associated with the termination of $200.0 million of term repurchase agreements, as further described in Note 3, Note 5 and Note 10 to our Consolidated Financial Statements.

Loans and Allowance for Loan Losses

Interest earned on our loan portfolio represents the principal source of income for First Bank. Interest and fees on loans were 90.0%, 90.0% and 85.9% of total interest income for the years ended December 31, 2007, 2006 and 2005, respectively. We recognize interest and fees on loans as income using the interest method of accounting. Loan origination fees are deferred and accreted to interest income over the estimated life of the loans using the interest method of accounting. The accrual of interest on loans is discontinued when it appears that interest or principal may not be paid in a timely manner in the normal course of business. We generally record payments received on nonaccrual and impaired loans as principal reductions, and defer the recognition of interest income on loans until all principal has been repaid or an improvement in the condition of the loan has occurred that would warrant the resumption of interest accruals.

Loans, net of unearned discount, represented 81.5% of our assets as of December 31, 2007, compared to 75.5% of our assets at December 31, 2006. Loans, net of unearned discount, increased $1.22 billion to $8.88 billion at December 31, 2007 from $7.67 billion at December 31, 2006. The overall increase in loans, net of unearned discount, in 2007 is primarily attributable to internal loan growth of $697.5 million, repurchases of certain residential mortgage loans, and our acquisitions completed in 2007, which provided loans, net of unearned discount, of $693.5 million, in aggregate. This increase was partially offset by the securitization and sale of certain residential mortgage loans, and the sale and/or payoff of certain nonperforming and other loans, as further discussed below. We attribute the net increase in our loan portfolio in 2007 primarily to:

- an increase of $447.2 million in our commercial, financial and agricultural portfolio primarily attributable to internal loan production growth and $53.4 million associated with our acquisitions completed in 2007;

- an increase of $308.7 million in our real estate construction and development portfolio primarily attributable to an increase of $152.7 million associated with our acquisitions completed in 2007;

- an increase of $332.4 million in our one-to-four family residential real estate loan portfolio primarily attributable to an increase of $341.9 million associated with our acquisitions completed in 2007, and internal loan production growth of $131.2 million, including $31.4 million of residential mortgage loans sold with recourse that we were required to repurchase based on the terms of the underlying sales contracts. In addition, we transferred approximately $116.4 million of one-to-four family residential real estate loans from our loans held for sale portfolio, as further discussed below. These increases were partially offset by the securitization and subsequent sale of $101.4 million of certain residential mortgage loans held in portfolio, and the sale and/or payoff of certain nonperforming and other loans, as further discussed below. Our one-to-four family residential real estate loan portfolio included approximately $54.8 million of sub-prime mortgage loans, or 3.4% of our residential real estate loan portfolio, at December 31, 2007, of which approximately $6.6 million of these sub-prime mortgage loans were nonperforming loans. Our primary recourse risk attributable to early payment default on sub-prime residential mortgage loans that we previously sold in the secondary market expires throughout the first quarter of 2008;

- an increase of $263.7 million in our commercial real estate loan portfolio primarily attributable to internal loan production growth of $146.6 million and an increase of $134.3 million associated with our acquisitions completed in 2007; and

<PAGE>

- a decrease of $150.2 million in loans held for sale resulting from (a) the timing of loan originations and subsequent sales in the secondary mortgage market; (b) a decrease in origination volumes primarily due to our exit from the sub-prime loan origination business during the first quarter of 2007, which represented approximately 40% of our mortgage banking loan origination and sale volumes; and (c) the transfer of approximately $116.4 million of one-to-four family residential real estate loans from our held for sale portfolio to our loan portfolio. Such loans were originated with the intent to sell in the secondary market; however, management elected not to sell these loans due to unstable market conditions and reduced bid prices.

Loans, net of unearned discount, increased $645.7 million to $7.67 billion at December 31, 2006 from $7.02 billion at December 31, 2005. The overall increase in loans, net of unearned discount, in 2006 is primarily attributable to internal loan growth of $584.2 million and our acquisitions completed in 2006, which provided loans, net of unearned discount, of $545.1 million, in aggregate. This increase was partially offset by the securitization of certain residential mortgage loans that we transferred to our investment portfolio, and the sale and/or payoff of certain nonperforming loans, as further discussed below. We attribute the net increase in our loan portfolio in 2006 primarily to:

- an increase of $315.1 million in our commercial, financial and agricultural portfolio, primarily attributable to an increase of $214.9 million associated with our acquisitions completed during 2006, including $149.2 million of loans provided by our acquisition of UPAC in May 2006, in addition to continued internal loan production growth within this portfolio;

- an increase of $268.2 million in our real estate construction and development portfolio resulting from internal growth due to new loan originations and seasonal fluctuations on existing and available credit lines, as well as a $34.2 million increase associated with our acquisitions completed in 2006; and

>> an increase of $145.4 million in our real estate mortgage portfolio resulting from: (a) internal loan growth of $289.8 million, largely attributable to the retention of certain mortgage loan production in our residential real estate mortgage portfolio during the first six months of 2006 following management's business strategy decision in the third quarter of 2005 to retain certain additional mortgage loan product production in our residential real estate mortgage portfolio; (b) our acquisitions completed during 2006, which provided real estate mortgage loans of $293.0 million; partially offset by (c) the securitization of $77.1 million and $61.8 million of certain residential mortgage loans in March 2006 and April 2006, respectively, which resulted in a change in our asset structure from residential mortgage loans to available-for-sale investment securities; and (d) the sale of approximately $127.8 million of residential mortgage loans in the third and fourth quarters of 2006; partially offset by

>> a decrease of $98.8 million in loans held for sale resulting from: (a) the timing of loan originations and subsequent sales in the secondary mortgage market; (b) the payoff and/or sale of approximately $44.9 million of certain acquired loans that we transferred to our held for sale portfolio on December 31, 2005; and (c) the transfer of a $13.5 million nonperforming loan from our loans held for sale portfolio to our commercial real estate loan portfolio after recording a $1.1 million write-down of the credit to its estimated fair value at the time of transfer. We subsequently received a payoff on this credit for the amount of its revised carrying value in December 2006.

In our evaluation of acquisitions, it is anticipated that as we apply our standards for credit structuring, underwriting, documentation and approval, a portion of the existing borrowers will elect to refinance their loans with another financial institution, because of one or more of the following factors: (a) there may be an aggressive effort by other financial institutions to attract them; (b) they do not accept the changes involved; or (c) they are unable to meet our credit requirements. In addition, another portion of the portfolio may either enter our remedial collection process to reduce undue credit exposure or improve problem loans, or may be charged-off. The amount of this attrition will vary substantially among acquisitions depending on the strength and discipline within the credit function of the acquired institution; the magnitude of problems contained in the acquired portfolio; the aggressiveness of competing institutions to attract business; and the significance of the acquired institution to the overall banking market. Typically, in acquisitions of institutions that have strong credit cultures prior to their acquisitions and operate in moderately large markets, there is relatively little attrition that occurs after the acquisition. However, in those acquisitions in which the credit discipline has been weak, and particularly those in small metropolitan or rural areas, we can experience substantially greater attrition. Generally, this process occurs within approximately six to 12 months after completion of the acquisition.
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During the five years ended December 31, 2007, loans, net of unearned discount, increased from $5.43 billion at December 31, 2002 to $8.88 billion at December 31, 2007, an increase of $3.45 billion, or 63.5%. Throughout this period, we have achieved significant growth through implementation of our acquisition strategy and we have also enhanced our capabilities for achieving and managing internal growth. A key element of this process has been the expansion of our corporate business development staff, which is responsible for the internal development and management of both loan and deposit relationships with commercial customers.

Our acquisitions have contributed to an increase in the portfolios of new loans during the five years ended December 31, 2007. In certain cases, these acquired portfolios contained significant loan problems, which we had anticipated and considered in our acquisition pricing. As we resolved the asset quality issues, the portfolios of the acquired entities tended to decline due to the elimination of problem loans and because many of the resources that would otherwise be directed toward generating new loans were concentrated on improving or eliminating existing problem relationships.

The following table summarizes the components of changes in our loan portfolio, net of unearned discount, for the five years ended December 31, 2007:

<TABLE>
<CAPTION>

	Increase (Decrease) For the Year Ended Decembe			
	2007	2006	2005	2004
	(dollars expressed in thousands)			
Internal loan volume increase (decrease):				
Commercial lending	$ 716,168	160,642	204,494	91,760
Residential real estate lending (1)	(23,421)	410,181	481,642	32,348
Consumer lending, net of unearned discount	4,733	13,412	1,383	(11,900)
Loans and leases sold	(72,166)	(344,687)	(14,337)	(83,216)
Loans provided by acquisitions	693,495	545,106	209,621	780,901
Securitization of loans	(102,036)	(138,944)	--	--
Total increase (decrease)	$1,216,773	645,710	882,803	809,893

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(1) Includes loans held for sale.

</TABLE>

We seek to maintain a lending strategy that emphasizes quality, growth and diversification. Throughout our organization, we employ a common credit underwriting policy. Our commercial lenders focus principally on small to middle-market companies. Consumer lenders focus principally on residential loans, including home equity loans and other consumer financing opportunities arising out of our branch banking network.

Commercial, financial and agricultural loans include loans that are made primarily based on the borrowers' general credit strength and ability to generate cash flows for repayment from income sources even though such loans may also be secured by real estate or other assets. Real estate construction and development loans, primarily relating to residential properties and commercial properties, represent financing secured by real estate under construction. Real estate mortgage loans consist primarily of loans secured by single-family, owner-occupied properties and various types of commercial properties on which the income from the property is the intended source of repayment. Consumer and installment loans are loans to individuals and consist of a mix of secured and unsecured loans, including preferred credit and loans secured by automobiles. Loans held for sale are primarily fixed and adjustable rate residential mortgage loans pending sale in the secondary mortgage market in the form of a mortgage-backed security, or to various private third-party investors.

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The following table summarizes the composition of our loan portfolio by major category and the percent of each category to the total portfolio as of the dates presented:

<TABLE>
<CAPTION>

	December 31,							
	2007		2006		2005		2004	
	Amount	%	Amount	%	Amount	%	Amount	%
	(dollars expressed in thousands)							
Commercial, financial and agricultural	$2,382,067	27.0%	$1,934,908	26.0%	$1,616,841	24.1%	$1,569,321	26.
Real estate construction and development	2,141,234	24.3	1,832,504	24.6	1,564,255	23.3	1,318,413	22.
Real estate mortgage:								
One-to-four-family residential loans	1,602,575	18.2	1,270,158	17.0	1,214,121	18.1	870,889	14.
Multi-family residential loans	177,246	2.0	141,341	1.9	143,663	2.2	102,447	1.
Commercial real estate loans	2,431,464	27.6	2,203,649	29.6	2,112,004	31.5	2,088,245	34.
Lease financing	--	--	4	--	2,981	--	5,911	0.
Consumer and installment, net of unearned discount	82,589	0.9	67,590	0.9	51,772	0.8	49,677	0.
Total loans, excluding								

loans held for sale...	8,817,175	100.0%	7,450,154	100.0%	6,705,637	100.0%	6,004,903	100.
Loans held for sale.........	66,079		216,327		315,134		133,065	
Total loans.............	$8,883,254		$7,666,481		$7,020,771		$6,137,968	

</TABLE>

Loans at December 31, 2007 mature as follows:

<TABLE>
<CAPTION>

		Over One Year Through Five Years		Over Five Years	
	One Year or Less	Fixed Rate	Floating Rate	Fixed Rate	Floatinç Rate
	(dollars expressed in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Commercial, financial and agricultural.....	$1,397,934	290,189	466,899	104,596	122,44
Real estate construction and development...	1,354,171	145,495	565,572	26,208	49,78
Real estate mortgage:					
One-to-four family residential loans...	136,488	203,405	33,852	189,577	1,039,25
Multi-family residential loans.........	65,187	70,064	26,958	6,676	8,36
Commercial real estate loans...........	563,716	825,672	237,222	447,528	357,32
Consumer and installment, net of unearned discount........................	21,034	42,566	3,847	12,959	2,18
Loans held for sale........................	66,079	--	--	--	-
Total loans..........................	$3,604,609	1,577,391	1,334,350	787,544	1,579,36

</TABLE>

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Nonperforming assets include nonaccrual loans, restructured loans and other real estate. The following table presents the categories of nonperforming assets and certain ratios as of the dates presented:

<TABLE>
<CAPTION>

	December 31,			
	2007	2006	2005	2004
	(dollars expressed in thousands)			
Commercial, financial and agricultural:				
<S>	<C>	<C>	<C>	<C>
Nonaccrual....................................	$ 5,916	9,879	4,937	10,147
Restructured terms............................	--	--	--	4
Real estate construction and development:				
Nonaccrual....................................	151,812	13,344	11,137	13,435
Real estate mortgage:				
One-to-four family residential loans:				
Nonaccrual.................................	32,931	18,885	9,576	9,881
Restructured terms.........................	7	9	10	11
Multi-family residential loans:				
Nonaccrual.................................	--	272	740	434
Commercial real estate loans:				
Nonaccrual.................................	11,294	6,260	70,625	50,671
Lease financing:				
Nonaccrual....................................	--	--	11	907
Consumer and installment:				
Nonaccrual....................................	263	81	160	310
Total nonperforming loans..............	202,223	48,730	97,196	85,800
Other real estate................................	11,225	6,433	2,025	4,030

Total nonperforming assets	$ 213,448	55,163	99,221	89,830	
Loans, net of unearned discount	$8,883,254	7,666,481	7,020,771	6,137,968	5
Loans past due 90 days or more and still accruing	$ 26,753	5,653	5,576	28,689	
Ratio of:					
Allowance for loan losses to loans	1.90%	1.90%	1.93%	2.46%	
Nonperforming loans to loans	2.28	0.64	1.38	1.40	
Allowance for loan losses to nonperforming loans	83.27	299.05	139.23	175.65	
Nonperforming assets to loans and other real estate	2.40	0.72	1.41	1.46	

</TABLE>
<

Nonperforming loans, consisting of loans on nonaccrual status and certain restructured loans, were $202.2 million at December 31, 2007, in comparison to $48.7 million and $97.2 million at December 31, 2006 and 2005, respectively. Other real estate owned was $11.2 million, $6.4 million and $2.0 million at December 31, 2007, 2006 and 2005, respectively. Our nonperforming assets, consisting of nonperforming loans and other real estate owned, were $213.4 million, $55.2 million and $99.2 million at December 31, 2007, 2006 and 2005, respectively.

We attribute the $158.3 million net increase in our nonperforming assets during the year ended December 31, 2007 to the following:

>> an increase in nonaccrual loans of $138.5 million in our real estate construction and development loan portfolio primarily as a result of the increase in nonaccrual loans in our Northern California real estate portfolio to $99.2 million at December 31, 2007 from $7.9 million at December 31, 2006. We experienced declining market conditions throughout 2007 in this portfolio, particularly in Northern California, resulting in increased developer inventories, slower lot and home sales, and declining market values. The acquisition of CFHI also added $35.5 million of nonaccrual loans to our real estate construction and development loan portfolio;

>> an increase in nonaccrual loans of $14.0 million in our one-to-four family residential real estate loan portfolio primarily driven by current market conditions, repurchases of certain sub-prime residential mortgage loans sold with recourse, primarily due to early payment default, that were placed back into our one-to-four family residential mortgage loan portfolio, and the overall deterioration of sub-prime residential mortgage loan products experienced throughout the mortgage banking industry;

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>> during the year ended December 31, 2007, we placed approximately $87.7 million of one-to-four family residential mortgage loans associated with our mortgage banking division on nonaccrual status. This increase in nonaccrual loans was partially offset by net loan charge-offs of $40.9 million, loan sales resulting in a decrease in nonperforming loans of approximately $59.6 million, and other payment activity. Of the $87.7 million placed on nonaccrual status, approximately $31.4 million represented residential mortgage loans sold with recourse that we were required to repurchase based on the terms of the underlying sales contracts. Repurchases of mortgage loans sold with recourse declined to $3.5 million for the fourth quarter of 2007, compared to a high of $17.2 million for the second quarter of 2007. The reduced level of repurchase activity is reflective of our exit from the sub-prime market in early 2007. Our primary recourse risk, attributable to early payment default on sub-prime residential mortgage loan products that we previously sold in the secondary market, is expected to be lower in 2008 and expires throughout the first quarter of 2008; and

>> in addition, the acquisition of CFHI also added $7.4 million of nonaccrual loans to our one-to-four family residential real estate loan portfolio.

We took measures throughout 2007 to reduce the level of our nonperforming loans through sales of certain loans. The sales resulted in a reduction in nonperforming loans of approximately $67.3 million during the year ended December 31, 2007, as described below.

>> In March 2007, we entered into a commitment to sell certain repurchased and other residential mortgage loans that were either nonperforming loans or were deemed by management to be problem credits. Subsequent to recording loan charge-offs to reduce these loans to the lower of cost or estimated fair value at the time of transfer, we transferred approximately $17.5 million of certain repurchased and other residential mortgage loans to our held for sale loan portfolio. In April 2007, we completed the sale of approximately $13.4 million of these loans, received payoffs on a portion of the loans held for sale of approximately $1.1 million, and transferred approximately $2.6 million of loans that were not ultimately included in the sale back into our residential mortgage loan portfolio. These transactions resulted in a decrease in nonperforming loans of approximately $11.5 million, in aggregate.

>> During the third quarter of 2007, we entered into a commitment to sell certain commercial, commercial real estate and real estate construction and development loans that were either nonperforming loans or were deemed by management to be problem credits. Subsequent to recording loan charge-offs to reduce these loans to the lower of cost or estimated fair value at the time of transfer, we transferred approximately $36.5 million of these loans to our held for sale loan portfolio. We completed the sale of approximately $33.2 million of these loans in September 2007, resulting in a pre-tax gain of $266,000 and a decrease in nonperforming loans of approximately $7.7 million, in aggregate. In December 2007, we transferred the remaining $3.3 million of these loans back to portfolio.

>> During the third quarter of 2007, we entered into a commitment to sell certain repurchased and other residential mortgage loans that were either nonperforming loans or were deemed by management to be problem credits. Subsequent to recording loan charge-offs to reduce these loans to the lower of cost or estimated fair value at the time of transfer, we transferred approximately $10.5 million of certain repurchased and other residential mortgage loans to our held for sale loan portfolio. In October 2007, we completed the sale of approximately $9.4 million of these loans and received payoffs on the remaining portion of the loans held for sale. We did not record a gain or loss on the sale of these loans. These transactions resulted in a decrease in nonperforming loans of approximately $8.6 million, in aggregate.

>> During the fourth quarter of 2007, we entered into a commitment to sell certain repurchased and other residential mortgage loans that were either nonperforming loans or were deemed by management to be problem credits. Subsequent to recording loan charge-offs to reduce these loans to the lower of cost or estimated fair value at the time of transfer, we transferred approximately $21.2 million of certain repurchased and other residential mortgage loans to our held for sale loan portfolio. In December 2007, we completed the sale of approximately $12.0 million of these loans and received payoffs on the remaining portion of the loans held for sale. We did not record a gain or loss on the sale of these loans. These transactions resulted in a decrease in nonperforming loans of approximately $10.7 million, in aggregate.

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We expect the declining market conditions associated with our real estate construction and development and one-to-four family residential mortgage loan portfolios to continue in the near term, which could increase the amount of our nonperforming loans and provision for loan losses.

We attribute the $44.1 million net decrease in our nonperforming assets during the year ended December 31, 2006 to the following:

>> the payoff of two significant nonperforming loans totaling $27.3 million, in aggregate;

>> following the transfer of 11 nonperforming loans totaling

approximately $59.7 million to our held for sale portfolio on December 31, 2005, as further discussed below, in January 2006, we received a payoff on one of the loans held for sale that had a carrying value of $12.4 million at December 31, 2005. In conjunction with this payoff, we recognized a loan recovery of $5.0 million and interest and late fees of $2.0 million on the payoff of the loan. In March 2006, we completed the sale of the majority of the remaining loans held for sale that had a carrying value of approximately $32.5 million, in aggregate, at December 31, 2005, and recorded a pre-tax gain of approximately $1.7 million on the sale of these loans. Additionally, in September 2006, we recorded a $1.1 million write-down on the single remaining nonperforming loan held for sale and transferred the loan at its estimated fair value of $13.5 million back into our loan portfolio. We subsequently received a payoff on this nonperforming loan in December 2006 in the amount of the loan's adjusted carrying value;

>> in December 2006, we completed the sale of $32.6 million of loans, which included approximately $14.8 million of acquired nonperforming loans, and recorded a pre-tax gain of approximately $3.7 million on the sale of these loans. In addition, we recognized loan charge-offs of $2.3 million in conjunction with the transfer of these commercial loans to our loans held for sale portfolio prior to their sale; and

>> overall improvement in the level of nonperforming assets resulting from our continued focus on improving asset quality through an ongoing process of problem loan work-outs, exclusive of the deterioration of certain credit relationships discussed below; the sale of certain acquired nonperforming loans; the strengthening of certain loans; and loan payoffs and/or external refinancing of various credits, as further discussed below.

The overall reduction in our nonperforming assets in 2006 was partially offset by deterioration within our one-to-four family residential loan portfolio as a result of current market conditions, and the deterioration of several credit relationships, primarily within our residential development and construction portfolio, during the later part of 2006 that were driven by current market conditions, including slowdowns in unit sales.

Loans past due 90 days or more and still accruing interest were $26.8 million and $5.7 million at December 31, 2007 and 2006, respectively. The increase in 2007 was primarily due to the timing of resolution of loans past due as to maturity pending renewal and other matters, as well as our acquisition of CFHI.

Our allowance for loan losses as a percentage of loans, net of unearned discount, was 1.90%, 1.90% and 1.93% at December 31, 2007, 2006 and 2005, respectively. Our allowance for loan losses as a percentage of nonperforming loans was 83.27%, 299.05% and 139.23% at December 31, 2007, 2006 and 2005, respectively. The decrease in the ratio during 2007 is primarily due to the significant increase in nonperforming loans, as previously discussed. Our allowance for loan losses was $168.4 million at December 31, 2007, compared to $145.7 million and $135.3 million at December 31, 2006 and 2005, respectively. As further described in the table below and under "--Business - Lending Activities," the allowance for loan losses also reflects an increase of $14.4 million, $5.2 million and $2.0 million in 2007, 2006 and 2005, respectively, of balances acquired in conjunction with our acquisitions.

Our net loan charge-offs were $66.8 million, $6.8 million and $13.4 million for the years ended December 31, 2007, 2006 and 2005, respectively. Our net loan charge-offs as a percentage of average loans were 0.83%, 0.09% and 0.21% for the years ended December 31, 2007, 2006 and 2005, respectively. Net loan charge-offs for the year ended December 31, 2007 include $40.9 million of net charge-offs associated with our one-to-four family residential loan portfolio. We sold approximately $59.6 million of nonperforming one-to-four family residential mortgage loans during 2007, resulting in total charge-offs of $23.3 million. Net loan charge-offs also include charge-offs of $7.6 million associated with the sale of certain commercial loans that resulted in sales proceeds of $33.5 million. Loan charge-offs for 2006 included approximately $3.3 million of loan charge-offs associated with two significant residential development project relationships that were placed on nonaccrual status during 2006, in addition to $2.3 million of charge-offs recorded in conjunction with the transfer of certain portfolio loans to our loans held for sale portfolio prior to their sale in December 2006. Loan recoveries for 2006 included a $5.0 million recovery recorded on the payoff of a single loan that was transferred to our held for sale portfolio on December 31, 2005.

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We continue to closely monitor our loan portfolio and address the ongoing challenges posed by the economic environment, including reduced loan demand and highly competitive markets within certain sectors of our loan portfolio. We consider this in our overall assessment of the adequacy of the allowance for loan losses.

As of December 31, 2007, 2006, 2005, 2004 and 2003, $157.1 million, $67.1 million, $124.3 million, $161.8 million and $109.4 million, respectively, of loans not included in the nonperforming assets table above were identified by management as having potential credit problems, or problem loans. The increase in the level of problem loans during 2007 reflects economic conditions within certain sectors of our markets as previously discussed. The decline in the level of problem loans during 2006 and 2005 primarily reflects improvement in the management of these loans and success in resolving certain of the problem loans associated with our 2004 and 2005 acquisitions. The significant increase in the level of problem loans for the year ended December 31, 2004 was primarily attributable to our acquisition of CIB Bank, in addition to internal portfolio growth and economic conditions within certain sectors of the markets in which we operate. Certain acquired loan portfolios exhibited varying degrees of distress prior to their acquisition. While these problems had been identified and considered in our acquisition pricing, the acquisitions led to an increase in nonperforming assets and problem loans. Management continues its efforts to reduce nonperforming and problem loans and re-define overall strategy and business plans with respect to our loan portfolio as deemed necessary in light of ongoing and dramatic changes in market conditions in the markets in which we operate.

Our credit management policies and procedures focus on identifying, measuring and controlling credit exposure. These procedures employ a lender-initiated system of rating credits, which is ratified in the loan approval process and subsequently tested in internal credit reviews, external audits and regulatory bank examinations. The system requires the rating of all loans at the time they are originated or acquired, except for homogeneous categories of loans, such as residential real estate mortgage loans and consumer loans. These homogeneous loans are assigned an initial rating based on our experience with each type of loan. We adjust the ratings of the homogeneous loans based on payment experience subsequent to their origination.

We include adversely rated credits, including loans requiring close monitoring that would not normally be considered classified credits by regulators, on our monthly loan watch list. Loans may be added to our watch list for reasons that are temporary and correctable, such as the absence of current financial statements of the borrower or a deficiency in loan documentation. Loans may also be added to our watch list whenever any adverse circumstance is detected which might affect the borrower's ability to comply with the contractual terms of the loan. The delinquency of a scheduled loan payment, deterioration in the borrower's financial condition identified in a review of periodic financial statements, a decrease in the value of the collateral securing the loan, or a change in the economic environment within which the borrower operates could initiate the addition of a loan to our watch list. Loans on our watch list require periodic detailed loan status reports prepared by the responsible officer which are discussed in formal meetings with credit review and credit administration staff members. Upgrades and downgrades of loan risk ratings may be initiated by the responsible loan officer. However, upgrades of risk ratings associated with significant credit relationships and/or problem credit relationships may only be made with the concurrence of appropriate regional or senior regional credit officers.

Each month, the credit administration department provides management with detailed lists of loans on the watch list and summaries of the entire loan portfolio by risk rating. These are coupled with analyses of changes in the risk profile of the portfolio, changes in past-due and nonperforming loans and changes in watch list and classified loans over time. In this manner, we continually monitor the overall increases or decreases in the level of risk in our loan portfolio. Factors are applied to the loan portfolio for each category of loan risk to determine acceptable levels of allowance for loan losses. In addition, periodic evaluations of each lending unit are performed based on certain factors, such as lending personnel experience, recent credit reviews, loan concentrations and other factors. Based on these evaluations, which are completed at least quarterly, changes to the allowance for loan losses may be required due to the perceived risk of particular portfolios. The calculated allowance required for the portfolio is then compared to the actual allowance balance to determine the adjustments necessary to maintain the allowance at an

appropriate level. In addition, management exercises a certain degree of judgment in its analysis of the overall adequacy of the allowance for losses. In its analysis, management considers the changes in the portfolio, including growth, composition, the ratio of net loans to total assets, and the economic conditions of the regions in which we operate. Based on this quantitative and qualitative analysis, adjustments are made to the allowance for loan losses. Such adjustments are reflected in our consolidated statements of income.
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The allocation of the allowance for loan losses by loan category is a result of the application of our risk rating system augmented by qualitative analysis. The same procedures we employ to determine the overall risk in our loan portfolio and our requirements for the allowance for loan losses determine the distribution of the allowance by loan category. Consequently, the distribution of the allowance will change from period to period due to (a) changes in the aggregate loan balances by loan category; (b) changes in the identified risk in each loan in the portfolio over time, excluding those homogeneous categories of loans such as consumer and installment loans and residential real estate mortgage loans for which risk ratings are changed based on payment performance; and (c) changes in loan concentrations by borrower.

Since the methods of calculating the allowance requirements have not significantly changed over time, the reallocations among different categories of loans that appear between periods are the result of changes in the balances of the individual loans that comprise the aggregate portfolio due to the factors listed above. However, the perception of risk with respect to particular loans within the portfolio will change over time as a result of the characteristics and performance of those loans, as well as the overall economic trends and market trends, including our actual and expected trends in nonperforming loans. Consequently, while there are no specific allocations of the allowance resulting from economic or market conditions or actual or expected trends in nonperforming loans, these factors are considered in the initial assignment of risk ratings to loans and in subsequent changes to those risk ratings.

The following table is a summary of the allocation of the allowance for loan losses for the five years ended December 31, 2007:

<TABLE>
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	2007		2006		2005		2004
	Amount	Percent of Category of Loans to Total Loans	Amount	Percent of Category of Loans to Total Loans	Amount	Percent of Category of Loans to Total Loans	Amount
	(dollars expressed in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, financial and agricultural...................	$ 41,319	26.82%	$ 47,973	25.24%	$ 39,245	23.03%	$ 46,195
Real estate construction and development................	67,034	24.10	40,410	23.90	32,638	22.28	38,525
Real estate mortgage:							
One-to-four family residential loans........................	16,312	18.04	13,308	16.57	10,526	17.29	8,466
Multi-family residential loans........................	--	2.00	95	1.84	67	2.05	20
Commercial real estate loans...	42,617	27.37	41,833	28.75	51,199	30.08	55,922
Lease financing..................	194	--	87	--	315	0.04	628
Consumer and installment.........	835	0.93	1,035	0.88	757	0.74	617
Loans held for sale..............	80	0.74	988	2.82	583	4.49	334
Total.....................	$168,391	100.00%	$145,729	100.00%	$135,330	100.00%	$150,707

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The following table is a summary of our loan loss experience for the five years ended December 31, 2007:

<TABLE>
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	As of or For the Years Ended December 31,			
	2007	2006	2005	2004
	(dollars expressed in thousands)			
Allowance for loan losses, beginning of year	$ 145,729	135,330	150,707	116,451
Acquired allowances for loan losses	14,425	5,208	1,989	33,752
Other adjustments (1)	--	--	--	(479)
	160,154	140,538	152,696	149,724
Loans charged-off:				
Commercial, financial and agricultural	(13,212)	(6,905)	(10,500)	(26,550)
Real estate construction and development	(15,203)	(6,202)	(7,838)	(3,481)
Real estate mortgage:				
One-to-four family residential loans	(41,793)	(3,779)	(3,399)	(4,891)
Multi-family residential loans	(76)	(241)	--	(139)
Commercial real estate loans	(3,764)	(3,635)	(9,699)	(9,995)
Lease financing	--	(607)	(491)	(4,536)
Consumer and installment	(1,390)	(834)	(1,196)	(1,051)
Total	(75,438)	(22,203)	(33,123)	(50,643)
Recoveries of loans previously charged-off:				
Commercial, financial and agricultural	4,739	5,237	10,802	14,983
Real estate construction and development	307	1,661	1,963	748
Real estate mortgage:				
One-to-four family residential loans	864	1,066	1,953	1,597
Multi-family residential loans	9	--	--	27
Commercial real estate loans	1,588	6,048	2,901	2,659
Lease financing	437	731	1,501	4,878
Consumer and installment	731	651	637	984
Total	8,675	15,394	19,757	25,876
Net loans charged-off	(66,763)	(6,809)	(13,366)	(24,767)
Provision for loan losses	75,000	12,000	(4,000)	25,750
Allowance for loan losses, end of year	$ 168,391	145,729	135,330	150,707
Loans outstanding, net of unearned discount:				
Average	$8,069,603	7,472,089	6,436,970	5,509,054
End of year	8,883,254	7,666,481	7,020,771	6,137,968
End of year, excluding loans held for sale	8,817,175	7,450,154	6,705,637	6,004,903
Ratio of allowance for loan losses to loans outstanding:				
Average	2.09%	1.95%	2.10%	2.74%
End of year	1.90	1.90	1.93	2.46
End of year, excluding loans held for sale	1.91	1.96	2.02	2.51
Ratio of net charge-offs to average loans outstanding	0.83	0.09	0.21	0.45
Ratio of current year recoveries to preceding year's charge-offs	39.07	46.48	39.01	46.40

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(1) In December 2003, we established a $1.0 million specific reserve for estimated losses on a $5.3 mill credit that was recorded in accrued and other liabilities in our consolidated balance sheets. In Janu letter of credit was fully funded as a loan and the related $1.0 million specific reserve was recl accrued and other liabilities to the allowance for loan losses. In June 2004, we reclassified $1.5 the allowance for loan losses to accrued and other liabilities to establish a specific reserve associ commercial leasing portfolio sale and related recourse obligations for certain leases sold.

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Deposits

Deposits are the primary source of funds for First Bank. Our deposits consist principally of core deposits from our local market areas, including individual and corporate customers.

The following table sets forth the distribution of our average deposit accounts for the years ended December 31, 2007, 2006 and 2005, and the weighted average interest rates on each category of deposits:
<TABLE>
<CAPTION>

	Year Ended December 31,						
	2007			2006			
	Amount	Percent of Deposits	Rate	Amount	Percent of Deposits	Rate	A
	(dollars expressed in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Noninterest-bearing demand deposits...	$1,232,650	14.23%	--%	$1,267,681	15.82%	--%	$1,
Interest-bearing demand deposits......	957,454	11.05	0.96	962,956	12.01	0.85	
Savings and money market deposits.....	2,613,745	30.17	3.05	2,152,419	26.86	2.48	2,
Time deposits.........................	3,859,552	44.55	4.76	3,631,516	45.31	4.28	2,
Total average deposits............	$8,663,401	100.00%		$8,014,572	100.00%		$7,

</TABLE>

Capital and Dividends

Historically, we have accumulated capital to support our acquisitions by retaining most of our earnings. We pay relatively small dividends on our Class A convertible, adjustable rate preferred stock and our Class B adjustable rate preferred stock, totaling $786,000 for each of the years ended December 31, 2007, 2006 and 2005.

Management believes as of December 31, 2007 and 2006, First Bank and we were "well capitalized," as defined in regulations adopted pursuant to the FDIC Improvement Act of 1991. First Bank's and our actual and required capital ratios are further described in Note 21 to our Consolidated Financial Statements.

As of December 31, 2007, we had 13 affiliated Delaware or Connecticut statutory and business trusts that were created for the sole purpose of issuing trust preferred securities. As further described in Note 12 to our Consolidated Financial Statements, the sole assets of the statutory and business trusts are our subordinated debentures.

A summary of the outstanding trust preferred securities issued by our affiliated statutory and business trusts, and our related subordinated debentures issued to the respective trusts in conjunction with the trust preferred securities offerings as of December 31, 2007, is as follows:
<TABLE>
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Name of Trust	Date of Trust Formation	Type of Offering	Interest Rate	Preferred Securities	S
<S>	<C>	<C>	<C>	<C>	<
First Preferred Capital Trust IV	January 2003	Publicly Underwritten	8.15%	$46,000,000	$
First Bank Statutory Trust	March 2003	Private Placement	8.10%	25,000,000	
First Bank Statutory Trust II	September 2004	Private Placement	Variable	20,000,000	
Royal Oaks Capital Trust I	October 2004	Private Placement	Variable	4,000,000	
First Bank Statutory Trust III	November 2004	Private Placement	Variable	40,000,000	
First Bank Statutory Trust IV	February 2006	Private Placement	Variable	40,000,000	
First Bank Statutory Trust V	April 2006	Private Placement	Variable	20,000,000	

First Bank Statutory Trust VI	June 2006	Private Placement	Variable	25,000,000
First Bank Statutory Trust VII	December 2006	Private Placement	Variable	50,000,000
First Bank Statutory Trust VIII	February 2007	Private Placement	Variable	25,000,000
First Bank Statutory Trust X	August 2007	Private Placement	Variable	15,000,000
First Bank Statutory Trust IX	September 2007	Private Placement	Variable	25,000,000
First Bank Statutory Trust XI	September 2007	Private Placement	Variable	10,000,000

</TABLE>

For regulatory reporting purposes, the trust preferred securities are eligible for inclusion, subject to certain limitations, in our Tier 1 capital. Because of these limitations, as of December 31, 2007, $59.7 million of the trust preferred securities was not eligible for inclusion in our Tier 1 capital; however, this amount was eligible for inclusion in our total risk-based capital.

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Liquidity

Our liquidity is the ability to maintain a cash flow that is adequate to fund operations, service debt obligations and meet obligations and other commitments on a timely basis. We receive funds for liquidity from customer deposits, loan payments, maturities of loans and investments, sales of investments and earnings. In addition, we may avail ourselves of other sources of funds by issuing certificates of deposit in denominations of $100,000 or more, borrowing federal funds, selling securities under agreements to repurchase and utilizing borrowings from the FHLB and other borrowings, including our term loan and our revolving credit line. The aggregate funds acquired from these sources were $1.96 billion and $1.86 billion at December 31, 2007 and 2006, respectively.

The following table presents the maturity structure of these other sources of funds, which consist of certificates of deposit of $100,000 or more and other borrowings, including our notes payable, at December 31, 2007:
<TABLE>
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	Certificates of Deposit of $100,000 or More	Other Borrowings	Total
	(dollars expressed in thousands)		
<S>	<C>	<C>	<C>
Three months or less	$ 619,373	281,266	900,6
Over three months through six months	428,756	1,000	429,7
Over six months through twelve months	354,482	21,080	375,5
Over twelve months	144,246	111,777	256,0
Total	$1,546,857	415,123	1,961,9

</TABLE>

In addition to these sources of funds, First Bank has established a borrowing relationship with the Federal Reserve Bank of St. Louis. This borrowing relationship, which is secured by commercial loans, provides an additional liquidity facility that may be utilized for contingency purposes. At December 31, 2007 and 2006, First Bank's borrowing capacity under the agreement was approximately $523.3 million and $639.1 million, respectively. In addition, First Bank's borrowing capacity through its relationship with the FHLB was approximately $672.3 million and $666.0 million at December 31, 2007 and 2006, respectively. We had FHLB advances outstanding of $857,000 and $4.0 million at December 31, 2007 and 2006, respectively, all of which represent advances assumed in conjunction with various acquisitions. On January 18, 2008, First Bank entered into two $100.0 million FHLB advances that mature in January 2009 and July 2009, respectively, to increase our liquidity in light of uncertain market conditions and increased loan funding needs.

In addition to our owned banking facilities, we have entered into long-term leasing arrangements to support our ongoing activities. The required payments under such commitments and other obligations at December 31, 2007 were as follows:
<TABLE>
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	Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years	Tot

(dollars expressed in thousands)

<S> <C> <C> <C> <C> <C>

Operating leases........................	$ 17,193	29,001	21,372	53,074	120
Certificates of deposit (2)............	3,696,359	413,266	81,635	1,234	4,192
Other borrowings (2)...................	275,346	100,777	--	--	376
Notes payable (2)......................	28,000	11,000	--	--	39
Subordinated debentures (2)............	--	--	--	353,752	353
Other contractual obligations..........	2,067 (3)	250	136	77	2
Total.............................	$4,018,965	554,294	103,143	408,137	5,084

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(1) Amounts exclude FIN 48 unrecognized tax liabilities of $11.2 million and related accrued interes of $1.4 million for which the timing of payment of such liabilities cannot be reasonably estimat December 31, 2007.

(2) Amounts exclude the related interest expense accrued on these obligations as of December 31, 200

(3) Includes an accrued expense related to our estimated indemnification obligation, as member bank certain litigation costs of Visa, as further described under "--Noninterest Expense."

</TABLE>

Management believes the available liquidity and operating results of First Bank will be sufficient to provide funds for growth and to permit the distribution of dividends to us sufficient to meet our operating and debt service requirements, both on a short-term and long-term basis, and to pay interest on the subordinated debentures that we issued to our affiliated statutory and business financing trusts.

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Critical Accounting Policies

Our financial condition and results of operations presented in our Consolidated Financial Statements, accompanying notes to our Consolidated Financial Statements, selected consolidated and other financial data appearing elsewhere in this report, and management's discussion and analysis of financial condition and results of operations are, to a large degree, dependent upon our accounting policies. The selection and application of our accounting policies involve judgments, estimates and uncertainties that are susceptible to change.

We have identified the following accounting policies that we believe are the most critical to the understanding of our financial condition and results of operations. These critical accounting policies require management's most difficult, subjective and complex judgments about matters that are inherently uncertain. In the event that different assumptions or conditions were to prevail, and depending upon the severity of such changes, the possibility of a materially different financial condition and/or results of operations could be a reasonable likelihood. The impact and any associated risks related to our critical accounting policies on our business operations is discussed throughout "--Management's Discussion and Analysis of Financial Condition and Results of Operations," where such policies affect our reported and expected financial results. A detailed discussion on the application of these and other accounting policies is summarized in Note 1 to our Consolidated Financial Statements appearing elsewhere in this report.

Loans and Allowance for Loan Losses. We maintain an allowance for loan losses at a level we consider adequate to provide for probable losses in our loan portfolio. The determination of our allowance for loan losses requires management to make significant judgments and estimates based upon a periodic analysis of our loans held for portfolio and held for sale considering, among other factors, current economic conditions, loan portfolio composition, past loan loss experience, independent appraisals, the fair value of underlying loan collateral, our customers' ability to repay their loans and selected key financial ratios. If actual events prove the estimates and assumptions we used in determining our allowance for loan losses were incorrect, we may need to make additional provisions for loan losses. For further discussion, refer to "--Loans and Allowance for Loan Losses" and Note 4 to our Consolidated Financial Statements appearing elsewhere in this report.

Derivative Financial Instruments. We utilize derivative financial instruments to assist in our management of interest rate sensitivity by modifying the repricing, maturity and option characteristics of certain assets and liabilities. The judgments and assumptions that are most critical to the application of this critical accounting policy are those affecting the estimation of fair value and hedge effectiveness. Fair value is based on quoted market prices where available. If quoted market prices are unavailable, fair value is based on quoted market prices of comparable derivative instruments. Factors that affect hedge effectiveness include the initial selection of the derivative that will be used as a hedge and how well changes in its cash flow or fair value have correlated and are expected to correlate with changes in the cash flow or fair value of the underlying hedged asset or liability. Past correlation is easy to demonstrate, but expected correlation depends upon projections and trends that may not always hold true within acceptable limits. Changes in assumptions and conditions could result in greater than expected inefficiencies that, if large enough, could reduce or eliminate the economic benefits anticipated when the hedges were established and/or invalidate continuation of hedge accounting. Greater inefficiency and/or discontinuation of hedge accounting are likely to result in increased volatility in our reported earnings. For cash flow hedges, this would result as more or all of the change in the fair value of the affected derivative being reported in noninterest income. For fair value hedges, there may be some impact on our reported earnings as the change in the fair value of the affected derivative may not be offset by changes in the fair value of the underlying hedged asset or liability. For further discussion, refer to "--Effects of New Accounting Standards," "--Interest Rate Risk Management" and Note 5 to our Consolidated Financial Statements appearing elsewhere in this report.

Deferred Tax Assets. We recognize deferred tax assets for the estimated future tax effects of temporary differences, net operating loss carryforwards and tax credits. We recognize deferred tax assets subject to management's judgment based upon available evidence that realization is more likely than not. Our deferred tax assets are reduced, if necessary, by a deferred tax asset valuation allowance. In the event that we determine we would not be able to realize all or part of our deferred tax assets in the future, we would need to adjust the recorded value of our deferred tax assets, which would result in a direct charge to our provision for income taxes in the period in which such determination is made. For further discussion, refer to "--Effects of New Accounting Standards," "--Comparison of Results of Operations for 2007 and 2006 - Provision for Income Taxes," "--Comparison of Results of Operations for 2006 and 2005 - Provision for Income Taxes," and Note 1 and Note 13 to our Consolidated Financial Statements appearing elsewhere in this report.
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Business Combinations. We emphasize acquiring other financial institutions as one means of achieving our growth objectives. The determination of the fair value of the assets and liabilities acquired in these transactions, as well as the returns on investment that may be achieved, requires management to make significant judgments and estimates based upon detailed analyses of the existing and future economic value of such assets and liabilities and/or the related income streams, including the resulting intangible assets. If actual events prove the estimates and assumptions we used in determining the fair values of the acquired assets and liabilities or the projected income streams were incorrect, we may need to make additional adjustments to the recorded values of such assets and liabilities, which could result in increased volatility in our reported earnings. In addition, we may need to make additional adjustments to the recorded value of our intangible assets, which may impact our reported earnings and directly impacts our regulatory capital levels. For further discussion, refer to "--Effects of New Accounting Standards," "--Acquisitions" and Note 2, Note 8 and Note 21 to our Consolidated Financial Statements appearing elsewhere in this report.

Effects of New Accounting Standards

In February 2006, the FASB issued Statement of Financial Accounting Standards, or SFAS, No. 155 -- Accounting For Certain Hybrid Financial Instruments, an amendment of SFAS No. 133 -- Accounting For Derivative Instruments and Hedging Activities and SFAS No. 140. SFAS No. 155 allows entities to remeasure at fair value a hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation from the host instrument, if the holder irrevocably elects to account for the whole instrument on a fair value basis. Subsequent changes in the fair value of the instrument would be recognized in earnings. In January 2007, the FASB posted to its website revisions to certain SFAS No. 133 implementation issues that were affected by the issuance of SFAS No. 155 and SFAS No. 156 (discussed below). These revisions provide a narrow scope exception for securitized interests in prepayable financial assets that only contain an embedded derivative that results from the embedded call options in the underlying prepayable financial assets if certain criteria are met. SFAS No. 155 is effective for financial instruments acquired, issued, or subject to a remeasurement event occurring after the beginning of the first fiscal year that begins after September 15, 2006. Early adoption is permitted as of the beginning of the fiscal year unless the entity has already issued interim financial statements during that fiscal year. We implemented SFAS No. 155 on January 1, 2007, which did not have a material impact on our financial condition or results of operations.

In March 2006, the FASB issued SFAS No. 156 -- Accounting for Servicing of Financial Assets. SFAS No. 156, an amendment of FASB SFAS No. 140 -- Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, addresses the recognition and measurement of separately recognized servicing assets and liabilities and allows mark-to-market accounting for servicing rights resulting in reporting that is similar to fair value hedge accounting, but without the effort and system costs needed to identify effective hedging instruments and document hedging relationships. SFAS No. 156 is effective for fiscal years beginning after September 15, 2006. Early adoption is permitted as of the beginning of an entity's fiscal year unless the entity has already issued interim financial statements during that fiscal year. We implemented SFAS No. 156 on January 1, 2007, which did not have a material impact on our financial condition or results of operations. On January 1, 2008, we opted to measure servicing rights at fair value. The election of this option resulted in the recognition of a cumulative effect of a change in accounting principle of $5.8 million, which was recorded as an increase to beginning retained earnings as further described in Note 1 to our Consolidated Financial Statements.

In June 2006, the FASB issued FIN 48 -- Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS No. 109 -- Accounting for Income Taxes. FIN 48 clarifies the accounting for uncertainty in income taxes in financial statements and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We implemented FIN 48 on January 1, 2007, as further described in Note 1 and Note 13 to our Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 157 -- Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in U.S. generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements, and does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. Early adoption is permitted as of the beginning of an entity's fiscal year unless the entity has already issued interim financial statements during that fiscal year. We are currently evaluating the requirements of SFAS No. 157 to determine their impact on our financial condition and results of operations.
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In February 2007, the FASB issued SFAS No. 159 -- The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of SFAS No. 115. SFAS No. 159 provides entities with an option to report selected financial assets and liabilities at fair value in an effort to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Retrospective application is not allowed. Early adoption is permitted as of the beginning of an entity's fiscal year that begins on or before November 15, 2007, provided the entity also elects to adopt all of the provisions of SFAS No. 157 at the early adoption date. We implemented SFAS No. 159 on January 1, 2008, which did not have a material impact on our financial condition or results of operations.

In December 2007, the FASB issued SFAS No. 141(R) -- Business Combinations. SFAS No. 141(R) will significantly change how entities apply the acquisition method to business combinations. The most significant changes affecting how entities will account for business combinations under SFAS No. 141(R) include: (a) the acquisition date will be the date the acquirer obtains control; (b) all (and only) identifiable assets acquired, liabilities assumed, and noncontrolling interests in the acquiree will be stated at fair value on the acquisition date; (c) assets or liabilities arising from noncontractual contingencies will be measured at their acquisition date fair value only if it is more likely than not that they meet the definition of an asset or liability on the acquisition date; (d) adjustments subsequently made to the provisional amounts recorded on the acquisition date will be made retroactively during a measurement period not to exceed one year; (e) acquisition-related restructuring costs that do not meet the criteria in SFAS No. 146 -- Accounting for Costs Associated with Exit or Disposal Activities, will be expensed as incurred; (f) transaction costs will be expensed as incurred; (g) reversals of deferred income tax valuation allowances and income tax contingencies will be recognized in earnings subsequent to the measurement period; and (h) the allowance for loan losses of an acquiree will not be permitted to be recognized by the acquirer. Additionally, SFAS No. 141(R) will require new and modified disclosures surrounding subsequent changes to acquisition-related contingencies, contingent consideration, noncontrolling interests, acquisition-related transaction costs, fair values and cash flows not expected to be collected for acquired loans, and an enhanced goodwill rollforward. SFAS No. 141(R) is effective for all business combinations completed on or after January 1, 2009. Early adoption is not permitted. For business combinations in which the acquisition date was before the effective date, the provisions of SFAS No. 141(R) will apply to the subsequent accounting for deferred income tax valuation allowances and income tax contingencies and will require any changes in those amounts to be recorded in earnings. We are currently evaluating the impact that SFAS No. 141(R) will have on our financial condition, results of operations and the disclosures that will be presented in our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160 -- Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB 51. SFAS No. 160 establishes new accounting and reporting standards for noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 will require entities to classify noncontrolling interests as a component of stockholders' equity and will require subsequent changes in ownership interests in a subsidiary to be accounted for as an equity transaction. Additionally, SFAS No. 160 will require entities to recognize a gain or loss upon the loss of control of a subsidiary and to remeasure any ownership interest retained at fair value on that date. SFAS No. 160 also requires expanded disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective on a prospective basis for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which are required to be applied retrospectively. Early adoption is not permitted. We are currently evaluating the requirements of SFAS No. 160 to determine their impact on our financial condition, results of operations and the disclosures that will be presented in our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The quantitative and qualitative disclosures about market risk are included under "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Interest Rate Risk Management" appearing on pages 34 through 36 of this report.
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Effects of Inflation

Inflation affects financial institutions less than other types of companies. Financial institutions make relatively few significant asset acquisitions that are directly affected by changing prices. Instead, the assets and liabilities are primarily monetary in nature. Consequently, interest rates are more significant to the performance of financial institutions than the effect of general inflation levels. While a relationship exists between the inflation rate and interest rates, we believe this is generally manageable through our asset-liability management program.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data appear on pages 67 through 112 of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Company's management, including our President and Chief Executive Officer and our Chief Financial Officer have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our President and Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management's report on internal control over financial reporting appears on page 66 of this report and is incorporated herein by this reference. Management, under the supervision of the Company's President and Chief Executive Officer and Chief Financial Officer, has excluded internal control over financial reporting associated with CFHI from its assessment of the effectiveness of internal control over financial reporting as of December 31, 2007. Management's report on internal control over financial reporting was not subject to attestation by the Company's Independent Registered Public Accounting Firm as of December 31, 2007 pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Board of Directors and Committees of the Board

Our Board of Directors consists of six members. The Board determined that Messrs. Gundaker, Steward and Yaeger are independent. Each of our directors identified in the following table was elected or appointed to serve a one-year term and until his successor has been duly qualified for office.

<TABLE>
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Name	Age	Director Since	Principal Occupation(s) During Last Five Year and Directorships of Public Companies
<S>	<C>	<C>	<C>
James F. Dierberg (1)	70	1979	Chairman of the Board of Directors of First Banks, 1988; Chief Executive Officer of First Banks, Inc. April 2003; President of First Banks, Inc. from 197 from 1994 to October 1999; Chairman of the Board c President and Chief Executive Officer of First Banks Am from 1994 until its merger with First Banks, Inc. in De
Terrance M. McCarthy	53	2003	President and Chief Executive Officer of First Banks, April 1, 2007; Senior Executive Vice President and Chi Officer of First Banks, Inc. from August 2002 to Mar Director of First Banks, Inc. since April 2003; Direc Banks America, Inc. from July 2001 until its merger Banks, Inc. in December 2002; Executive Vice Presic Banks America, Inc. from 1999 to December 2002; Cha Board of Directors of First Bank since January 2003 Vice President of First Bank since June 25, 2007; Pr

			Chief Executive Officer of First Bank from August 2002 2007; Chairman of the Board of Directors, Presider Executive Officer of First Bank and Trust from Apri its merger with and into First Bank in March 2003.
Steven F. Schepman (1)	35	2004	Director of First Banks, Inc. since July 2004; Exe President and Director of Corporate Development a Segments of First Banks, Inc. since April 2, 2007; President and Chief Financial Officer of First Banks August 2005 to April 1, 2007; Director of First Bar 2001 to October 2004; Senior Vice President - Priva Wealth Management and Trust Services of First Bank f 2000 to August 31, 2005; From May 1999 to November Schepman was employed in various other senior capacities with First Banks, Inc.
Gordon A. Gundaker (2)	74	2001	Chairman of the Board of Directors of Gundaker Commer Inc., a full-service commercial real estate fir brokerage, development, construction and asset services, in St. Louis, Missouri, since July 2007; F Chief Executive Officer of Coldwell Banker Gundaker fr 2001 to July 2007.
David L. Steward (2)	56	2000	Chairman of the Board of Directors of World Wide Holding Co., Inc., an electronic procurement and logis in the information technology industry, in St. Louis Director of Centene Corporation, Civic Progre Louis, the St. Louis Regional Commerce and Growth the Regional Business Council, Webster University, E Hospital, the United Way of Greater St. Louis and Louis Area Council - Boy Scouts of America.

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Douglas H. Yaeger (2)(3)	59	2000	Chairman of the Board of Directors, President and Chie Officer of The Laclede Group, Inc., an exempt pub holding company in St. Louis, Missouri since 2001; Cha Board of Directors, President and Chief Executive Laclede Gas Company since 1999; President of Laclede since 1997; Director and Chief Operating Officer of Company from 1997 to 1999; Executive Vice President and Marketing of Laclede Gas Company from 1995 to 199 and past Chairman of the Board of Directors of th Regional Commerce and Growth Association; Directo Chairman of Southern Gas Association; Director of A Association; Director and Chairman of the Misso Development Association; Commissioner of the St. Lo Center; Director of Barnes-Jewish Hospital, Greater St Council - Boy Scouts of America, The Municipal Theatre of St. Louis, the United Way of Greater St. Louis University; Chairman of Civic Progress.

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(1) Mr. Steven F. Schepman is the son-in-law of Mr. James F. Dierberg.
(2) Member of the Audit Committee.
(3) Mr. Douglas H. Yaeger serves as Chairman of the Audit Committee and the Audit Committee financial exp
</TABLE>

Committees and Meetings of the Board of Directors

Three members of our Board of Directors currently serve on the Audit Committee, all of whom the Board of Directors determined to be independent; there are no other committees of the Board of Directors. The Audit Committee assists the Board of Directors in fulfilling the Board's oversight responsibilities with respect to the quality and integrity of the consolidated financial statements, financial reporting process and systems of internal controls. The Audit Committee also assists the Board of Directors in monitoring the independence and performance of the independent auditors, the internal audit department and the operation of ethics programs. The Audit Committee operates under a written charter adopted by the Board of Directors.

The members of the Audit Committee as of March 26, 2008 were Mr. Gordon A.

Gundaker, Mr. David L. Steward and Mr. Douglas H. Yaeger, who serves as the Chairman of the Audit Committee and the Audit Committee financial expert.

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Audit Committee Report

The Audit Committee is responsible for oversight of our financial reporting process on behalf of the Board of Directors. Management has primary responsibility for our financial statements and financial reporting, including internal controls, subject to the oversight of the Audit Committee and the Board of Directors. In fulfilling its responsibilities, the Audit Committee reviewed the audited consolidated financial statements with management and discussed the acceptability of the accounting principles used, the reasonableness of significant judgments made and the clarity of the disclosures.

The Audit Committee reviewed with the Independent Registered Public Accounting Firm, who is responsible for planning and carrying out a proper audit and expressing an opinion on the conformity of our audited consolidated financial statements with U.S. generally accepted accounting principles, their judgments as to the acceptability of the accounting principles we use, and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 114, The Auditor's Communication With Those Charged with Governance. In addition, the Audit Committee discussed with the Independent Registered Public Accounting Firm its independence from management and the Company, including the matters required by Standard No. 1 of the Independence Standards Board, and the Audit Committee considered the compatibility of non-audit services provided by the Independent Registered Public Accounting Firm with the firm's independence. KPMG LLP has provided the Audit Committee with the written disclosures and letter required by Standard No. 1 of the Independence Standards Board.

The Audit Committee discussed with our Internal Audit Department and Independent Registered Public Accounting Firm the overall scope and plans for their respective audits. The Audit Committee met with the Internal Audit Department and Independent Registered Public Accounting Firm with and without management present to discuss the results of their examinations, their evaluations of our internal controls and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Annual Report on Form 10-K as of and for the year ended December 31, 2007 for filing with the SEC.

Audit Committee

Douglas H. Yaeger, Chairman of the Audit Committee
Gordon A. Gundaker
David L. Steward

Code of Ethics for Principal Executive Officer and Financial Professionals

The Board of Directors has approved a Code of Ethics for Principal Executive Officer and Financial Professionals that covers the Principal Executive Officer, the Chief Financial Officer, the Chief Credit Officer, the Chief Investment Officer, the Senior Vice President - Special Projects, the Senior Vice President - - Director of Taxes, and all professionals serving in a Corporate Finance, Accounting, Treasury, Tax or Investor Relations role. These individuals are also subject to the policies and procedures adopted by First Banks that govern the conduct of all of its employees. The Code of Ethics for Principal Executive Officer and Financial Professionals is included as an exhibit to this Annual Report on Form 10-K.

Code of Conduct for Employees, Officers and Directors

The Board of Directors has approved a Code of Conduct applicable to all employees, officers and directors of First Banks that addresses conflicts of interest, honesty and fair dealing, accounting and auditing matters, political activities and application and enforcement of the Code of Conduct. The Code of Conduct is available on First Banks' website, www.firstbanks.com, under "About us."

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Executive Officers

Our executive officers, each of whom was elected to the office(s) indicated by the Board of Directors, as of March 26, 2008, were as follows:

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Name	Age	Current First Banks Office(s) Held	Principal Occupation(During Last Five Year
<S>	<C>		<C>
James F. Dierberg	70	Chairman of the Board of Directors.	See "Item 10 - Directors, Officers and Corporate Go Board of Directors."
Terrance M. McCarthy	53	President, Chief Executive Officer and Director; Chairman of the Board of Directors of First Bank.	See "Item 10 - Directors, Officers and Corporate Go Board of Directors."
Steven F. Schepman	35	Executive Vice President, Director of Corporate Development and Business Segments, and Director.	See "Item 10 - Directors, Officers and Corporate Go Board of Directors."
Russell L. Goldammer	51	Executive Vice President and Chief Information Officer.	Executive Vice President Information Officer since 2004; Chief Information Outsourcing Solutions, Inc., Missouri, from April 2001 2004.
Robert S. Holmes, Jr.	44	Executive Vice President - Commercial Banking; President, Chief Executive Officer and Director of First Bank.	Executive Vice President Banks, Inc. since July President and Chief Executi of First Bank since June Director of First Bank since Group Senior Vice President Commercial Banking Group of L N.A. in Chicago, Illinois 2007 to June 2007; Senior Vic and Chief Administrative Commercial Banking Division Bank N.A. in Chicago, Ill March 2006 to March 2007; President and Region Head Bank N.A. in St. Louis, Mi September 1996 to March 2006.
Daniel W. Jasper	62	Executive Vice President and Chief Credit Officer; Executive Vice President, Chief Credit Officer and Director of First Bank.	Executive Vice President Credit Officer of First B since October 2003; Se President and Acting Chi Officer of First Banks, Inc 2003 to October 2003; S President - Credit Adminis First Banks, Inc. from 1995 t
F. Christopher McLaughlin	54	Executive Vice President, Director of Retail Banking and Director of Sales, Marketing and Products; Director of First Bank.	Executive Vice President a of Retail Banking since Apr Executive Vice President and Sales, Marketing and Produc Banks, Inc. since Septem Director of First Bank si 2004; Executive Vice Pr Personal Banking Division, HS USA in Buffalo, New York f June 2002; Independent Consu July 2002 to August 2003.

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Mary P. Sherrill	53	Executive Vice President and Director of Operations; Director of First Bank.	Executive Vice President a of Operations of First Ba since April 2003; Director Bank since April 2003; Dir Chairman and Chief of Bank Southwest Bank in St. Louis from April 1999 to March 2003
Lisa K. Vansickle	40	Senior Vice President and Chief Financial Officer; Senior Vice President, Secretary and Director of First Bank.	Senior Vice President Financial Officer of First B since April 2, 2007; Se President and Controller Banks, Inc. from January 20 1, 2007; Vice President and of First Banks, Inc. from Ap January 2001; Vice Pres Director of Internal A December 1997 to March 19 Vice President, Secretary a of First Bank since July 2001

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Item 11. Executive Compensation

Compensation Discussion and Analysis. As outlined in the stock ownership table included in "Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," all of our voting stock is owned by various trusts, established by and administered by and for the benefit of Mr. James F. Dierberg, our Chairman of the Board, and members of his immediate family. Therefore, we do not use equity awards in our compensation program.

The objective of our executive compensation policies and practices is to attract and retain talented key executives that will contribute to the achievement of strategic goals and the growth and success of the Company in order to enhance the long-term value of our Company. Compensation is based upon the achievement of corporate goals and objectives, as established by key corporate executives and reported to the Board of Directors. Rewards for performance are designed to motivate the continued strong performance of key executives on a long-term basis.

Our executive compensation programs are designed to reward the achievement of financial results in accordance with our corporate goals and objectives. The elements of our executive compensation programs include base salary, annual bonus compensation and the ability to participate in a nonqualified deferred compensation plan. Our executive compensation programs are cash-based and do not include any other forms of non-cash compensation. We do not provide the named executive officers with employment contracts or severance agreements, and consequently, we are under no obligation to make additional payments to any of the named executive officers in the event of severance, change in control, retirement or resignation. The individual components of compensation to executive officers are periodically evaluated using various factors, as further discussed below.

Salary. Base salaries of executive officers are dependent upon the evaluation of certain factors and are based, in part, on non-quantifiable considerations, at the discretion of the Chairman and/or certain executive officers. The level of base salaries of executive officers is designed to reward the officer's performance based upon an evaluation of the following factors: (i) the performance of the Company and the achievement of corporate goals and objectives, considering general business and industry conditions, among other factors, and the contributions of specific executives towards the overall performance; (ii) each executive officer's areas of responsibility and the Company's performance in those areas; and (iii) the level of compensation paid to comparable executives by other financial institutions of comparable size in the market areas in which we operate to ensure we maintain a competitive compensation package. Our corporate goals and objectives provide particular measurements to which the Board of Directors and executive management assign significance, such as net income, organic and external growth in target market areas, expense control, net interest margin, credit quality, and regulatory examination results. These factors are taken into consideration by the Chairman of the Board, who evaluates the appropriate base salary and related annual salary increases of the President and Chief Executive Officer, and by the Chairman of the Board and certain senior executive officers, who evaluate the appropriate base salary and related annual salary increases of executive officers and other employees. Base salaries of executive officers are reviewed on an ongoing basis and are generally adjusted on an annual basis, and may be further adjusted periodically as a result of significant changes in responsibility, employment market conditions, and other factors.

Bonus. We offer our key executive officers additional compensation through an Executive Incentive Compensation Plan, or the Plan. The objectives of the Plan are to promote superior short-term and long-term financial performance of the Company through its key executives; to reward those key executive officers who deliver solid results with market-competitive incentives; and to attract, motivate and retain skilled and experienced individuals who can increase the

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size and profitability of the Company. Our Chairman of the Board has full discretion to determine on an annual basis those executives who are eligible to participate in the Plan. Each of the named executive officers is a participant in the Plan, along with certain other executive officers, with the exception of Ms. Vansickle and Mr. Schepman. Mr. Schepman is the son-in-law of Mr. James F. Dierberg and lineal descendants of Mr. Dierberg and their spouses are not eligible to participate in the Plan. Ms. Vansickle received a discretionary bonus in 2007. Mr. Schepman received a discretionary bonus in 2007 and 2006.

The bonus award amounts under the Plan are determined by a mathematical formula that is based primarily on our weighted average return on equity multiplied by a weighting component and the named executive officer's annual salary. Payments under the Plan are made annually based upon the results of the above-referenced formulas, unless determined otherwise by the Board of Directors for the Chief Executive Officer or by the Chief Executive Officer for the other participants. In considering any adjustment to payments to other executive officers, the Chief Executive Officer will evaluate each executive officer's contribution to improving our return on equity during the plan year.

Deferred Compensation. We offer a deferred compensation plan to the executive officers and other key employees to promote retention by providing a long-term savings opportunity on a tax-effective basis.

The Board of Directors and President and Chief Executive Officer periodically review the various components of our executive compensation programs. Salaries paid, annual bonuses awarded and deferred compensation balances for the named executives are further described in the "Summary Compensation Table" and "Nonqualified Deferred Compensation Table" below.

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Executive Compensation. The following table sets forth certain information regarding compensation earned by the named executive officers for the years ended December 31, 2007 and 2006:

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SUMMARY COMPENSATION TABLE

Name and Principal Position(s)	Year	Salary (1)	Bonus (1)	All Other Compensation (2)	To
<S>	<C>	<C>	<C>	<C>	<C>
James F. Dierberg	2007	$610,000	--	9,000	619
Chairman of the Board of Directors	2006	610,000	--	8,800	618
Terrance M. McCarthy (3)	2007	478,000	374,800	9,000	861
President and	2006	409,000	345,000	8,800	762
Chief Executive Officer					
Lisa K. Vansickle (4)	2007	174,000	24,000	18,300 (5)	216
Senior Vice President					
and Chief Financial Officer					

Russell L. Goldammer Executive Vice President and Chief Information Officer	2007	237,200	222,400	9,000	468
Daniel W. Jasper Executive Vice President and Chief Credit Officer	2007 2006	264,800 245,600	239,000 215,000	9,000 8,800	512 469
Allen H. Blake (6) (Former President and Chief Executive Officer)	2007 2006	118,800 470,000	573,600 413,800	234,500 (7) 8,800	926 892
Steven F. Schepman (4) Executive Vice President and Director of Corporate Development and Business Segments (Former Chief Financial Officer)	2007 2006	194,300 175,400	35,000 20,000	9,000 8,300	238 203

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(1) Salary and bonus reported for Messrs. McCarthy, Blake and Jasper include amounts deferred in our NQD as further described below and in Note 17 to our Consolidated Financial Statements, of $47,800, $ and $26,500, respectively, or an aggregate of $384,800. Salary reported for Messrs. Dierberg, Gol Schepman, and Ms. Vansickle did not include any amounts deferred in our NQDC Plan. Earnings by th executives on their NQDC Plan balances did not include any above-market or preferential earnings.

(2) All other compensation reported reflects contributions to our 401(k) Plan, as further described in to our Consolidated Financial Statements, with the exception of the amounts reported for Ms. Vansic Mr. Blake, as further described below.

(3) Mr. McCarthy became President and Chief Executive Officer of First Banks, Inc. on April 1, 2007.

(4) Ms. Vansickle served as Senior Vice President and Controller of First Banks, Inc. until April 2, which time she assumed the role of Senior Vice President and Chief Financial Officer of First Bank Mr. Schepman served as Senior Vice President and Chief Financial Officer of First Banks, Inc. unti 2, 2007 at which time he assumed the role of Executive Vice President and Director of Corporate Deve and Business Segments of First Banks, Inc.

(5) All other compensation reported for Ms. Vansickle reflects a contribution to our 401(k) Plan of $8, the payout of a $10,000 award previously granted under an incentive plan that Ms. Vansickle particip prior to the time she became a named executive officer on April 2, 2007. Ms. Vansickle's participat that incentive plan terminated at the time she became a named executive officer.

(6) Mr. Blake retired from the Company on March 31, 2007.

(7) All other compensation reported for Mr. Blake for 2007 reflects a contribution to our 401(k) $9,000, an NQDC Plan distribution of $144,000, an automobile valued at $55,100 awarded upon his ret on March 31, 2007 and taxes of $26,400 related to the receipt of the automobile.

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Nonqualified Deferred Compensation. Officers that meet certain position and base salary criteria and non-employee directors are eligible to participate in our Nonqualified Deferred Compensation Plan, or NQDC Plan. Participants are allowed to defer, on an annual basis, up to 25% of their salary and up to 100% of their bonus payments, and hypothetically invest in various investment options available in the NQDC Plan that are selected by the participant and may be changed by the participant at any time. These investment options mirror the investment options that we offer through our 401(k) plan and include various investment funds such as equity funds, international stock funds, capital appreciation funds, money market funds, bond funds, mid-cap value funds and growth funds.

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The NQDC Plan allows for us to credit the deferred compensation accounts of any participant with discretionary contributions, however, we have not made any such discretionary contributions under the NQDC Plan since its inception. Any such contributions, if made, would vest over a five-year period. Earnings or losses on participant account balances resulting from the participant's investment choices are credited or charged to the participant accounts on a monthly basis. We recognize these earnings or losses in our consolidated statements of income on a monthly basis. In the event of retirement, payment of the vested portion of the participant's deferred compensation account balance is either made through a single lump sum payment or annual payments over five or ten years, subject to election by the participant. Payment of the vested portion of the participant's deferred compensation account balance is made through a single lump sum payment in the event the participant terminates his or her employment for reasons other than retirement. We did not make any withdrawals or distributions to the named executive officers, except Mr. Blake, or the non-employee directors from our NQDC Plan for the year ended December 31, 2007.

The following table sets forth certain information regarding nonqualified deferred compensation earned by the named executive officers for the year ended

December 31, 2007:
<TABLE>
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NONQUALIFIED DEFERRED COMPENSATION TABLE

Name and Principal Position(s)	Executive Contributions in Last Fiscal Year (1)	Aggregate Earnings in Last Fiscal Year	Aggregate Distributions in Last Fiscal Year	Aggre Balar December
<S>	<C>	<C>	<C>	<C>
James F. Dierberg Chairman of the Board of Directors	$ --	18,000	--	410,
Terrance M. McCarthy President and Chief Executive Officer	47,800	31,000	--	581,
Lisa K. Vansickle Senior Vice President and Chief Financial Officer	--	2,200	--	45,
Daniel W. Jasper Executive Vice President and Chief Credit Officer	26,500	8,400	--	222,
Allen H. Blake (Former President and Chief Executive Officer)	310,500	85,800	(144,000) (6)	1,363,
Steven F. Schepman Executive Vice President and Director of Corporate Development and Business Segments (Former Chief Financial Officer)	--	300	--	5,

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(1) All executive contributions represent the deferral of base salary and/or bonus payments reflected ir Compensation Table." We did not make any discretionary contributions under the NQDC Plan as of anc ended December 31, 2007.
(2) Of this amount, $305,500 represents deferrals of cash consideration from prior years that were ref "Summary Compensation Table" in our Annual Report on Form 10-K for the relevant years. The rema represents the cumulative earnings on the original deferred amounts and the participant's 2007 activi
(3) Of this amount, $403,300 represents deferrals of cash consideration from prior years. The rema represents the cumulative earnings on the original deferred amounts and the participant's 2007 activi
(4) Of this amount, $33,200 represents deferrals of cash consideration from prior years. The rema represents the cumulative earnings on the original deferred amounts and the participant's 2007 activi
(5) Of this amount, $160,000 represents deferrals of cash consideration from prior years that were ref "Summary Compensation Table" in our Annual Report on Form 10-K for the relevant years. The rema represents the cumulative earnings on the original deferred amounts and the participant's 2007 activi
(6) Following his retirement effective on March 31, 2007, Mr. Allen H. Blake received the first distributions of his NQDC Plan participant account balance, which is fully vested.
(7) Of this amount, $906,700 represents deferrals of cash consideration from prior years that were ref "Summary Compensation Table" in our Annual Report on Form 10-K for the relevant years. The rema represents the cumulative earnings on the original deferred amounts and the participant's 2007 activi a distribution of $144,000 paid in 2007.
(8) Of this amount, $5,000 represents deferrals of cash consideration from prior years tha t were refl "Summary Compensation Table" in our Annual Report on Form 10-K for the relevant years. The remai represents the cumulative earnings on the original deferred amounts and the participant's 2007 activi
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Potential Payments Upon Termination. Upon termination of employment, the executive officers will receive payments of their vested portion of the executive's deferred compensation account balance under our NQDC Plan as described above.

Compensation of Directors. The following table sets forth compensation earned by the named non-employee directors for the year ended December 31, 2007:

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash	Total
Gordon A. Gundaker	$ 29,750	29,750
David L. Steward (1)	29,750	29,750
Douglas H. Yaeger (1)(2)	34,000	34,000

(1) Fees paid for Messrs. Steward and Yaeger include payments deferred in our NQDC Plan of $29,750 and $34,000, respectively, or an aggregate of $63,750. Earnings by the directors on their NQDC Plan balances did not include any above-market or preferential earnings.

(2) Mr. Yaeger serves as Chairman of the Audit Committee and the Audit Committee Financial Expert.

Our executive officers that are also directors do not receive remuneration other than salaries and bonuses for serving on our Board of Directors. Only those directors who are neither our employees nor employees of any of our subsidiaries receive cash remuneration for their services as directors. Effective with the October 2007 Board and Audit Committee meetings, such non-employee directors received a fee of $3,000 for each Board meeting attended and $1,000 for each Audit Committee meeting attended. Mr. Yaeger also received a fee of $1,250 per calendar quarter for his service as Chairman of the Audit Committee. Messrs. Yaeger, Gundaker and Steward also received a fee of $3,750 per calendar quarter as a retainer for their service as members of the Board of Directors. Prior to the October 2007 meetings, such non-employee directors received a fee of $3,000 for each Board meeting attended and $1,000 for each Audit Committee meeting attended. Mr. Yaeger also received a fee of $4,000 per calendar quarter for his service as Chairman of the Audit Committee, and Messrs. Gundaker and Steward also received a fee of $3,000 per calendar quarter for their service as members of the Audit Committee. Our non-employee directors are also eligible to participate in our NQDC Plan. Our directors do not receive any other compensation, and there are no arrangements for amounts to be paid to directors upon resignation or any other termination of such director or a change in control of the Company. The Audit Committee is currently the only committee of our Board of Directors.

Compensation Committee Interlocks and Insider Participation. We do not have a compensation committee, therefore, our Board of Directors performs the functions of such a committee. Messrs. Dierberg, McCarthy and Schepman serve or have served as executive officers and/or members of our Board of Directors. Except for the foregoing, none of our executive officers served during 2007 as a member of our compensation committee, or any other committee performing similar functions, or as a director of another entity, any of whose executive officers or directors served on our Board of Directors.

See further information regarding transactions with related parties in Note 19 to our Consolidated Financial Statements appearing on pages 104 through 106 of this report.

Compensation Committee Report.

Our Board of Directors, which performs the functions of our compensation committee, has reviewed the Compensation Discussion and Analysis and discussed such with management. Based on such review and discussions, the Board of Directors recommended the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2007.

Board of Directors

James F. Dierberg, Chairman of the Board of Directors
Gordon A. Gundaker
Terrance M. McCarthy
Steven F. Schepman
David L. Steward
Douglas H. Yaeger

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of March 26, 2008, certain information with respect to the beneficial ownership of all classes of our voting capital stock by each person known to us to be the beneficial owner of more than five percent of the outstanding shares of the respective classes of our stock:

<TABLE>
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Title of Class and Name of Owner	Number of Shares Owned	Percent of Class	Percer Tota Voti Powe
Common Stock ($250.00 par value)			
<S>	<C>	<C>	<C
James F. Dierberg II Family Trust (1)........................	7,714.677 (2)	32.605%	*
Ellen C. Dierberg Family Trust (1)...........................	7,714.676 (2)	32.605	*
Michael J. Dierberg Family Trust (1).........................	4,255.319 (2)	17.985	*
Michael J. Dierberg Irrevocable Trust (1)....................	3,459.358 (2)	14.621	*
First Trust (Mary W. Dierberg and First Bank, Trustees) (1)..	516.830 (3)	2.184	*
Class A Convertible Adjustable Rate Preferred Stock ($20.00 par value)			
James F. Dierberg, Trustee of the James F. Dierberg Living Trust (1)...	641,082 (4)(5)	100%	77.7
Class B Non-Convertible Adjustable Rate Preferred Stock ($1.50 par value)			
James F. Dierberg, Trustee of the James F. Dierberg Living Trust (1)...	160,505 (5)	100%	19.4
All executive officers and directors other than Mr. James F. Dierberg and members of his immediate family.........................	0	0%	0.0

- --------------------

* Represents less than 1.0%.

(1) Each of the above-named trustees and beneficial owners are United States citizens, and the business for each such individual is 135 North Meramec, Clayton, Missouri 63105. Mr. James F. Dierberg, our C of the Board, and Mrs. Mary W. Dierberg, are husband and wife, and Messrs. James F. Dierberg II and J. Dierberg and Mrs. Ellen D. Schepman,formerly Ms. Ellen C. Dierberg, are their adult children.

(2) Due to the relationship between Mr. James F. Dierberg, his wife and their children, Mr. Dierberg is to share voting and investment power over these shares.

(3) Due to the relationship between Mr. James F. Dierberg, his wife and First Bank, Mr. Dierberg is de share voting and investment power over these shares.

(4) Convertible into common stock, based on the appraised value of the common stock at the date of conv Assuming an appraised value of the common stock equal to the book value, the number of shares of stock into which the Class A Preferred Stock is convertible at December 31, 2007 is 355, which sha not included in the above table.

(5) Sole voting and investment power.

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Item 13. Certain Relationships and Related Transactions, and Director Independence

Review and Approval of Related Person Transactions. We review all relationships and transactions in which we and our directors and executive officers and their immediate family members and entities in which such persons have a significant interest are participants to determine whether such persons have a direct or indirect material interest. Our management collects information from the executive officers and the directors regarding the related person transactions and determines whether we or a related person has a direct or indirect material interest in the transaction. If we determine that a transaction is directly or indirectly material to us or a related person, then the transaction is disclosed in accordance with applicable requirements. In addition, the Audit Committee of our Board of Directors reviews and approves or ratifies any related person transaction that is required to be so disclosed. In the event that a member of the Audit Committee is a related person to such a transaction, such member may not participate in the discussion or vote regarding approval or ratification of the transaction.

Related Person Transactions. Outside of normal customer relationships, no directors, executive officers or shareholders holding over 5% of our voting securities, and no corporations or firms with which such persons or entities are associated, currently maintain or have maintained since the beginning of the last full fiscal year, any significant business or personal relationship with our subsidiaries or us, other than that which arises by virtue of such position or ownership interest in our subsidiaries or us, except as set forth in "Item 11 - - Executive Compensation - Compensation of Directors," or as described in the following paragraphs.

First Bank has had in the past, and may have in the future, loan transactions and related banking services in the ordinary course of business with our directors and/or their affiliates. These loan transactions have been made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated persons and did not involve more than the normal risk of collectibility or present other unfavorable features. First Bank does not extend credit to our officers or to officers of First Bank, except extensions of credit secured by mortgages on personal residences, loans to purchase automobiles and personal credit card accounts.

Certain of our shareholders, directors and officers and their respective affiliates have deposit accounts and related banking services with First Bank. It is First Bank's policy not to permit any of its officers or directors or their affiliates to overdraw their respective deposit accounts. Deposit account overdraft protection may be approved for persons or entities under a plan whereby a credit limit has been established in accordance with First Bank's standard credit criteria.

Transactions with related parties, including transactions with affiliated persons and entities, are described in Note 19 to our Consolidated Financial Statements on pages 104 through 106 of this report.

Director Independence. Our Board of Directors has determined that Messrs. Gordon A. Gundaker, David L. Steward and Douglas H. Yaeger have no material relationship with us and each is independent. Our Audit Committee of the Board of Directors is composed only of independent directors. In order to be considered independent, our Board of Directors must determine that a director does not have any direct or indirect material relationship with us as provided under the rules of the NYSE. In making such a determination, the Board of Directors considers all relationships between us, or any of our subsidiaries, and the director, or any of his immediate family members, or any entity with which the director or any of his immediate family members is affiliated by reason of being a partner, officer or significant shareholder thereof. In assessing the independence of our directors, the Board of Directors considered all relationships between us and our directors based primarily upon responses of the directors to questions posed through a directors' and officers' questionnaire. The Board of Directors considered each of the related person transaction discussed above in making its independence determination.

First Banks has only preferred securities listed on the NYSE and, pursuant to the General Application section of NYSE Rule 303A, is not subject to NYSE Rule 303A.01 requiring a majority of independent directors. Messrs. Dierberg, McCarthy and Schepman are not independent because they are each current or former executive officers of the company.

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Item 14. Principal Accounting Fees and Services

Fees of Independent Registered Public Accounting Firm

During 2007 and 2006, KPMG LLP served as our Independent Registered Public Accounting Firm and provided services to our affiliates and us. The following table sets forth fees for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements and other audit services in 2007 and 2006:

	2007	2006
Audit fees (1)	$ 610,500	601,50
Audit related fees	--	-
Tax fees (2)	--	82,63
All other fees	--	-
Total	$ 610,500	684,13

(1) For 2007 and 2006, audit fees include the audits of the consolidated financial statem First Banks and SBLS LLC, as well as services provided for reporting requirements under FDI mortgage banking activities, which are included in the audit fees of First Banks, a services are closely related to the audit of First Banks' consolidated financial stat Audit fees also include other accounting and reporting consultations.

(2) For 2006, tax services include tax compliance and general tax planning and advice.

Policy Regarding the Approval of Independent Auditor Provision of Audit and Non-Audit Services

Consistent with the Securities and Exchange Commission requirements regarding auditor independence, the Audit Committee recognizes the importance of maintaining the independence, in fact and appearance, of our independent auditors. As such, the Audit Committee has adopted a policy for pre-approval of all audit and permissible non-audit services provided by our independent auditors. Under the policy, the Audit Committee, or its designated member, must pre-approve services prior to commencement of the specified service. The requests for pre-approval are submitted to the Audit Committee or its designated member by the Director of Audit with a statement as to whether in his/her view the request is consistent with the Securities and Exchange Commission's rules on auditor independence. The Audit Committee reviews the pre-approval requests and the fees paid for such services at their regularly scheduled quarterly meetings or at special meetings.

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Financial Statements and Supplementary Data - The financial statements and supplementary data filed as part of this Report are included in Item 8.

2. Financial Statement Schedules - These schedules are omitted for the reason they are not required or are not applicable.

3. Exhibits - The exhibits are listed in the index of exhibits required by Item 601 of Regulation S-K at Item (b) below and are incorporated herein by reference.

(b) The index of required exhibits is included beginning on page 116 of this Report.

(c) Not Applicable.

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Management's Report on Internal Control over Financial Reporting

Management of First Banks, Inc. (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in circumstances or that the degree of compliance with the policies and procedures may deteriorate.

On November 30, 2007, the Company completed its acquisition of Coast Financial Holdings, Inc. and its wholly owned banking subsidiary, Coast Bank of Florida (collectively, CFHI). Coast Bank of Florida was merged with and into First Bank, the Company's indirect wholly owned subsidiary, on November 30, 2007. Management has excluded internal control over financial reporting associated with CFHI from its assessment of the effectiveness of internal control over financial reporting as of December 31, 2007. As of December 31, 2007, the assets associated with CFHI represented approximately 6.1% of the total assets of the Company. Total revenue, defined as net interest income and noninterest income, associated with CFHI included in the Company's total revenue for the year ended December 31, 2007 was limited to the period from December 1, 2007 to December 31, 2007, and represented 0.1% of the Company's total revenue for the year ended December 31, 2007.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework. Based on that assessment, management concluded that, as of December 31, 2007, the Company's internal control over financial reporting is effective based on the criteria established in Internal Control - Integrated Framework.

This annual report does not include an attestation report of the Company's Independent Registered Public Accounting Firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's Independent Registered Public Accounting Firm pursuant to temporary rules of the United States Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

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FIRST BANKS, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
First Banks, Inc.:

We have audited the accompanying consolidated balance sheets of First Banks, Inc. and subsidiaries (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Banks, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the consolidated financial statements, effective January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 -- Accounting for Uncertainty in Income Taxes, an Interpretation of Statement of Financial Accounting Standards No. 109 -- Accounting for Income Taxes.

/s/ KPMG LLP

St. Louis, Missouri
March 26, 2008

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FIRST BANKS, INC.

CONSOLIDATED BALANCE SHEETS

(dollars expressed in thousands, except share and per share data)

	December 31,	
	2007	
ASSETS		
Cash and cash equivalents:		
<S>	<C>	
Cash and due from banks	$ 217,597	
Short-term investments	14,078	
Total cash and cash equivalents	231,675	
Investment securities:		
Trading	--	
Available for sale	1,000,392	1
Held to maturity (fair value of $19,078 and $23,971, respectively)	18,879	
Total investment securities	1,019,271	1
Loans:		
Commercial, financial and agricultural	2,382,067	1
Real estate construction and development	2,141,234	1

Real estate mortgage	4,211,285	3
Consumer and installment	97,117	
Loans held for sale	66,079	
Total loans	8,897,782	7
Unearned discount	(14,528)	
Allowance for loan losses	(168,391)	
Net loans	8,714,863	7
Bank premises and equipment, net	238,331	
Goodwill and other intangible assets	315,651	
Bank-owned life insurance	116,619	
Deferred income taxes	138,618	
Other assets	122,332	
Total assets	$10,897,360	10

LIABILITIES

Deposits:		
Noninterest-bearing demand	$ 1,259,123	1
Interest-bearing demand	980,850	
Savings and money market	2,716,726	2
Time deposits of $100 or more	1,546,857	1
Other time deposits	2,645,637	2
Total deposits	9,149,193	8
Other borrowings	376,123	
Notes payable	39,000	
Subordinated debentures	353,752	
Deferred income taxes	46,834	
Accrued expenses and other liabilities	59,426	
Minority interest in subsidiary	5,544	
Total liabilities	10,029,872	9

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STOCKHOLDERS' EQUITY

Preferred stock:		
$1.00 par value, 5,000,000 shares authorized, no shares issued and outstanding.	--	
Class A convertible, adjustable rate, $20.00 par value, 750,000 shares authorized, 641,082 shares issued and outstanding	12,822	
Class B adjustable rate, $1.50 par value, 200,000 shares authorized, 160,505 shares issued and outstanding	241	
Common stock, $250.00 par value, 25,000 shares authorized, 23,661 shares issued and outstanding	5,915	
Additional paid-in capital	9,685	
Retained earnings	843,782	
Accumulated other comprehensive loss	(4,957)	
Total stockholders' equity	867,488	
Total liabilities and stockholders' equity	$10,897,360	10

The accompanying notes are an integral part of the consolidated financial statements.
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FIRST BANKS, INC.

CONSOLIDATED STATEMENTS OF INCOME

(dollars expressed in thousands, except share and per share data)

	Years Ended December	
	2007	2006
<S>	<C>	<C>
Interest income:		
Interest and fees on loans	$ 629,825	581,503
Investment securities:		
Taxable	61,785	57,017
Nontaxable	1,604	1,875
Short-term investments	6,699	5,909
Total interest income	699,913	646,304
Interest expense:		
Deposits:		
Interest-bearing demand	9,183	8,147
Savings and money market	79,804	53,297
Time deposits of $100 or more	71,480	59,114
Other time deposits	112,420	96,138
Other borrowings	16,634	16,803
Notes payable	2,426	5,530
Subordinated debentures	24,514	22,833
Total interest expense	316,461	261,862
Net interest income	383,452	384,442
Provision for loan losses	75,000	12,000
Net interest income after provision for loan losses	308,452	372,442
Noninterest income:		
Service charges on deposit accounts and customer service fees	46,834	43,310
Gain on loans sold and held for sale	14,068	26,020
Net loss on investment securities	(1,646)	(1,813)
Bank-owned life insurance investment income	3,841	3,103
Investment management income	7,111	8,412
Insurance fee and commission income	6,860	4,848
Other	26,201	29,063
Total noninterest income	103,269	112,943
Noninterest expense:		
Salaries and employee benefits	172,510	166,864
Occupancy, net of rental income	32,671	26,953
Furniture and equipment	19,683	16,960
Postage, printing and supplies	6,747	6,721
Information technology fees	36,305	37,099
Legal, examination and professional fees	9,893	8,783
Amortization of intangible assets	12,419	8,195
Advertising and business development	6,933	7,128
Charitable contributions	5,942	6,462
Other	41,147	34,051
Total noninterest expense	344,250	319,216
Income before provision for income taxes and minority interest in income (loss) of subsidiary	67,471	166,169
Provision for income taxes	10,159	55,062
Income before minority interest in income (loss) of subsidiary	57,312	111,107
Minority interest in income (loss) of subsidiary	78	(587)
Net income	57,234	111,694
Preferred stock dividends	786	786
Net income available to common stockholders	$ 56,448	110,908
Basic earnings per common share	$2,385.68	4,687.38
Diluted earnings per common share	$2,379.45	4,630.72

Weighted average shares of common stock outstanding........................	23,661	23,661
	=========	========

The accompanying notes are an integral part of the consolidated financial statements.
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FIRST BANKS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE IN
Three Years Ended December 31, 2007

(dollars expressed in thousands, except per share data)

	Adjustable Rate Preferred Stock				
	Class A Conver-tible	Class B	Common Stock	Additional Paid-in Capital	Retaine Earning
<S>	<C>	<C>	<C>	<C>	<C>
Balances, January 1, 2005..............................	$12,822	241	5,915	5,910	577,83
Year ended December 31, 2005:					
Comprehensive income:					
Net income..	--	--	--	--	96,90
Other comprehensive loss, net of tax:					
Unrealized losses on investment securities......	--	--	--	--	-
Reclassification adjustment for investment securities losses included in net income.....	--	--	--	--	-
Derivative instruments:					
Current period transactions.................	--	--	--	--	-
Total comprehensive income.........................					
Class A preferred stock dividends, $1.20 per share..	--	--	--	--	(76
Class B preferred stock dividends, $0.11 per share..	--	--	--	--	(1
	-------	----	------	------	-------
Balances, December 31, 2005............................	12,822	241	5,915	5,910	673,95
Year ended December 31, 2006:					
Comprehensive income:					
Net income..	--	--	--	--	111,69
Other comprehensive income, net of tax:					
Unrealized gains on investment securities.......	--	--	--	--	-
Reclassification adjustment for investment securities losses included in net income.....	--	--	--	--	-
Derivative instruments:					
Current period transactions.................	--	--	--	--	-
Total comprehensive income.........................					
Adjustment for the utilization of net operating losses associated with prior acquisitions.......	--	--	--	3,775	-
Class A preferred stock dividends, $1.20 per share..	--	--	--	--	(76
Class B preferred stock dividends, $0.11 per share..	--	--	--	--	(1
	-------	----	------	------	-------
Balances, December 31, 2006............................	12,822	241	5,915	9,685	784,86
Year ended December 31, 2007:					
Comprehensive income:					
Net income..	--	--	--	--	57,23
Other comprehensive income, net of tax:					
Unrealized losses on investment securities......	--	--	--	--	-
Reclassification adjustment for investment					

securities losses included in net income.....	--	--	--	--	-
Derivative instruments:					
Current period transactions..................	--	--	--	--	-
Total comprehensive income..........................					
Cumulative effect of change in accounting principle.	--	--	--	--	2,47
Class A preferred stock dividends, $1.20 per share..	--	--	--	--	(76
Class B preferred stock dividends, $0.11 per share..	--	--	--	--	(1
Balances, December 31, 2007.............................	$12,822	241	5,915	9,685	843,78

The accompanying notes are an integral part of the consolidated financial statements.
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FIRST BANKS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars expressed in thousands)

	Years ended December	
	2007	2006
Cash flows from operating activities:		
<S>	<C>	<C>
Net income..	$ 57,234	111,694
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of bank premises and equipment..........	21,610	18,912
Amortization of intangible assets.....................................	12,419	8,195
Other amortization, net of accretion..................................	3,941	5,668
Originations of loans held for sale...................................	(508,391)	(1,000,765)
Proceeds from sales of loans held for sale............................	669,571	1,161,224
Payments received on loans held for sale..............................	16,038	30,312
Provision for loan losses...	75,000	12,000
Provision for current income taxes....................................	15,731	44,854
Provision for deferred income taxes...................................	(5,572)	10,208
Decrease (increase) in accrued interest receivable....................	5,542	(9,781)
(Decrease) increase in accrued interest payable.......................	(12,854)	6,230
Proceeds from sales of trading securities.............................	81,038	9,947
Maturities of trading securities......................................	16,651	989
Purchases of trading securities.......................................	(17,939)	(88,494)
Gain on loans sold and held for sale..................................	(14,068)	(26,020)
Net loss on investment securities.....................................	1,646	1,813
Gain on sales of branches, net of expenses............................	(1,018)	--
Other operating activities, net.......................................	(24,253)	(33,182)
Minority interest in income (loss) of subsidiary......................	78	(587)
Net cash provided by (used in) operating activities...........	392,404	263,217
Cash flows from investing activities:		
Cash received (paid) for acquired entities, net of cash and cash equivalents (paid) received......................................	545	(204,690)
Cash paid for sale of branches, net of cash and cash equivalents sold...	(48,926)	--
Proceeds from sales of investment securities available for sale.........	170,699	198,061
Maturities of investment securities available for sale..................	1,040,690	1,003,970
Maturities of investment securities held to maturity....................	5,271	2,887
Purchases of investment securities available for sale...................	(769,845)	(1,065,738)
Purchases of investment securities held to maturity.....................	(133)	(865)
Proceeds from sales of commercial loans held for sale...................	33,471	68,350
Net increase in loans...	(826,731)	(510,054)
Recoveries of loans previously charged-off..............................	8,675	15,394
Purchases of bank premises and equipment................................	(52,788)	(37,904)
Sale of minority interest in subsidiary.................................	--	--
Other investing activities, net...	10,108	12
Net cash used in investing activities.........................	(428,964)	(530,577)

Cash flows from financing activities:		
Increase (decrease) in demand, savings and money market deposits	204,038	10,185
(Decrease) increase in time deposits	(232,870)	415,562
Decrease in Federal Home Loan Bank advances	(36,368)	(43,410)
Increase (decrease) in federal funds purchased	76,500	--
Decrease in securities sold under agreements to repurchase	(80,477)	(135,464)
Advances drawn on notes payable	35,000	--
Repayments of notes payable	(61,000)	(35,000)
Proceeds from issuance of subordinated debentures	77,322	139,178
Repayments of subordinated debentures	(82,681)	--
Payment of preferred stock dividends	(786)	(786)
Net cash (used in) provided by financing activities	(101,322)	350,265
Net (decrease) increase in cash and cash equivalents	(137,882)	82,905
Cash and cash equivalents, beginning of year	369,557	286,652
Cash and cash equivalents, end of year	$ 231,675	369,557

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Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest on liabilities	$ 329,315	255,632
Income taxes	8,961	45,497
Noncash investing and financing activities:		
Securitization and transfer of loans to investment securities	$ 101,869	138,944
Loans held for sale transferred to loan portfolio	116,391	--
Loans transferred to other real estate	16,269	7,542
Business Combinations:		
Fair value of tangible assets acquired (noncash)	$ 810,847	608,123
Goodwill and other intangible assets recorded with net assets acquired	33,304	111,676
Liabilities assumed	(844,696)	(515,109)

The accompanying notes are an integral part of the consolidated financial statements.

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FIRST BANKS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by First Banks, Inc. and subsidiaries (First Banks or the Company):

Basis of Presentation. The accompanying consolidated financial statements of First Banks have been prepared in accordance with U.S. generally accepted accounting principles and conform to predominant practices within the banking industry. Management of First Banks has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

Principles of Consolidation. The consolidated financial statements include the accounts of the parent company and its subsidiaries, giving effect to minority interest, as more fully described below, and in Note 19 to the Consolidated Financial Statements. All significant intercompany accounts and transactions have been eliminated. Certain reclassifications of 2006 and 2005 amounts have been made to conform to the 2007 presentation.

First Banks operates through its wholly owned subsidiary bank holding company, The San Francisco Company (SFC), headquartered in St. Louis, Missouri, and its wholly owned subsidiary holding company, Coast Financial Holdings, Inc. (CFHI), headquartered in Bradenton, Florida.

Prior to First Banks' acquisition of CFHI on November 30, 2007, First Bank, headquartered in St. Louis, Missouri, was a wholly owned banking subsidiary of SFC. On November 30, 2007, First Banks completed its acquisition of CFHI, and its wholly owned banking subsidiary, Coast Bank of Florida (Coast Bank). The issued and outstanding shares of common stock of Coast Bank were exchanged for the newly issued and outstanding shares of non-voting Series B common stock of First Bank, and Coast Bank was subsequently merged with and into First Bank. As a result, SFC was owner of 100% of the voting Series A outstanding shares of common stock of First Bank and CFHI was owner of 100% of the non-voting Series B outstanding shares of common stock of First Bank. Thus, First Bank was 96.89% owned by SFC and 3.11% owned by CFHI as of December 31, 2007.

First Bank operates through its branch banking offices and subsidiaries: First Bank Business Capital, Inc.; Missouri Valley Partners, Inc. (MVP); Adrian N. Baker & Company (Adrian Baker); Universal Premium Acceptance Corporation and its wholly owned subsidiary, UPAC of California, Inc.; and Small Business Loan Source LLC (SBLS LLC). All of the subsidiaries are wholly owned, except for SBLS LLC, which is 76.0% owned by First Bank and 24.0% owned by First Capital America, Inc. (FCA) as of December 31, 2007, as further described in Note 19 to the Consolidated Financial Statements.

Cash and Cash Equivalents. Cash, due from banks and short-term investments, which include federal funds sold and interest-bearing deposits, are considered to be cash and cash equivalents for purposes of the consolidated statements of cash flows. Federal funds sold were $152.2 million at December 31, 2006, and interest-bearing deposits were $14.1 million and $1.4 million at December 31, 2007 and 2006, respectively.

First Bank is required to maintain certain daily reserve balances on hand in accordance with regulatory requirements. These reserve balances maintained in accordance with such requirements were $26.5 million and $24.7 million at December 31, 2007 and 2006, respectively.

Investment Securities. The classification of investment securities as trading, available for sale or held to maturity is determined at the date of purchase.

Investment securities designated as trading, which represent any security held for near term sale, are stated at fair value. Realized and unrealized gains and losses are included in noninterest income.

Investment securities designated as available for sale, which represent any security that First Banks has no immediate plan to sell but which may be sold in the future under different circumstances, are stated at fair value. Realized gains and losses are included in noninterest income, based on the amortized cost of the individual security sold. Unrealized gains and losses, net of related income tax effects, are recorded in accumulated other comprehensive income (loss). All previous fair value adjustments included in the separate component of accumulated other comprehensive income (loss) are reversed upon sale. Premiums and discounts incurred relative to the par value of securities purchased are amortized or accreted, respectively, on the level-yield method taking into consideration the level of current and anticipated prepayments.
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Investment securities designated as held to maturity, which represent any security that First Banks has the positive intent and ability to hold to maturity, are stated at cost, net of amortization of premiums and accretion of discounts computed on the level-yield method taking into consideration the level of current and anticipated prepayments.

A decline in the fair value of any available-for-sale or held-to-maturity investment security below its carrying value that is deemed to be other than temporary results in a reduction in the cost basis of the carrying value to fair value. The other-than-temporary impairment is charged to noninterest income and a new cost basis is established. When determining other-than-temporary impairment, consideration is given as to whether First Banks has the ability and intent to hold the investment security until a market price recovery and whether evidence indicating the carrying value of the investment security is recoverable outweighs evidence to the contrary.

Loans Held for Portfolio. Loans held for portfolio are carried at cost, adjusted for amortization of premiums and accretion of discounts using the interest method. Interest and fees on loans are recognized as income using the interest method. Loan origination fees and costs are deferred and accreted to interest income over the estimated life of the loans using the interest method. Loans held for portfolio are stated at cost as First Banks has the ability and it is management's intention to hold them to maturity.

The accrual of interest on loans is discontinued when it appears that interest or principal may not be paid in a timely manner in the normal course of business or once principal or interest payments become 90 days past due under the contractual terms of the loan agreement. Generally, payments received on nonaccrual and impaired loans are recorded as principal reductions. Interest income is recognized after all delinquent principal has been repaid or an improvement in the condition of the loan has occurred that warrants resumption of interest accruals.

A loan is considered impaired when it is probable that First Banks will be unable to collect all amounts due, both principal and interest, according to the contractual terms of the loan agreement. Loans on nonaccrual status are considered to be impaired loans. When measuring impairment, the expected future cash flows of an impaired loan are discounted at the loan's effective interest rate. Alternatively, impairment is measured by reference to an observable market price, if one exists, or the fair value of the collateral for a collateral-dependent loan. Regardless of the historical measurement method used, First Banks measures impairment based on the fair value of the collateral when foreclosure is probable. Additionally, impairment of a restructured loan is measured by discounting the total expected future cash flows at the loan's effective rate of interest as stated in the original loan agreement.

In accordance with Statement of Position 03-3, Accounting for Certain Loans or Debt Securities Acquired in a Transfer (SOP 03-3), acquired impaired loans are classified as nonaccrual loans and are initially measured at fair value with no allocated allowance for loan losses. An allowance for loan losses is recorded to the extent there is further credit deterioration subsequent to the acquisition date.

Loans Held for Sale. Loans held for sale are comprised of residential mortgage loans held for sale in the secondary mortgage market, frequently in the form of a mortgage-backed security, U.S. Small Business Administration (SBA) loans awaiting sale of the guaranteed portion to the SBA, and commercial real estate loans which may be identified for sale to specific buyers to achieve credit or loan concentration objectives. Loans held for sale are carried at the lower of cost or market value, which is determined on an individual loan basis. Additionally, the carrying value of the residential mortgage loans held for sale also includes the cost of hedging the loans held for sale. The amount by which cost exceeds market value is recorded in a valuation allowance as a reduction of loans held for sale. Changes in the valuation allowance are reflected as part of the gain on loans sold and held for sale in the consolidated statements of income in the periods in which the changes occur. Gains or losses on the sale of loans held for sale are determined on a specific identification basis and reflect the difference between the value received upon sale and the carrying value of the loans held for sale, including the cost of hedging the residential mortgage loans held for sale. Loans held for sale transferred to loans held for portfolio or available-for-sale investment securities are transferred at fair value.

Loan Servicing Income. Loan servicing income is included in noninterest income and represents fees earned for servicing real estate mortgage loans owned by investors and originated by First Bank's mortgage banking operation, as well as SBA loans to small business concerns that are originated by SBLS LLC, First Bank's majority-owned subsidiary that originates, sells and services SBA loans. These fees are net of federal agency guarantee fees, interest shortfall, amortization of loan servicing rights and impairment valuation allowances. Such fees are generally calculated on the outstanding principal balance of the loans serviced and are recorded as income when earned.
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Allowance for Loan Losses. The allowance for loan losses is maintained at a level considered adequate to provide for probable losses. The provision for loan losses is based on a monthly analysis of the loans held for portfolio, considering, among other factors, current economic conditions, loan portfolio composition, past loan loss experience, independent appraisals, loan collateral, payment experience and selected key financial ratios. Adjustments are reflected in the consolidated statements of income in the periods in which they become known. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses. Such agencies may require First Banks to modify its allowance for loan losses based on their judgment about information available to them at the time of their examination.

Derivative Instruments and Hedging Activities. First Banks utilizes derivative instruments and hedging strategies to assist in the management of interest rate sensitivity and to modify the repricing, maturity and option characteristics of certain assets and liabilities. First Banks uses such derivative instruments solely to reduce its interest rate risk exposure. Derivative instruments are recorded in the consolidated balance sheets and measured at fair value. At inception of a derivative transaction, First Banks designates the derivative instrument as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedges) or a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedges). For all hedging relationships, First Banks documents the hedging relationship and its risk-management objectives and strategy for entering into the hedging relationship including the hedging instrument, the hedged item(s), the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed and a description of the method the Company will utilize to measure hedge ineffectiveness. This process also includes linking all derivative instruments that are designated as fair value hedges or cash flow hedges to the underlying assets and liabilities or to specific firm commitments or forecasted transactions. First Banks also assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged item(s). First Banks discontinues hedge accounting prospectively when it is determined that the derivative instrument is no longer effective in offsetting changes in the fair value or cash flows of the hedged item(s), the derivative instrument expires or is sold, terminated, or exercised, the derivative instrument is de-designated as a hedging instrument because it is unlikely that a forecasted transaction will occur, a hedged firm commitment no longer meets the definition of a firm commitment, or management determines that designation of the derivative instrument as a hedging transaction is no longer appropriate.

A summary of First Banks' accounting policies for its derivative instruments and hedging activities is as follows:

>> Interest Rate Swap Agreements - Cash Flow Hedges. Interest rate swap agreements designated as cash flow hedges are accounted for at fair value. The effective portion of the change in the cash flow hedge's gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently reclassified into noninterest income when the underlying transaction affects earnings. The ineffective portion of the change in the cash flow hedge's gain or loss is recorded in noninterest income on each monthly measurement date. The net interest differential is recognized as an adjustment to interest income or interest expense of the related asset or liability being hedged. In the event of early termination, the net proceeds received or paid on the interest rate swap agreements are recognized immediately in noninterest income.

>> Interest Rate Swap Agreements - Fair Value Hedges. Interest rate swap agreements designated as fair value hedges are accounted for at fair value. Changes in the fair value of the swap agreements are recognized currently in noninterest income. The change in the fair value of the underlying hedged item is recognized as an adjustment to the carrying amount of the underlying hedged item and is also reflected currently in noninterest income. All changes in fair value are measured on a monthly basis. The net interest differential is recognized as an adjustment to interest income or interest expense of the related asset or liability being hedged. In the event of early termination or ineffectiveness, the net proceeds received or paid on the interest rate swap agreements are recognized immediately in noninterest income and the future net interest differential, if any, is recognized prospectively in noninterest income. The cumulative change in the fair value of the underlying hedged item is deferred and amortized or accreted to interest income or interest expense over the weighted average life of the related asset or liability. If, however, the underlying hedged item is repaid, the cumulative change in the fair value of the underlying hedged item is recognized immediately in noninterest income.

>> Interest Rate Cap and Floor Agreements. Interest rate cap and floor agreements are accounted for at fair value. Changes in the fair value of interest rate cap and floor agreements are recognized in

noninterest income on each monthly measurement date.

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>> Interest Rate Lock Commitments. Commitments to originate loans for subsequent sale in the secondary market (interest rate lock commitments), which primarily consist of commitments to originate fixed rate residential mortgage loans, are recorded at fair value. Changes in the fair value are recognized in noninterest income on a monthly basis.

>> Forward Commitments to Sell Mortgage-Backed Securities. Forward commitments to sell mortgage-backed securities are recorded at fair value. Changes in the fair value of forward commitments to sell mortgage-backed securities are recognized in noninterest income on a monthly basis.

Bank Premises and Equipment, Net. Bank premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is calculated using the straight-line method over the shorter of the useful life of the related asset or the term of the lease. Bank premises and improvements are depreciated over five to 40 years and equipment is depreciated over three to seven years.

Goodwill and Other Intangible Assets. Goodwill and other intangible assets primarily consist of goodwill, core deposit intangibles and customer list intangibles. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead tested for impairment at least annually. Intangible assets with definite useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with Statement of Financial Accounting Standards (SFAS) No. 144. First Banks amortizes, on a straight-line basis, its core deposit intangibles, customer list intangibles and other intangibles. Core deposit intangibles and customer list intangibles are amortized over the estimated periods to be benefited, which have been estimated at five to seven years, and seven to 16 years, respectively. Goodwill is not amortized, but instead, is tested annually for impairment in accordance with First Banks' existing methods of measuring and recording impairment losses, as described below.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of an underlying asset may not be recoverable. Recoverability is measured based upon the future cash flows expected to result from the use of the underlying asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying value of the underlying asset, First Banks recognizes an impairment loss. The impairment loss recognized represents the amount by which the carrying value of the underlying asset exceeds the fair value of the underlying asset. If an asset being tested for recoverability was acquired in a business combination accounted for using the purchase method, goodwill that arose in the transaction is included as part of the asset grouping in determining recoverability. If some, but not all, of the assets acquired in that transaction are being tested, goodwill is allocated to the assets being tested for recoverability on a pro rata basis using the relative fair values of the long-lived assets and identifiable intangibles acquired at the acquisition dates. In instances where goodwill is identified with assets that are subject to an impairment loss, the carrying amount of the identified goodwill is eliminated before reducing the carrying amounts of impaired long-lived assets and identifiable intangibles. As such adjustments become necessary, they are reflected in the consolidated statements of income in the periods in which they become known.

Servicing Rights. First Banks has mortgage servicing rights and SBA servicing rights. Mortgage servicing rights are capitalized by allocating the total cost of the mortgage loans to mortgage servicing rights and the loans (without mortgage servicing rights) based on the relative fair values of the two components. Upon capitalizing the mortgage servicing rights, they are amortized, in proportion to the related estimated net servicing income on a basis that approximates the disaggregated, discounted basis, over the expected lives of the related loans, which is approximately five to seven years. The weighted average amortization period of mortgage servicing rights is approximately five years.

The value of mortgage servicing rights is adversely affected when mortgage interest rates decline which normally causes mortgage loan prepayments to increase. When loans are prepaid or refinanced, the related unamortized balance of the mortgage servicing rights is charged to amortization expense. The determination of the fair value of the mortgage servicing rights is performed quarterly based upon an independent third party valuation. Based on these analyses, a comparison of the fair value of the mortgage servicing rights with the carrying value of the mortgage servicing rights is made, with impairment, if any, recognized at that time. The impairment analyses are prepared using stratifications of the mortgage servicing rights based on the predominant risk characteristics of the underlying mortgage loans, including size, interest rate, weighted average original term, weighted average remaining term and estimated prepayment speeds. As part of these analyses, the fair value of the mortgage servicing rights for each stratum is compared to the carrying value of the mortgage servicing rights for each stratum. To the extent the carrying value of the mortgage servicing rights exceeds the fair value of the mortgage servicing rights for a stratum, First Banks recognizes impairment equal to the amount by

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which the carrying value of the mortgage servicing rights for a stratum exceeds the fair value. Impairment is recognized through a valuation allowance that is recorded as a reduction of mortgage servicing rights. The valuation allowance may be reversed based upon subsequent improvement in the fair value of a stratum; however, First Banks does not recognize fair value of the mortgage servicing rights in excess of the carrying value of mortgage servicing rights for any stratum. Changes in the valuation allowance are reflected in the consolidated statements of income in the periods in which the change occurs.

SBA servicing rights are capitalized by allocating the total cost of the SBA loans to servicing rights and the loans (without servicing rights) based on the relative fair values of the two components. The fair value of servicing rights is computed using the present value of the estimated future servicing income in excess of such income estimated at a normal servicing fee rate. The servicing rights, net of the valuation allowance, are amortized in proportion to, and over the period of, the estimated net servicing revenue of the underlying SBA loans, which range from six to 25 years. The weighted average amortization period of the SBA servicing rights is approximately 16 years. The determination of the fair value of the SBA servicing rights is performed monthly based upon quarterly independent third party valuation analyses. Based on these analyses, a comparison of the fair value of the SBA servicing rights with the carrying value of the SBA servicing rights is made, with impairment, if any, recognized at that time. The predominant risk characteristics of the underlying SBA loans used to stratify SBA servicing rights for purposes of measuring impairment include size, interest rate, weighted average original term, weighted average remaining term and estimated prepayment speeds. To the extent the carrying value of the SBA servicing rights exceeds the fair value of the SBA servicing rights, First Banks recognizes impairment equal to the amount by which the carrying value of the SBA servicing rights exceeds the fair value. Impairment is recognized through a valuation allowance that is recorded as a reduction of SBA servicing rights. Changes in the valuation allowance are reflected in the consolidated statements of income in the periods in which the change occurs. First Banks does not recognize fair value of the SBA servicing rights in excess of the carrying value of SBA servicing rights for any stratum.

On January 1, 2008, First Banks opted to measure servicing rights at fair value as permitted by SFAS No. 156 - Accounting for Servicing of Financial Assets. The election of this option resulted in the recognition of a cumulative effect of change in accounting principle of $5.8 million, which was recorded as an increase to beginning retained earnings. As such, effective January 1, 2008, changes in the fair value of mortgage and SBA servicing rights will be recognized in earnings in the period in which the change occurs.

Other Real Estate. Other real estate, consisting of real estate acquired through foreclosure or deed in lieu of foreclosure, is stated at the lower of cost or fair value less applicable selling costs. The excess of cost over fair value of the property at the date of acquisition is charged to the allowance for loan losses. Subsequent reductions in carrying value, to reflect current fair value or costs incurred in maintaining the properties, are charged to noninterest expense as incurred. Other real estate was $11.2 million and $6.4 million at December 31, 2007 and 2006, respectively.

Income Taxes. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in the tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. First Banks, Inc. and its eligible subsidiaries file a consolidated federal income tax return and unitary or consolidated state income tax returns in all applicable states.

First Banks implemented Financial Accounting Standards Board (FASB) Interpretation No. 48 -- Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS No. 109 -- Accounting for Income Taxes, on January 1, 2007 (FIN 48). The implementation of FIN 48 resulted in the recognition of a cumulative effect of change in accounting principle of $2.5 million, which was recorded as an increase to beginning retained earnings, as further described in Note 13 to the Consolidated Financial Statements.

In accordance with FIN 48, First Banks' policy is to separately disclose any interest or penalties arising from the application of federal or state income taxes. Interest related to unrecognized tax benefits is included in interest expense and penalties related to unrecognized tax benefits are included in noninterest expense. There were no penalties related to tax matters accrued at January 1, 2007, nor did the Company recognize any penalties during the year ended December 31, 2007.
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First Banks and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states. Management of First Banks believes the accrual for tax liabilities is adequate for all open audit years based on its assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter. This assessment relies on estimates and assumptions. First Banks is no longer subject to U.S. federal, state or local income tax examination by tax authorities for the years prior to 2003, with the exception of certain states where the statute of limitations is four years. In those circumstances, First Banks is no longer subject to examination for the years prior to 2002. At December 31, 2007, there were no state income tax examinations in process. First Banks was notified in December 2007 of a scheduled federal tax examination for the 2004 tax year. However, it was subsequently closed during 2008 with a no change letter issued.

Financial Instruments With Off-Balance Sheet Risk. A financial instrument is defined as cash, evidence of an ownership interest in an entity, or a contract that conveys or imposes on an entity the contractual right or obligation to either receive or deliver cash or another financial instrument. First Banks utilizes financial instruments to reduce the interest rate risk arising from its financial assets and liabilities. These instruments involve, in varying degrees, elements of interest rate risk and credit risk in excess of the amount recognized in the consolidated balance sheets. "Interest rate risk" is defined as the possibility that interest rates may move unfavorably from the perspective of First Banks due to maturity and/or interest rate adjustment timing differences between interest-earning assets and interest-bearing liabilities. The risk that a counterparty to an agreement entered into by First Banks may default is defined as "credit risk."

First Banks is a party to commitments to extend credit and commercial and standby letters of credit in the normal course of business to meet the financing needs of its customers. These commitments involve, in varying degrees, elements of interest rate risk and credit risk in excess of the amount reflected in the consolidated balance sheets.

Earnings Per Common Share. Basic earnings per common share (EPS) are computed by dividing the income available to common stockholders (the numerator) by the weighted average number of shares of common stock outstanding (the denominator) during the year. The computation of dilutive EPS is similar except the denominator is increased to include the number of additional shares of common stock that would have been outstanding if the dilutive potential shares had been issued. In addition, in computing the dilutive effect of convertible securities, the numerator is adjusted to add back any convertible preferred dividends.

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(2) ACQUISITIONS, INTEGRATION COSTS AND OTHER CORPORATE TRANSACTIONS

Completed Acquisitions. During the three years ended December 31, 2007, First Banks completed the following acquisitions:

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			Goodw
	Total	Purchase	and C

Entity	Date	Assets	Price	Intang
		(dollars expressed in thousanc		
2007				
Coast Financial Holdings, Inc.				
<S>		<C>	<C>	<C>
Bradenton, Florida	November 30, 2007	$ 660,400	12,100	10,
Royal Oaks Bancshares, Inc. Houston, Texas	February 28, 2007	206,900	38,600	27,
		$ 867,300	50,700	38,
2006				
MidAmerica National Bank Peoria and Bloomington, Illinois Branch Offices (1)	November 10, 2006	$ 158,300	--	2,
First Bank of Beverly Hills Beverly Hills, California Branch Office (1)	November 3, 2006	157,500	--	8,
TeamCo, Inc. Oak Lawn, Illinois	August 31, 2006	67,900	13,900	9,
San Diego Community Bank Chula Vista, California	August 15, 2006	91,700	25,500	11,
Universal Premium Acceptance Corporation (2) Lenexa, Kansas	May 31, 2006	152,800	52,700	44,
First Independent National Bank Plano, Texas	May 1, 2006	68,200	19,200	11,
Pittsfield Community Bancorp, Inc. Pittsfield, Illinois	April 28, 2006	17,600	5,100	1,
Adrian N. Baker & Company Clayton, Missouri	March 31, 2006	3,000	7,400	9,
Dallas National Bank Richardson, Texas Branch Office (1)	January 20, 2006	1,100	--	
First National Bank of Sachse Sachse, Texas	January 3, 2006	76,200	20,800	12,
		$ 794,300	144,600	111,
2005				
Northway State Bank Grayslake, Illinois	October 31, 2005	$ 50,400	10,300	5,
International Bank of California Los Angeles, California	September 30, 2005	151,600	33,700	15,
Bank and Trust Company Roodhouse, Illinois Branch Office (1)	September 23, 2005	5,000	--	
FBA Bancorp, Inc. Chicago, Illinois	April 29, 2005	73,300	10,500	4,
		$ 280,300	54,500	25,

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(1) First Bank acquired the branch offices through a purchase of certain assets and assumption of liabilities of the branch offices. Total assets consisted of cash received upon assumption of the liabilities and loans.

(2) In conjunction with the acquisition of UPAC, First Bank repaid in full the outstanding ser subordinated notes of UPAC, including accumulated accrued and unpaid interest, totaling $125.9

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Goodwill and other intangible assets associated with the acquisitions included in the table above are not deductible for tax purposes. For 2007, 2006 and 2005 acquisitions, goodwill and other intangible assets in the amounts of $38.3 million, $111.6 million and $25.8 million, respectively, were assigned to First Bank.

The consolidated financial statements include the financial position and results of operations of the aforementioned transactions for the periods subsequent to the respective acquisition dates, and the assets acquired and liabilities assumed were recorded at their estimated fair value on the acquisition dates. These fair value adjustments for the acquisitions completed in 2007 represent current estimates and are subject to further adjustments as the valuation data is finalized. The aforementioned acquisitions were funded from available cash reserves, borrowings under First Banks' term loan and revolving credit agreements, and/or proceeds from the issuance of subordinated debentures.

On April 29, 2005, First Banks completed its acquisition of FBA Bancorp, Inc. (FBA) and its wholly owned subsidiary, First Bank of the Americas, S.S.B. (FBOTA), for $10.5 million in cash. The acquisition served to expand First Banks' banking franchise in Chicago, Illinois. The transaction was funded through internally generated funds. FBA was headquartered in Chicago, Illinois, and through FBOTA, operated three banking offices in the southwestern Chicago metropolitan communities of Back of the Yards, Little Village and Cicero. At the time of the acquisition, FBA had assets of $73.3 million, loans, net of unearned discount, of $54.3 million and deposits of $55.7 million. Goodwill was $2.8 million, and the core deposit intangibles, which are being amortized over seven years utilizing the straight-line method, were $1.7 million. FBA was merged with and into SFC, and FBOTA was merged with and into First Bank at the time of the acquisition.

On September 23, 2005, First Bank completed its acquisition of certain assets and assumption of the deposit liabilities of the Roodhouse, Illinois branch office of Bank and Trust Company, an Illinois commercial bank (Roodhouse Branch). At the time of the transaction, the Roodhouse Branch had deposit liabilities of $5.1 million. Total assets consisted primarily of cash received upon assumption of the deposit liabilities. The core deposit intangibles, which are being amortized over seven years utilizing the straight-line method, were $100,000.

On September 30, 2005, First Banks completed its acquisition of International Bank of California (IBOC) for $33.7 million in cash. The acquisition served to further expand First Banks' banking franchise in Southern California, providing five additional banking offices in Los Angeles, California, including one branch in downtown Los Angeles and four branches in eastern Los Angeles County, in Alhambra, Arcadia, Artesia and Rowland Heights. The transaction was funded with a portion of the proceeds of term loans under First Banks' revolving credit facility. At the time of the acquisition, IBOC had assets of $151.6 million, loans, net of unearned discount, of $113.5 million and deposits of $132.1 million. Goodwill was $12.0 million, and the core deposit intangibles, which are being amortized over seven years utilizing the straight-line method, were $3.8 million. IBOC was merged with and into First Bank at the time of the acquisition.

On October 31, 2005, First Banks completed its acquisition of Northway State Bank (NSB) for $10.3 million in cash. The acquisition served to expand First Banks' banking franchise in Chicago, Illinois. The transaction was funded through internally generated funds. NSB was headquartered in Grayslake, Illinois, and operated one banking office in Lake County in the northern Chicago metropolitan area. At the time of the acquisition, NSB had assets of $50.4 million, loans, net of unearned discount, of $41.8 million and deposits of $45.2 million. Preliminary goodwill of $3.8 million was subsequently adjusted to $4.5 million during the third quarter of 2006, and the core deposit intangibles, which are being amortized over seven years utilizing the straight-line method, were $909,000. NSB was merged with and into First Bank at the time of the acquisition.

On January 3, 2006, First Banks acquired the majority of the outstanding common stock of First National Bank of Sachse (FNBS), and subsequently acquired the remaining outstanding common stock of FNBS in January 2006, for $20.8 million in cash, in aggregate. FNBS was headquartered and operated one banking office in Sachse, Texas, located in the northeast Dallas metropolitan area. The acquisition served to expand First Banks' banking franchise in Texas. The transaction was funded through internally generated funds. At the time of the acquisition, FNBS had assets of $76.2 million, loans, net of unearned discount, of $49.3 million, deposits of $66.2 million and stockholders' equity of $9.9 million. Goodwill was $8.8 million, and the core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $3.6 million. FNBS was merged with and into First Bank on January 24, 2006.

On January 20, 2006, First Bank completed its acquisition of the branch office of Dallas National Bank in Richardson, Texas (Richardson Branch). At the time of the acquisition, the Richardson Branch had assets of $1.1 million, including loans, net of unearned discount, of $144,000, and deposits of $1.1 million. Total assets consisted primarily of loans, fixed assets and cash received upon assumption of deposit liabilities and certain assets.
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On March 31, 2006, First Bank completed its acquisition of Adrian Baker for $7.4 million in cash and certain payments contingent on the future earnings of Adrian Baker for each of the years in the three-year period following the closing date of the transaction. Adrian Baker is an insurance brokerage agency based in Clayton, Missouri that provides a comprehensive range of employee benefit and commercial and personal insurance services on a nationwide basis. The acquisition served to diversify First Banks' products and services in this specialized industry. The transaction was funded through internally generated funds. At the time of the acquisition, Adrian Baker had assets of $3.0 million and stockholders' equity of $810,000. Goodwill was $5.8 million, and the customer list intangibles, which are being amortized over 15 years utilizing the straight-line method, were $3.7 million. Adrian Baker operates as a wholly owned subsidiary of First Bank.

On April 28, 2006, First Banks completed its acquisition of Pittsfield Community Bancorp, Inc. and its wholly owned banking subsidiary, Community Bank of Pittsfield (collectively, Community Bank) for $5.1 million in cash. Community Bank was headquartered in Pittsfield, Illinois and operated two banking offices, one in Pittsfield, Illinois, and one in Mount Sterling, Illinois. On June 16, 2006, First Bank completed its sale of the Mount Sterling office to Beardstown Savings, s.b. The acquisition served to expand First Banks' banking franchise in Pittsfield, Illinois. The transaction was funded through internally generated funds. At the time of the acquisition, after giving effect to the sale of the Mount Sterling office, Community Bank had assets of $17.6 million, loans, net of unearned discount, of $11.1 million, deposits of $12.3 million and stockholder's equity of $3.9 million. Goodwill was $807,000, and the core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $517,000. Community Bank was merged with and into First Bank at the time of the acquisition.

On May 1, 2006, First Banks acquired the majority of the outstanding common stock of First Independent National Bank (FINB), and subsequently acquired the remaining outstanding common stock in May 2006, for $19.2 million in cash, in aggregate. FINB was headquartered in Plano, Texas and operated two banking offices in Plano, Texas, located in Collin County. In addition, at the time of the acquisition, FINB was in the process of opening a de novo branch banking office located in the Preston Forest Shopping Center in Dallas County, which subsequently opened on June 26, 2006. The acquisition served to expand First Banks' banking franchise in Texas. The transaction was funded through internally generated funds and the issuance of subordinated debentures associated with a private placement of $40.0 million of trust preferred securities through a newly formed affiliated statutory trust, as further described in Note 12 to the Consolidated Financial Statements. At the time of the acquisition, FINB had assets of $68.2 million, loans, net of unearned discount, of $59.6 million, deposits of $55.5 million and stockholders' equity of $7.3 million. Goodwill was $9.3 million, and the core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $2.5 million. FINB was merged with and into First Bank on May 16, 2006.

On May 31, 2006, First Bank completed its acquisition of KIF, Inc., an Iowa corporation, and its wholly owned subsidiaries, Universal Premium Acceptance Corporation, a Missouri corporation, and UPAC of California, Inc., a California corporation (collectively, UPAC), for $52.7 million in cash. In conjunction with the acquisition of UPAC, First Banks repaid in full the outstanding senior and subordinated notes of UPAC, which totaled $125.9 million at the time of the acquisition. UPAC is an insurance premium financing company headquartered in the Kansas City suburb of Lenexa, Kansas and operates in 49 states. The acquisition served to diversify First Banks' products and services in this highly-specialized industry. The transaction was funded through internally generated funds and a $52.0 million short-term Federal Home Loan Bank (FHLB) advance. At the time of the acquisition, UPAC had assets of $152.8 million, loans, net of unearned discount, of $149.2 million and stockholders' equity of $18.3 million. Goodwill was $25.4 million, and the customer list intangibles, which are being amortized over 16 years utilizing the straight-line method, were $19.3 million. KIF, Inc. was merged with and into Universal Premium Acceptance Corporation on June 30, 2006. UPAC of California, Inc. operates as a wholly owned subsidiary of Universal Premium Acceptance Corporation, which operates as a wholly owned subsidiary of First Bank.

On August 15, 2006, First Banks completed its acquisition of San Diego Community Bank (SDCB) for $25.5 million in cash. SDCB was headquartered in Chula Vista, California, which is located approximately ten miles south of downtown San Diego, and operated two other banking offices in Kearney Mesa and Otay Mesa. The acquisition served to expand First Banks' banking franchise in southern California. The transaction was funded through internally generated funds and the issuance of subordinated debentures associated with the private placement of $20.0 million of trust preferred securities through a newly formed affiliated statutory trust, as further described in Note 12 to the Consolidated Financial Statements. At the time of the acquisition, SDCB had assets of $91.7 million, loans, net of unearned discount, of $78.6 million, deposits of $76.1 million and stockholders' equity of $12.3 million. Preliminary goodwill of $7.5 million was subsequently adjusted to $6.9 million, and the core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $4.3 million. SDCB was merged with and into First Bank at the time of the acquisition.
<PAGE>
On August 31, 2006, First Banks completed its acquisition of TeamCo, Inc. and its wholly owned banking subsidiary, Oak Lawn Bank (collectively, Oak Lawn) for $13.9 million in cash. Oak Lawn was headquartered in Oak Lawn, Illinois, which is located approximately 15 miles southwest of the Chicago Loop in Chicago Southland, and operated a second banking office in Orland Park, Illinois, which is located approximately 39 miles southwest of downtown Chicago. The acquisition served to expand First Banks' banking franchise in Chicago, Illinois. The transaction was funded through internally generated funds and the issuance of subordinated debentures associated with the private placement of $25.0 million of trust preferred securities through a newly formed affiliated statutory trust, as further described in Note 12 to the Consolidated Financial Statements. At the time of the acquisition, Oak Lawn had assets of $67.9 million, loans, net of unearned discount, of $43.1 million, deposits of $60.1 million and stockholders' equity of $5.5 million. Goodwill was $7.3 million, and the core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $2.3 million. Oak Lawn was merged with and into First Bank at the time of the acquisition.

On November 3, 2006, First Bank completed its acquisition of the First Bank of Beverly Hills' banking office located in Beverly Hills, California (Beverly Drive Office). At the time of the acquisition, the Beverly Drive Office had assets of $157.5 million and deposits of $156.1 million. Total assets consisted primarily of cash received upon assumption of deposit liabilities and certain assets. The core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $8.7 million.

On November 10, 2006, First Bank completed its acquisition of MidAmerica National Bank's three banking offices located in Peoria and Bloomington, Illinois (collectively, MidAmerica Offices). At the time of the acquisition, the MidAmerica Offices had, on a combined basis, assets of $158.3 million including loans, net of unearned discount, of $154.1 million, and deposits of $48.2 million. The core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $2.4 million.

On February 28, 2007, First Banks completed its acquisition of Royal Oaks Bancshares, Inc. and its wholly owned banking subsidiary, Royal Oaks Bank, ssb (collectively, Royal Oaks) for $38.6 million in cash. Royal Oaks was headquartered in Houston, Texas and operated five banking offices in the Houston area. In addition, at the time of the acquisition, Royal Oaks was in the process of opening a de novo branch banking office located in the Heights, near downtown Houston, which subsequently opened on April 16, 2007. The acquisition served to expand First Banks' banking franchise in Houston, Texas. The transaction was funded through internally generated funds and the issuance of subordinated debentures associated with the private placement of $25.0 million of trust preferred securities through a newly formed affiliated statutory trust, as further described in Note 12 to the Consolidated Financial Statements. At the time of the acquisition, Royal Oaks had assets of $206.9 million, loans, net of unearned discount, of $175.5 million, deposits of $159.1 million and stockholders' equity of $9.6 million. Goodwill was $23.0 million and the core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $4.7 million. Royal Oaks Bancshares, Inc. and Royal Oaks Bank, ssb were merged with and into SFC and First Bank, respectively, at the time of the acquisition.

On November 30, 2007, First Banks completed its acquisition of CFHI and its wholly owned banking subsidiary, Coast Bank (collectively, Coast) for $12.1 million in cash. Coast was headquartered in Bradenton, Florida and operated 20 banking offices in Florida's Manatee, Pinellas, Hillsborough and Pasco counties. In addition, at the time of the acquisition, Coast had two planned de novo branch banking offices, one located in the Pinellas County community of Clearwater, and the other located in Sarasota County. The acquisition served to establish First Banks' banking franchise in the state of Florida. The transaction was funded through internally generated funds and the issuance of subordinated debentures associated with the private placement of $15.0 million of trust preferred securities through a newly formed affiliated statutory trust, as further described in Note 12 to the Consolidated Financial Statements. At the time of the acquisition, Coast had assets of $660.4 million, loans, net of unearned discount, of $518.0 million, deposits of $628.1 million and stockholders' equity of $14.2 million. Preliminary goodwill was $10.1 million, the core deposit intangibles, which are being amortized over five years utilizing the straight-line method, were $327,000 and other intangibles associated with non-compete agreements, which are being amortized over two years utilizing the straight-line method, were $176,000. CFHI operates as a wholly owned subsidiary of First Banks and owns 100% of the newly issued non-voting Class B common stock of First Bank. Coast Bank was merged with and into First Bank at the time of the acquisition, and accordingly, CFHI became the owner of 3.11% of First Bank, as further described in Note 1 to the Consolidated Financial Statements.

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Acquisition and Integration Costs. First Banks accrues certain costs associated with its acquisitions as of the respective consummation dates. The accrued costs relate to adjustments to the staffing levels of the acquired entities or to the anticipated termination of information technology or item processing contracts of the acquired entities prior to their stated contractual expiration dates. The most significant costs that First Banks incurs relate to salary continuation agreements, or other similar agreements, of executive management and certain other employees of the acquired entities that were in place prior to the acquisition dates. These agreements provide for payments that are triggered as a result of the change in control of the acquired entity. Other severance benefits for employees that are terminated in conjunction with the integration of the acquired entities into First Banks' existing operations are normally paid to the recipients within 90 days of the respective consummation date and are expensed in the consolidated statements of income as incurred. The accrued severance balance of $1.1 million as of December 31, 2007, as summarized in the following table, is comprised of contractual obligations under salary continuation agreements to seven individuals with remaining terms ranging from approximately one month to nine years. As the obligation to make payments under these agreements is accrued at the consummation date, such payments do not have any impact on the consolidated statements of income. First Banks also incurs integration costs associated with acquisitions that are expensed in the consolidated statements of income. These costs relate principally to additional costs incurred in conjunction with the information technology conversions of the respective entities. The following table summarizes the cumulative acquisition and integration costs attributable to the Company's acquisitions, which were accrued as of the consummation dates of the respective acquisition and are reflected in accrued expenses and other liabilities in the consolidated balance sheets:
<TABLE>
<CAPTION>

	Severance	Information Technology Fees	Tota
	dollars expressed in thousands)		
<S>	<C>	<C>	<
Balance at December 31, 2004	$ 761	--	7
Year Ended December 31, 2005:			
Amounts accrued during the year	785	1,265	2,0
Payments	(1,004)	(1,131)	(2,1
Balance at December 31, 2005	542	134	6

Year Ended December 31, 2006:			
Amounts accrued during the year....................	1,702	1,949	3,6
Payments..	(1,858)	(2,083)	(3,9
Balance at December 31, 2006........................	386	--	3
Year Ended December 31, 2007:			
Amounts accrued during the year....................	1,492	2,061	3,5
Payments..	(807)	(2,061)	(2,8
Balance at December 31, 2007........................	$ 1,071	--	1,0

</TABLE>

Other Corporate Transactions. On July 19, 2007, First Bank completed the sale of two banking offices located in Denton and Garland, Texas (collectively, Texas Branch Offices) to Synergy Bank, SSB, a subsidiary of Premier Bancshares, Inc., resulting in a pre-tax gain of $1.0 million. At the time of the transaction, the Texas Branch Offices had loans, net of unearned discount, of $911,000 and deposits of $52.0 million.

During the three years ended December 31, 2007, First Bank opened the following de novo branch offices:

<TABLE>
<CAPTION>

Branch Office Location	Date Opened
<S> <C>	<C>
Farmington, Missouri	January 18, 2005
St. Louis, Missouri	January 22, 2007
Katy (Houston), Texas	February 26, 2007
Lincoln (Sacramento), California	March 12, 2007
Dardenne Prairie (St. Louis), Missouri	May 9, 2007
Chula Vista (San Diego), California	June 25, 2007
Brentwood (San Francisco), California	September 24, 2007
Shadow Creek Ranch (Houston), Texas	October 15, 2007
Valencia (Los Angeles), California	October 29, 2007

</TABLE>

<PAGE>

(3) INVESTMENTS IN DEBT AND EQUITY SECURITIES

Securities Available for Sale. The amortized cost, contractual maturity, gross unrealized gains and losses and fair value of investment securities available for sale at December 31, 2007 and 2006 were as follows:

<TABLE>
<CAPTION>

	Maturity				Total	Gross	
	1 Year or Less	1-5 Years	5-10 Years	After 10 Years	Amortized Cost	Unrealize Gains	Lo
				(dollars expressed in thousands)			
December 31, 2007:							
Carrying value:							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
U.S. Treasury..................	$ 75,116	--	--	--	75,116	19	
U.S. Government sponsored agencies.....................	25,212	19,334	--	968	45,514	600	
Mortgage-backed securities.....	3,401	12,706	46,211	736,611	798,929	1,785	(16
State and political subdivisions.................	7,337	11,191	10,242	1,357	30,127	315	
Equity investments.............	--	--	--	29,747	29,747	5	(5
Federal Home Loan Bank and Federal Reserve Bank stock (no stated maturity).........	40,595	--	--	--	40,595	--	

Total	$ 151,661	43,231	56,453	768,683	1,020,028	2,724	(22
Fair value:							
Debt securities	$ 111,211	43,811	56,436	724,184			
Equity securities	40,595	--	--	24,155			
Total	$ 151,806	43,811	56,436	748,339			
Weighted average yield	3.85%	4.87%	4.47%	4.80%			
December 31, 2006:							
Carrying value:							
U.S. Government sponsored agencies	$ 344,636	29,737	4,032	966	379,371	81	
Mortgage-backed securities	438	11,477	50,670	839,172	901,757	610	(19
State and political subdivisions	4,102	16,294	11,493	2,122	34,011	260	
Equity investments	--	--	--	26,608	26,608	1,527	
Federal Home Loan Bank and Federal Reserve Bank stock (no stated maturity)	36,050	--	--	--	36,050	--	
Total	$ 385,226	57,508	66,195	868,868	1,377,797	2,478	(20
Fair value:							
Debt securities	$ 348,448	57,480	65,580	824,270			
Equity securities	36,050	--	--	27,901			
Total	$ 384,498	57,480	65,580	852,171			
Weighted average yield	5.01%	4.69%	4.57%	4.75%			

</TABLE>

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Securities Held to Maturity. The amortized cost, contractual maturity, gross unrealized gains and losses and fair value of investment securities held to maturity at December 31, 2007 and 2006 were as follows:

<TABLE>
<CAPTION>

	Maturity: 1 Year or Less	Maturity: 1-5 Years	Maturity: 5-10 Years	Maturity: After 10 Years	Total Amortized Cost	Gross Unrealized Gains	Gross Unrealized Los
	(dollars expressed in thousands)						
December 31, 2007							
Carrying value:							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<
Mortgage-backed securities	$ --	--	6,775	6,052	12,827	174	(
State and political subdivisions	1,081	3,889	821	261	6,052	82	
Total	$ 1,081	3,889	7,596	6,313	18,879	256	(
Fair value:							
Debt securities	$ 1,083	3,910	7,801	6,284			
Weighted average yield	3.71%	4.32%	5.13%	5.10%			

December 31, 2006:							
Carrying value:							
Mortgage-backed securities..	$ --	--	6,875	7,213	14,088	7	(1
State and political subdivisions.............	1,482	6,861	1,355	263	9,961	97	(
Total..................	$ 1,482	6,861	8,230	7,476	24,049	104	(1
Fair value:							
Debt securities.............	$ 1,479	6,848	8,278	7,366			
Weighted average yield........	3.84%	4.21%	5.02%	5.07%			

</TABLE>

Proceeds from sales of available-for-sale investment securities were $170.7 million, $198.0 million and $147.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. Gross gains of $115,000 and $389,300 were realized on sales of available-for-sale investment securities for the years ended December 31, 2007 and 2006, respectively. There were no gross gains recognized on the sale of these securities for the year ended December 31, 2005. Gross gains of $147,000 and $121,000 were realized on the contribution of certain available-for-sale investment securities for the years ended December 31, 2007 and 2006, respectively, as further described in Note 19 to the Consolidated Financial Statements. Gross losses of $459,000, $2.7 million and $2.9 million were realized on sales of available-for-sale investment securities for the years ended December 31, 2007, 2006 and 2005, respectively. The gross losses for the year ended December 31, 2006 included a loss of $2.7 million that resulted from the sale of $197.0 million of available-for-sale investment securities for liquidity purposes, including the related termination of $200.0 million in aggregate of term repurchase agreements, as further described in Note 5 and Note 10 to the Consolidated Financial Statements. The gross loss of $2.9 million for the year ended December 31, 2005 resulted from the sale of $150.0 million of available-for-sale investment securities for liquidity purposes, including the related termination of a $50.0 million term repurchase agreement, as further described in Note 5 to the Consolidated Financial Statements.

Proceeds from calls of investment securities were $7.3 million, $27.5 million and $16.6 million for the years ended December 31, 2007, 2006 and 2005, respectively. Gross gains realized on called securities were $11,700 for the year ended December 31, 2007. There were no gross gains realized on called securities in 2006 and 2005. Gross losses of $500, $2,100 and $3,800 were realized on called securities during the years ended December 31, 2007, 2006 and 2005, respectively. Net losses on trading securities were $1.5 million for the year ended December 31, 2007 and net gains on trading securities were $97,000 for the year ended December 31, 2006. The trading portfolio was liquidated in July 2007.

First Bank is a member of the FHLB system and the Federal Reserve Bank (FRB) system and maintains investments in FHLB and FRB stock. These investments are recorded at cost, which represents redemption value. The investment in FRB stock is maintained at a minimum of 6% of First Bank's capital stock and capital surplus. The investment in FHLB of Des Moines stock is maintained at an amount equal to 0.12% of First Bank's total assets as of December 31, 2004, up to a maximum of $10.0 million, plus 4.45% of advances and 0.15% of outstanding standby letters of credit. First Bank also holds an investment in stock of the FHLB of Dallas and the FHLB of San Francisco, as a nonmember. The investment in FHLB of Dallas stock is maintained at a minimum of 4.10% of advances to collateralize certain FHLB advances assumed in conjunction with certain acquisition transactions.

Investment securities with a carrying value of approximately $561.2 million and $586.4 million at December 31, 2007 and 2006, respectively, were pledged in connection with deposits of public and trust funds, securities sold under agreements to repurchase and for other purposes as required by law.

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2007 and 2006, were as follows:
<TABLE>
<CAPTION>

	December 31, 2007					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unr L
	(dollars expressed in thousands)					
Available for sale:						
<S>	<C>	<C>	<C>	<C>	<C>	
Mortgage-backed securities.......	$ 59,902	(178)	511,820	(16,577)	571,722	(
State and political subdivisions.	999	(1)	2,519	(7)	3,518	
Equity investments..............	8,581	(4,166)	3,391	(1,431)	11,972	
Total......................	$ 69,482	(4,345)	517,730	(18,015)	587,212	(
Held to maturity:						
Mortgage-backed securities.......	$ --	--	4,703	(52)	4,703	
State and political subdivisions.	--	--	975	(5)	975	
Total......................	$ --	--	5,678	(57)	5,678	

	December 31, 2006					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unr L
	(dollars expressed in thousands)					
Available for sale:						
U.S. Government sponsored agencies......................	$ 202,459	(304)	64,799	(438)	267,258	
Mortgage-backed securities.......	197,214	(3,912)	597,394	(15,602)	794,608	(
State and political subdivisions.	3,088	(7)	5,656	(49)	8,744	
Equity investments..............	5,602	(234)	--	--	5,602	
Total......................	$ 408,363	(4,457)	667,849	(16,089)	1,076,212	(
Held to maturity:						
Mortgage-backed securities.......	$ --	--	13,682	(132)	13,682	
State and political subdivisions.	199	(1)	4,630	(49)	4,829	
Total......................	$ 199	(1)	18,312	(181)	18,511	

</TABLE>

U.S. Government sponsored agencies and mortgage-backed securities - The unrealized losses on investments in mortgage-backed securities and other agency securities were caused by fluctuations in interest rates. The contractual terms of these securities are guaranteed by government-sponsored enterprises. It is expected that the securities would not be settled at a price less than the amortized cost. Because First Banks has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. At December 31, 2007, the unrealized losses for mortgage-backed securities for 12 months or more included 111 securities. At December 31, 2006, the unrealized losses for U.S. government sponsored agencies for 12 months or more included 19 securities, and the unrealized losses for mortgage-backed securities for 12 months or more included 138 securities.

State and political subdivisions - The unrealized losses on investments in state and political subdivisions were caused by fluctuations in interest rates. It is expected that the securities would not be settled at a price less than the amortized cost. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because First Banks has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. At December 31, 2007 and 2006, the unrealized losses for state and political subdivisions for 12 months or more included 17 and 53 securities, respectively.

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Equity investments - The unrealized losses on investments in equity investments primarily consist of unrealized losses on investments in the common stock of two companies in the financial services industry caused by economic events affecting the financial services industry as a whole. First Banks evaluated the near-term prospects of the individual companies in relation to the severity and duration of the impairment. Based on that evaluation and First Banks' ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, these investments are not considered other-than-temporarily impaired. At December 31, 2007, the unrealized losses for equity investments for 12 months or more included a single company in the financial services industry.

(4) LOANS AND ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses for the years ended December 31, 2007, 2006 and 2005 were as follows:

<TABLE>
<CAPTION>

	2007	2006	20
	----	----	--
	(dollars expressed in thousa		
<S>	<C>	<C>	<C>
Balance, beginning of year..	$ 145,729	135,330	150
Acquired allowances for loan losses..............................	14,425	5,208	1
	---------	--------	----
	160,154	140,538	152
	---------	--------	----
Loans charged-off...	(75,438)	(22,203)	(33
Recoveries of loans previously charged-off.......................	8,675	15,394	19
	---------	--------	----
Net loans charged-off..	(66,763)	(6,809)	(13
	---------	--------	----
Provision for loan losses..	75,000	12,000	(4
	---------	--------	----
Balance, end of year..	$ 168,391	145,729	135
	=========	========	====

</TABLE>

First Banks had $202.2 million and $48.7 million of impaired loans, consisting of loans on nonaccrual status, at December 31, 2007 and 2006, respectively. Interest on nonaccrual loans that would have been recorded under the original terms of the loans was $16.2 million, $3.7 million and $9.9 million for the years ended December 31, 2007, 2006 and 2005, respectively. Of these amounts, $8.0 million, $1.3 million and $3.4 million was recorded as interest income on such loans in 2007, 2006 and 2005, respectively. The allowance for loan losses includes an allocation for each impaired loan, with the exception of acquired impaired loans classified as nonaccrual loans, which are initially measured at fair value with no allocated allowance for loan losses, in accordance with SOP 03-3, as further discussed below. The aggregate allocation of the allowance for loan losses related to impaired loans was approximately $31.3 million and $9.7 million at December 31, 2007 and 2006, respectively. The average recorded investment in impaired loans was $88.9 million, $73.6 million and $79.9 million for the years ended December 31, 2007, 2006 and 2005, respectively. The amount of interest income recognized using a cash basis method of accounting during the time these loans were impaired was $2.5 million, $3.7 million and $3.6 million in 2007, 2006 and 2005, respectively. At December 31, 2007 and 2006, First Banks had $26.8 million and $5.7 million, respectively, of loans past due 90 days or more and still accruing interest.

First Banks recorded impaired loans acquired in acquisitions during the year ended December 31, 2007 of $45.7 million at the time of acquisition. The outstanding balance and carrying amount of impaired loans acquired in acquisitions was $84.9 million and $46.0 million, respectively, at December 31, 2007, and $838,000 and $820,000, respectively, at December 31, 2006. There was no allowance for loan losses related to these loans at December 31, 2007 and 2006. As these loans were classified as nonaccrual loans, there was no accretable yield related to these loans at December 31, 2007 and 2006.

First Banks' primary market areas are the states of California, Florida, Illinois, Missouri and Texas. At December 31, 2007 and 2006, approximately 92% and 90% of the total loan portfolio, respectively, and 83% and 77% of the commercial, financial and agricultural loan portfolio, respectively, were made to borrowers within these states.

Real estate lending constituted the only significant concentration of credit risk. Real estate loans comprised approximately 72% and 74% of the loan portfolio at December 31, 2007 and 2006, respectively, of which 26% were made to consumers in the form of residential real estate mortgages and home equity lines of credit. First Bank also offers residential real estate mortgage loans with terms that require interest only payments. At December 31, 2007, the balance of such loans was approximately $219.0 million, of which $212.0 million were held for portfolio and $7.0 million were held for sale. At December 31, 2006, the balance of such loans was $332.6 million, of which $276.5 million were held for portfolio and $56.1 million were held for sale.
<PAGE>

In general, First Banks is a secured lender. At December 31, 2007 and 2006, 98% and 99% of the loan portfolio was collateralized, respectively. Collateral is required in accordance with the normal credit evaluation process based upon the creditworthiness of the customer and the credit risk associated with the particular transaction.

First Bank originates certain one-to-four family residential mortgage loans for sale in the secondary market. First Bank has a repurchase obligation on these loans in the event of fraud or early payment default. The early payment default provisions generally range from four months to one year after sale of the loan in the secondary market.

Loans to directors, their affiliates and executive officers of First Banks, Inc. were approximately $57.7 million and $55.9 million at December 31, 2007 and 2006, respectively, as further described in Note 19 to the Consolidated Financial Statements.

(5) DERIVATIVE INSTRUMENTS

First Banks utilizes derivative financial instruments to assist in the management of interest rate sensitivity by modifying the repricing, maturity and option characteristics of certain assets and liabilities. Derivative financial instruments held by First Banks at December 31, 2007 and 2006 are summarized as follows:
<TABLE>
<CAPTION>

	December 31,			
	2007		2006	
	Notional Amount	Credit Exposure	Notional Amount	Credit Exposure
	(dollars expressed in thousands)			
<S>	<C>	<C>	<C>	<C>
Cash flow hedges	$400,000	5,271	600,000	4,369
Interest rate floor agreements	300,000	1,699	300,000	376
Interest rate cap agreements	400,000	50	400,000	139
Interest rate lock commitments	3,000	23	5,900	--
Forward commitments to sell mortgage-backed securities	55,000	40	54,000	86

</TABLE>

The notional amounts of derivative financial instruments do not represent amounts exchanged by the parties and, therefore, are not a measure of First Banks' credit exposure through its use of these instruments. The credit exposure represents the loss First Banks would incur in the event the counterparties failed completely to perform according to the terms of the derivative financial instruments and the collateral held to support the credit exposure was of no value.

For the years ended December 31, 2007 and 2006, First Banks realized net interest expense of $3.1 million and $5.0 million, respectively, on its derivative financial instruments, whereas for the year ended December 31, 2005, First Banks realized net interest income of $2.2 million on its derivative financial instruments. First Banks recorded net gains on derivative instruments, which are included in noninterest income in the consolidated statements of income, of $1.2 million for the year ended December 31, 2007, in comparison to net losses on derivative instruments of $390,000 and $1.1 million for the years ended December 31, 2006 and 2005, respectively. The net gains and losses on derivative instruments reflect changes in the value of First Banks' interest rate floor and interest rate cap agreements.

Cash Flow Hedges. First Banks entered into the following interest rate swap agreements, which have been designated as cash flow hedges, to effectively lengthen the repricing characteristics of certain interest-earning assets to correspond more closely with their funding source with the objective of stabilizing cash flow, and accordingly, net interest income over time:

>> During March 2001, April 2001 and July 2003, First Banks entered into interest rate swap agreements of $200.0 million, $175.0 million and $200.0 million notional amount, respectively. The underlying hedged assets were certain variable rate loans within First Banks' commercial loan portfolio. The swap agreements provided for First Banks to receive a fixed rate of interest and pay an adjustable rate of interest equivalent to the weighted average prime lending rate minus 2.82%, 2.82% and 2.85%, respectively. The terms of the swap agreements provided for First Banks to pay and receive interest on a quarterly basis. In March 2005, the $200.0 million notional amount swap agreement that was entered into in March 2001 matured. In November 2001, First Banks terminated $75.0 million notional amount of the swap agreements originally entered into in April 2001 in order to appropriately modify its overall hedge position in accordance with its interest rate risk management program, and in April 2006, the remaining $100.0 million notional amount of these swap agreements matured. On July 31, 2007, the $200.0 million notional amount swap agreement that was entered into in July 2003 matured.

>> In September 2006, First Banks entered into a $200.0 million notional amount three-year interest rate swap agreement and a $200.0 million notional amount four-year interest rate swap agreement. The underlying hedged assets are certain variable rate loans within First Banks' commercial loan portfolio. The swap agreements provide for First Banks to receive a fixed rate of interest and pay an adjustable rate of interest equivalent to the weighted average prime lending rate minus 2.86%. The terms of the swap agreements provide for First Banks to pay and receive interest on a quarterly basis.

The amount receivable by First Banks under the swap agreements was $6.0 million and $7.0 million at December 31, 2007 and 2006, respectively, and the amount payable by First Banks under the swap agreements was $683,000 and $2.7 million at December 31, 2007 and 2006, respectively.

The maturity dates, notional amounts, interest rates paid and received and fair value of First Banks' interest rate swap agreements designated as cash flow hedges as of December 31, 2007 and 2006 were as follows:
<TABLE>
<CAPTION>

Maturity Date	Notional Amount	Interest Rate Paid	Interest Rate Received	Fair Valu
	(dollars expressed in thousands)			
December 31, 2007:				
<S>	<C>	<C>	<C>	<C>
September 18, 2009......................	$ 200,000	4.39%	5.20%	$ 4,5
September 20, 2010......................	200,000	4.39	5.20	7,3
	$ 400,000	4.39	5.20	$ 11,9
December 31, 2006:				
July 31, 2007...........................	$ 200,000	5.40%	3.08%	$ (2,7
September 18, 2009......................	200,000	5.39	5.20	
September 20, 2010......................	200,000	5.39	5.20	4
	$ 600,000	5.39	4.49	$ (2,1

</TABLE>

Fair Value Hedges. First Banks entered into the following interest rate swap agreements, which were designated as fair value hedges, to effectively shorten the repricing characteristics of certain interest-bearing liabilities to correspond more closely with their funding source with the objective of stabilizing net interest income over time:

- >> During January 2001, First Banks entered into $150.0 million notional amount of five-year interest rate swap agreements that provided for First Banks to receive a fixed rate of interest and pay an adjustable rate of interest equivalent to the three-month London Interbank Offered Rate (LIBOR). The underlying hedged liabilities were a portion of First Banks' other time deposits. The terms of the swap agreements provided for First Banks to pay interest on a quarterly basis and receive interest on a semiannual basis. In February 2005, First Banks terminated the swap agreements. The termination of the swap agreements resulted from an increasing level of ineffectiveness associated with the correlation of the hedge positions between the swap agreements and the underlying hedged liabilities that had been anticipated as the swap agreements neared their originally scheduled maturity dates in January 2006. The resulting $3.1 million basis adjustment of the underlying hedged liabilities was recorded as interest expense over the remaining weighted average maturity of the underlying hedged liabilities of approximately ten months. At December 31, 2005, the basis adjustments associated with these swap agreements were fully amortized.

- >> During May 2002, March 2003 and April 2003, First Banks entered into $55.2 million, $25.0 million and $46.0 million notional amount, respectively, of interest rate swap agreements that provided for First Banks to receive a fixed rate of interest and pay an adjustable rate of interest equivalent to the three-month LIBOR plus 2.30%, 2.55% and 2.58%, respectively. The underlying hedged liabilities were a portion of First Banks' subordinated debentures. The terms of the swap agreements provided for First Banks to pay and receive interest on a quarterly basis. In May 2005, First Banks terminated the $55.2 million and $46.0 million notional amount swap agreements in order to appropriately modify future hedge positions in accordance with First Banks' interest rate risk management program. The resulting $854,000 basis adjustment of the underlying hedged liabilities, in aggregate, was being recorded as a reduction of interest expense over the remaining maturities of the underlying hedged liabilities, which ranged from 26 to 28 years at the time of the termination. Effective February 2006, First Banks terminated the remaining $25.0 million notional swap agreement. In conjunction with this transaction, First Banks recorded the resulting $1.7 million basis adjustment of the underlying hedged liabilities and the remaining balance of the basis adjustments associated with the swap agreements that were terminated in May 2005, totaling $834,000, in the consolidated statements of income. The recognition of the net basis adjustments on all of the terminated fair value interest rate swap agreements resulted in a pre-tax loss of $849,000 that was recorded in February 2006.

Interest Rate Floor Agreements. In September 2005, First Bank entered into a $100.0 million notional amount three-year interest rate floor agreement in conjunction with its interest rate risk management program. The interest rate floor agreement provides for First Bank to receive a quarterly fixed rate of interest of 5.00% should the three-month LIBOR equal or fall below the strike price of 2.00%. In August 2006, First Bank entered into a $200.0 million notional amount three-year interest rate floor agreement in conjunction with the restructuring of one of First Bank's $100.0 million term repurchase agreements, as further described below, to further stabilize net interest income in the event of a declining rate scenario. The interest rate floor agreement provides for First Bank to receive a quarterly adjustable rate of interest equivalent to the differential between the strike price of 4.00% and the three-month LIBOR should the three-month LIBOR equal or fall below the strike price. The fair value of the interest rate floor agreements, which is included in other assets in the consolidated balance sheets, was $1.7 million and $376,000 at December 31, 2007 and 2006, respectively.

Interest Rate Floor Agreements Embedded in Term Repurchase Agreements. First Bank has term repurchase agreements under master repurchase agreements with unaffiliated third parties, as further described in Note 10 to the Consolidated Financial Statements. The underlying securities associated with the term repurchase agreements are mortgage-backed securities and callable U.S. Government agency securities and are held by other financial institutions under safekeeping agreements. The term repurchase agreements were entered into with the objective of stabilizing net interest income over time, further protecting net interest margin against changes in interest rates and providing funding for security purchases. The interest rate floor agreements included within the term repurchase agreements represent embedded derivative instruments which, in accordance with existing accounting literature governing derivative instruments, are not required to be separated from the term repurchase agreements and accounted for separately as a derivative financial instrument. As such, the term repurchase agreements are reflected in other borrowings in the consolidated balance sheets and the related interest expense is reflected as interest expense on other borrowings in the consolidated statements of income.

In the fourth quarter of 2005, First Bank terminated its $50.0 million term repurchase agreement with a maturity date of August 15, 2006, and simultaneously recognized a loss of $2.9 million on the sale of available-for-sale investment securities associated with the termination of the term repurchase agreement. In the first and second quarters of 2006, First Bank terminated $200.0 million of the $300.0 million of term repurchase agreements outstanding at December 31, 2005, resulting in the recognition of a $2.7 million loss on the sale of $200.0 million of investment securities held in First Bank's available-for-sale investment portfolio, and prepayment penalties of $306,000 incurred in conjunction with the early termination of these term repurchase agreements. Additionally, in August 2006, First Bank restructured the remaining $100.0 million term repurchase agreement to extend the maturity date to October 12, 2010 and to modify the pricing structure, including the interest rate floor strike price. First Bank did not incur any costs associated with the restructuring of the agreement.

In July 2006, First Bank entered into a $100.0 million four-year term repurchase agreement under a master repurchase agreement with an unaffiliated third party. On August 7, 2007, First Bank terminated this $100.0 million term repurchase agreement with a maturity date of July 19, 2010, and incurred a prepayment penalty of $330,000 in conjunction with the early termination of the term repurchase agreement, as further described in Note 10 to the Consolidated Financial Statements.

Interest Rate Cap Agreements. In September 2006, First Bank entered into a $200.0 million notional amount three-year interest rate cap agreement and a $200.0 million notional amount four-year interest rate cap agreement in conjunction with the interest rate swap agreements designated as cash flow hedges that First Banks entered into in September 2006, as previously described, to limit the net interest expense associated with First Banks' interest rate swap agreements in the event of a rising rate scenario. The $200.0 million notional amount three-year interest rate cap agreement provides for First Bank to receive a quarterly adjustable rate of interest equivalent to the differential between the three-month LIBOR and the strike price of 7.00% should the three-month LIBOR exceed the strike price. The $200.0 million notional amount four-year interest rate cap agreement provides for First Bank to receive a quarterly adjustable rate of interest equivalent to the differential between the three-month LIBOR and the strike price of 7.50% should the three-month LIBOR exceed the strike price. The fair value of the interest rate cap agreements, which is included in other assets in the consolidated balance sheets, was $50,000 and $139,000 at December 31, 2007 and 2006, respectively.
<PAGE>

Pledged Collateral. At December 31, 2007 and 2006, First Banks had accepted cash of $21.4 million and $4.2 million, respectively, as collateral in connection with its interest rate swap agreements.

Interest Rate Lock Commitments / Forward Commitments to Sell Mortgage-Backed Securities. Derivative financial instruments issued by First Banks consist of interest rate lock commitments to originate fixed-rate loans to be sold. Commitments to originate fixed-rate loans consist primarily of residential real estate loans. These net loan commitments and loans held for sale are hedged with forward contracts to sell mortgage-backed securities, which expire in February 2008. The fair value of the interest rate lock commitments, which is included in other assets in the consolidated balance sheets, was $23,000 and ($17,000) at December 31, 2007 and 2006, respectively. The fair value of the forward contracts to sell mortgage-backed securities, which is included in loans held for sale in the consolidated balance sheets, was $40,000 and $86,000 at December 31, 2007 and 2006, respectively.

(6) SERVICING RIGHTS

Mortgage Banking Activities. At December 31, 2007 and 2006, First Banks serviced mortgage loans for others totaling $1.10 billion and $1.04 billion, respectively. Borrowers' escrow balances held by First Banks on such loans were $6.2 million and $5.7 million at December 31, 2007 and 2006, respectively.

Changes in mortgage servicing rights, net of amortization, for the years ended December 31, 2007 and 2006 were as follows:
<TABLE>
<CAPTION>

	2007	2006
	(dollars expressed in thousa	
<S>	<C>	<C>
Balance, beginning of year	$ 5,867	6,623
Originated mortgage servicing rights	2,219	3,298
Amortization	(2,796)	(4,054)
Balance, end of year	$ 5,290	5,867

</TABLE>

The fair value of mortgage rights was approximately $14.8 million and $14.7 million at December 31, 2007 and 2006, respectively. First Banks did not incur any impairment of mortgage servicing rights during the years ended December 31, 2007, 2006 and 2005.

Amortization of mortgage servicing rights at December 31, 2007 has been estimated in the following table:
<TABLE>
<CAPTION>

		(dollars expressed in thousa
Year ending December 31:		
<S>	<C>	<C>
	2008	$ 1,393
	2009	990
	2010	822
	2011	712
	2012	712
	Thereafter	661
	Total	$ 5,290

</TABLE>

Other Servicing Activities. At December 31, 2007 and 2006, First Banks serviced SBA loans for others totaling $149.9 million and $143.4 million, respectively. The carrying value of SBA servicing rights approximates fair value. Changes in SBA servicing rights, net of amortization and impairment, for the years ended December 31, 2007 and 2006 were as follows:
<TABLE>
<CAPTION>

	2007	2006
	(dollars expressed in thousa	
<S>	<C>	<C>
Balance, beginning of year	$ 8,064	9,489
Originated SBA servicing rights	2,053	1,630
Amortization	(1,830)	(1,662)
Impairment	(819)	(1,393)
Balance, end of year	$ 7,468	8,064

</TABLE>
<PAGE>

Amortization of SBA servicing rights at December 31, 2007 has been estimated in the following table:
<TABLE>
<CAPTION>

		(dollars expressed in thousa
Year ending December 31:		
<S>	<C>	<C>
	2008	$ 1,523

2009	1,239
2010	1,004
2011	812
2012	654
Thereafter	2,236
Total	$ 7,468

</TABLE>

(7) BANK PREMISES AND EQUIPMENT, NET

Bank premises and equipment, net of accumulated depreciation and amortization, were comprised of the following at December 31, 2007 and 2006:

<TABLE>
<CAPTION>

	2007	2006
	(dollars expressed in thousa	
Land	$ 52,187	42,386
Buildings and improvements	168,135	126,903
Furniture, fixtures and equipment	144,999	124,980
Leasehold improvements	30,825	25,250
Construction in progress	25,617	18,066
Total	421,763	337,585
Less: Accumulated depreciation and amortization	(183,432)	(159,168)
Bank premises and equipment, net	$ 238,331	178,417

</TABLE>

Depreciation and amortization expense for the years ended December 31, 2007, 2006 and 2005 was $21.6 million, $18.9 million and $17.4 million, respectively.

First Banks leases land, office properties and equipment under operating leases. Certain of the leases contain renewal options and escalation clauses. Total rent expense was $21.8 million, $18.0 million and $15.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. Future minimum lease payments under noncancellable operating leases extend through 2084 as follows:

<TABLE>
<CAPTION>

	(dollars expressed in thousa
Year ending December 31:	
2008	$ 17,193
2009	15,503
2010	13,498
2011	11,599
2012	9,773
Thereafter	53,074
Total future minimum lease payments	$ 120,640

</TABLE>

First Banks also leases to unrelated parties a portion of its banking facilities. Rental income associated with these leases was $6.4 million, $5.9 million and $6.4 million for the years ended December 31, 2007, 2006 and 2005, respectively.

<PAGE>

(8) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets, net of amortization, were comprised of the following at December 31, 2007 and 2006:

<TABLE>

<CAPTION>

	2007		2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumula Amortizat
	(dollars expressed in thousands)			
Amortized intangible assets:				
<S>	<C>	<C>	<C>	<C>
Core deposit intangibles (1)........	$ 53,916	(23,873)	60,867	(18,85
Customer list intangibles...........	23,320	(2,408)	23,320	(91
Other intangibles...................	2,386	(1,437)	2,210	(1,28
Total..........................	$ 79,622	(27,718)	86,397	(21,05
Unamortized intangible assets:				
Goodwill associated with stock purchases..................	$ 263,747		230,036	

----

(1) The core deposit intangibles' gross carrying amount and accumulated amortization were reduc by $10.6 million and $4.7 million, respectively, during the fourth quarter of 2007, as furth described in Note 13 to the Consolidated Financial Statements. The core deposit intangible gross carrying amount and accumulated amortization were also reduced by $1.4 million and $1 million, respectively, during the third quarter of 2007 in conjunction with the sale of t Texas Branch Offices on July 19, 2007, as further described in Note 2 to the Consolidat Financial Statements.

</TABLE>

Amortization of intangible assets was $12.4 million, $8.2 million and $4.9 million for the years ended December 31, 2007, 2006 and 2005, respectively. As of December 31, 2007, the remaining estimated life of the amortization periods for core deposit intangibles, customer list intangibles and other intangibles was five years, 15 years and seven years, respectively. Amortization of intangible assets, including amortization of core deposit intangibles, customer list intangibles and other intangibles has been estimated in the following table, and does not take into consideration any potential future acquisitions or branch office purchases.

<TABLE>
<CAPTION>

	(dollars expressed in thous
Year ending December 31:	
<S> <C>	<C>
2008..	$11,103
2009..	9,309
2010..	8,852
2011..	6,674
2012..	2,459
Thereafter..	13,507
Total..	$51,904

</TABLE>

<PAGE>

Changes in the carrying amount of goodwill for the years ended December 31, 2007 and 2006 were as follows:

<TABLE>
<CAPTION>

	2007	2006
	(dollars expressed in thous	
<S>	<C>	<C>
Balance, beginning of year..	$ 230,036	165,99
Goodwill acquired during the year.................................	34,586	63,37
Acquisition-related adjustments (1)...............................	(625)	66
Other adjustments (2)...	(250)	-

Balance, end of year	$ 263,747	230,03

----

(1) Acquisition-related adjustments include additional purchase accounting adjustments for pr years' acquisitions necessary to appropriately adjust preliminary goodwill recorded at the t of the acquisition, which was based upon current estimates available at that time, to refl the receipt of additional valuation data. Acquisition-related adjustments recorded in 2 primarily pertain to the acquisition of SDCB in August 2006 and acquisition-related adjustme recorded in 2006 primarily pertain to the acquisition of NSB in October 2005, as furt described in Note 2 to the Consolidated Financial Statements.

(2) Other adjustments recorded in 2007 pertain to the sale of the Texas Branch Offices on July 2007, as further described in Note 2 to the Consolidated Financial Statements.

</TABLE>

(9) MATURITIES OF TIME DEPOSITS

A summary of maturities of time deposits of $100,000 or more and other time deposits as of December 31, 2007 is as follows:

<TABLE>
<CAPTION>

	Time deposits of $100,000 or more	Other time deposits	Total
	(dollars expressed in thousands)		
Year ending December 31:			
<S> <C>	<C>	<C>	<C>
2008	$ 1,402,611	2,293,748	3,696,359
2009	85,143	231,486	316,629
2010	22,189	74,448	96,637
2011	20,752	28,265	49,017
2012	15,525	17,092	32,617
Thereafter	637	598	1,235
Total	$ 1,546,857	2,645,637	4,192,494

</TABLE>

(10) OTHER BORROWINGS

Other borrowings were comprised of the following at December 31, 2007 and 2006:

<TABLE>
<CAPTION>

	2007	2006
	(dollars expressed in thou	
Securities sold under agreements to repurchase:		
<S>	<C>	<C>
Daily	$ 198,766	169,874
Term	100,000	200,000
Federal funds purchased	76,500	--
FHLB advances	857	4,025
Total	$ 376,123	373,899

</TABLE>

The average balance of other borrowings was $361.7 million and $380.5 million and the maximum month-end balance of other borrowings was $432.0 million and $535.7 million for the years ended December 31, 2007 and 2006, respectively. The average rates paid on other borrowings during the years ended December 31, 2007, 2006 and 2005 were 4.60%, 4.42% and 3.19%, respectively. Interest expense on securities sold under agreements to repurchase was $15.6 million, $16.1 million and $16.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. Interest expense on FHLB advances was $348,000, $689,000 and $1.6 million for the years ended December 31, 2007, 2006 and 2005, respectively. Interest expense on federal funds purchased was $130,000, $63,000 and $143,000 for the years ended December 31, 2007, 2006 and 2005, respectively. The assets underlying the daily securities sold under agreements to repurchase and the FHLB advances are held by First Banks. The underlying securities associated with the term repurchase agreements are mortgage-backed securities and callable U.S. Government agency securities and are held by other financial institutions under safekeeping agreements. As further described in Note 5 to the Consolidated Financial Statements, the interest rate floor agreements included within the term repurchase agreements represent embedded derivative instruments.

<PAGE>

The maturity dates, par amounts, interest rate spreads and interest rate floor strike prices on First Bank's term repurchase agreements as of December 31, 2007 and 2006 were as follows:

<TABLE>
<CAPTION>

Maturity Date	Par Amount (dollars expressed in thousands)	Interest Rate Spread (1)	Interest Rate Floo Strike Price (1
December 31, 2007:			
October 12, 2010	$ 100,000	LIBOR - 0.5100%	4.50%
	=========		
December 31, 2006:			
July 19, 2010 (2)	$ 100,000	LIBOR + 0.5475%	5.00%
October 12, 2010	100,000	LIBOR - 0.5100%	4.50%
	$ 200,000		
	=========		

----

(1) The interest rate paid on the term repurchase agreements is based on the three-month LIBOR p or minus the spread amount shown minus a floating rate, subject to a 0% floor, equal to times the differential between the three-month LIBOR and the strike price shown, if the thr month LIBOR falls below the strike price associated with the interest rate floor agreements.

(2) First Bank terminated this term repurchase agreement on August 7, 2007, resulting i prepayment penalty of $330,000.

</TABLE>

(11) NOTES PAYABLE

On August 8, 2007, First Banks entered into a $125.0 million Secured Credit Agreement with a group of unaffiliated financial institutions (Secured Credit Agreement) to renew and modify its existing $96.0 million First Amendment to its Amended and Restated Secured Credit Agreement, dated August 10, 2006 (Predecessor Agreement). The terms and conditions of the Secured Credit Agreement provide for a $125.0 million revolving credit facility that includes: (i) a $5.0 million sub-facility for the issuance of standby letters of credit; (ii) a $10.0 million sub-facility for swingline loans (from the Agent as Swingline Lender); and (iii) three-year term loan conversion options with minimum borrowing amounts of $10.0 million, amortizing with equal quarterly installments of principal based on a four-year straight-line amortization schedule and a final maturity of three years from execution of each term loan, including the existing term loan, which had a balance of $35.0 million as of August 8, 2007 (Existing Term Loan). Each term loan, including the Existing Term Loan, reduces the availability under the revolving credit facility. First Banks has the right to request an increase in the Secured Credit Agreement to $150.0 million, with a minimum increase of $10.0 million and additional increments of $5.0 million. Interest is payable on outstanding principal loan balances of the revolving credit loan and each term loan at a floating rate equal to either the lender's prime rate or, at First Banks' option, LIBOR plus a margin determined by the outstanding principal loan balances and First Banks' net income for the preceding four calendar quarters. If the outstanding principal loan balances under the revolving credit loan and each term loan are accruing at the prime rate, interest is payable quarterly in arrears. If the outstanding principal loan balances under the revolving credit loan and each term loan are accruing at LIBOR, interest is payable based on the one, two, three or six-month LIBOR, as selected by First Banks. First Banks is also subject to a quarterly commitment fee on the unused portion of the revolving credit facility. Amounts could initially be borrowed under the revolving credit facility until August 7, 2008, at which time the principal and interest was due and payable, excluding the term loans. The maturity date was subsequently extended to September 1, 2008, as further discussed below. First Banks' Existing Term Loan, which had a balance of $5.0 million at December 31, 2007, is payable in quarterly installments of $5.0 million, at a minimum, with the remaining balance to be repaid in full, including any unpaid interest, upon maturity on March 31, 2009. Interest is payable on outstanding principal loan balances of the swingline loans at a floating rate equal to the lender's prime rate. The principal balances of the swingline loans, together with accrued and unpaid interest, are payable on the next to occur date of either the fifteenth day of the month or the last business

day of the month following the advance date(s) of the swingline loans.
<PAGE>

The Secured Credit Agreement requires maintenance of certain minimum capital ratios for First Banks and First Bank, certain maximum nonperforming assets ratios for First Bank and a minimum return on assets ratio for First Banks. In addition, it contains additional covenants, including a limitation on the amount of dividends on First Banks' common stock that may be paid to stockholders. The Secured Credit Agreement is secured by First Banks' ownership interest in the capital stock of SFC and First Bank. Subsequent to December 31, 2007, First Banks entered into First and Second Amendments to the Secured Credit Agreement, as further described in Note 25 to the Consolidated Financial Statements. These amendments include modifications to certain financial covenants, the collateral pledge agreement and the maturity date of the revolving credit facility. First Banks and First Bank were in compliance with all restrictions and requirements of the respective credit agreements at December 31, 2007 and 2006.

Notes payable were comprised of the following at December 31, 2007 and 2006:

<TABLE>
<CAPTION>

	2007	2006
	(dollars expressed in thou	
<S>	<C>	<C>
Term loans..	$ 19,000	65,00
Revolving credit..	20,000	--
Total...	$ 39,000	65,00

</TABLE>

During the year ended December 31, 2007, First Banks had drawn advances of $15.0 million and made payments of $61.0 million on the outstanding principal balances of the term loans, reducing the balance from $65.0 million at December 31, 2006 to $19.0 million at December 31, 2007. During the year ended December 31, 2007, First Banks had drawn advances of $20.0 million on the revolving credit sub-facility portion of the Secured Credit Agreement. First Banks had not drawn any revolving credit advances on the Predecessor Agreement as of December 31, 2006. Letters of credit issued to unaffiliated third parties on behalf of First Banks under the standby letter of credit sub-facility portion of the Secured Credit Agreement and Predecessor Agreement were $200,000 and $450,000 at December 31, 2007 and 2006, respectively, and had not been drawn on by the counterparties.

The average balance and maximum month-end balance of borrowings outstanding under the Secured Credit Agreement and the Predecessor Agreement during the years ended December 31, 2007 and 2006, respectively, were as follows:

<TABLE>
<CAPTION>

	2007	2006
	(dollars expressed in thou	
<S>	<C>	<C>
Average balance...	$ 34,932	88,84
Maximum month-end balance...	55,000	100,00

</TABLE>

The average rates paid on the outstanding borrowings during the years ended December 31, 2007, 2006 and 2005 were 6.94%, 6.22% and 6.26%, respectively. Interest expense recognized on borrowings under the secured credit agreements includes commitment, arrangement and renewal fees. Exclusive of these fees, the average rates paid on the outstanding borrowings during the years ended December 31, 2007, 2006 and 2005 were 6.41%, 6.11% and 4.93%, respectively.
<PAGE>

(12) SUBORDINATED DEBENTURES

First Banks has formed various affiliated Delaware or Connecticut statutory and business trusts (collectively, the Trusts) that were created for the sole purpose of issuing trust preferred securities. The trust preferred securities were issued in private placements, with the exception of First Preferred Capital Trust II, First Preferred Capital Trust III and First Preferred Capital Trust IV, which were issued in underwritten public offerings. First Banks owns all of the common securities of the Trusts. The gross proceeds of the offerings were used by the Trusts to purchase variable rate or fixed rate subordinated debentures from First Banks. The subordinated debentures are the sole asset of the Trusts. In connection with the issuance of the trust preferred securities, First Banks made certain guarantees and commitments that, in the aggregate, constitute a full and unconditional guarantee by First Banks of the obligations of the Trusts under the trust preferred securities. First Banks' distributions accrued on the subordinated debentures were $24.4 million, $22.4 million and $20.9 million for the years ended December 31, 2007, 2006 and 2005, respectively, and are included in interest expense in the consolidated statements of income. Deferred issuance costs associated with First Banks' subordinated debentures are included as a reduction of subordinated debentures in the consolidated balance sheets and are amortized on a straight-line basis. The structure of the trust preferred securities currently satisfies the regulatory requirements for inclusion, subject to certain limitations, in First Banks' capital base.

<PAGE>

<TABLE>
<CAPTION>

A summary of the subordinated debentures issued to the Trusts in conjunction with the trust preferred securities offerings at December 31, 2007 and 2006 were as follows:

Name of Trust	Issuance Date	Maturity Date	Call Date (1)	Interest Rate (2)	F S
Variable Rate					
<S>	<C>	<C>	<C>	<C>	
First Bank Capital Trust (3)	April 2002	April 22, 2032	April 22, 2007	+ 387.5 bp	
First Bank Statutory Trust II	September 2004	September 20, 2034	September 20, 2009	+ 205.0 bp	
Royal Oaks Capital Trust I (4)	October 2004	January 7, 2035	January 7, 2010	+ 240.0 bp	
First Bank Statutory Trust III	November 2004	December 15, 2034	December 15, 2009	+ 218.0 bp	
First Bank Statutory Trust IV	March 2006	March 15, 2036	March 15, 2011	+ 142.0 bp	
First Bank Statutory Trust V	April 2006	June 15, 2036	June 15, 2011	+ 145.0 bp	
First Bank Statutory Trust VI	June 2006	July 7, 2036	July 7, 2011	+ 165.0 bp	
First Bank Statutory Trust VII	December 2006	December 15, 2036	December 15, 2011	+ 185.0 bp	
First Bank Statutory Trust VIII (5)	February 2007	March 30, 2037	March 30, 2012	+ 161.0 bp	
First Bank Statutory Trust X (6)	August 2007	September 15, 2037	September 15, 2012	+ 230.0 bp	
First Bank Statutory Trust IX (7)	September 2007	December 15, 2037	December 15, 2012	+ 225.0 bp	
First Bank Statutory Trust XI (8)	September 2007	December 15, 2037	December 15, 2012	+ 285.0 bp	
Fixed Rate					
First Preferred Capital Trust III (9)	November 2001	December 31, 2031	December 31, 2006	9.00%	
First Bank Statutory Trust	March 2003	March 20, 2033	March 20, 2008	8.10%	
First Preferred Capital Trust IV	April 2003	June 30, 2033	June 30, 2008	8.15%	

(1) The subordinated debentures are callable at the option of First Banks on the call date shown at 10(
plus accrued and unpaid interest.
(2) The interest rates paid on the trust preferred securities are based on either a fixed rate or a v
rate is based on the three-month LIBOR plus the basis point spread shown, with the exception of First
was based on the six-month LIBOR plus the basis point spread shown.
(3) On April 22, 2007, First Banks redeemed the cumulative variable rate trust preferred securities at
$1,000 per preferred security, together with distributions accumulated and unpaid to the redemptio
this transaction, First Banks paid in full its outstanding $25.8 million of subordinated debentures
Banks to First Bank Capital Trust. The funds necessary for the redemption of the subordinated d
internally generated funds and the net proceeds from the issuance of $25.8 million of subordinate
Statutory Trust VIII (FBST VIII) on February 23, 2007, as further described below.
(4) In conjunction with the acquisition of Royal Oaks on February 28, 2007, as further described in N

Financial Statements, First Banks assumed the subordinated debentures of Royal Oaks Capital Trus
trust.

(5) On February 23, 2007, FBST VIII, a newly formed Delaware statutory trust, issued 25,000 vari securities at $1,000 per security in a private placement and issued 774 common securities to security. Interest is payable quarterly in arrears, beginning on March 30, 2007.

(6) On August 31, 2007, First Bank Statutory Trust X, a newly formed Delaware statutory trust, issued preferred securities at $1,000 per security in a private placement and issued 464 common securities per security. Interest is payable quarterly in arrears, beginning on December 15, 2007.

(7) On September 20, 2007, First Bank Statutory Trust IX, a newly formed Delaware statutory trust, iss trust preferred securities at $1,000 per security in a private placement and issued 774 common se $1,000 per security. Interest is payable quarterly in arrears, beginning on December 15, 2007.

(8) On September 28, 2007, First Bank Statutory Trust XI, a newly formed Delaware statutory trust, i trust preferred securities at $1,000 per security in a private placement and issued 310 common sec $1,000 per security. Interest is payable quarterly in arrears, beginning on December 15, 2007.

(9) On December 31, 2006, First Banks redeemed the cumulative fixed rate trust preferred securities at th per preferred security, together with distributions accumulated and unpaid to the redemption date. transaction, First Banks paid in full its outstanding $56.9 million of subordinated debentures that w to First Preferred Capital Trust III. The net proceeds associated with these transactions were pai funds necessary for the redemption of the subordinated debentures were provided by internally ger proceeds from the issuance of additional subordinated debentures to First Bank Statutory Trust VII or

</TABLE>

<PAGE>

(13) INCOME TAXES

Provision for income taxes for the years ended December 31, 2007, 2006 and 2005 consists of:

<TABLE>
<CAPTION>

	2007	2006	
	(dollars expressed in tho		
Current provision for taxes:			
<S>	<C>	<C>	<
Federal	$ 23,264	41,582	4
State	3,213	3,272	
	26,477	44,854	5
Deferred provision for taxes:			
Federal	(3,167)	10,062	
State	(2,405)	146	(
	(5,572)	10,208	(
Reduction in deferred tax asset valuation allowance	(10,746)	--	
Total	$ 10,159	55,062	5

</TABLE>

The effective rates of federal income taxes for the years ended December 31, 2007, 2006 and 2005 differ from the federal statutory rates of taxation as follows:

<TABLE>
<CAPTION>

	Years Ended December 31,				
	2007		2006		20
	Amount	Percent	Amount	Percent	Amount
	(dollars expressed in thousands)				
Income before provision for income taxes and minority interest in income (loss)					
<S>	<C>		<C>		<C>
of subsidiary	$ 67,471		$ 166,169		$ 148,12

Provision for income taxes calculated at federal statutory income tax rates......	$ 23,615	35.0%	$ 58,159	35.0%	$ 51,845
Effects of differences in tax reporting:					
Tax-exempt interest income, net of tax preference adjustment.............	(962)	(1.4)	(908)	(0.5)	(814
State income taxes.........................	488	0.7	3,487	2.0	4,773
Reduction in prior year contingency reserve................................	--	--	(4,154)	(2.5)	(2,116
Bank owned life insurance, net of premium..	(1,283)	(1.9)	(1,039)	(0.6)	(1,602
Reduction in deferred tax asset valuation allowance...................	(10,746)	(15.9)	--	--	--
Other, net................................	(953)	(1.4)	(483)	(0.3)	423
Provision for income taxes...........	$ 10,159	15.1%	$ 55,062	33.1%	$ 52,509

</TABLE>

The $4.2 million and $2.1 million reductions in the prior year contingency reserve, reflected in 2006 and 2005, respectively, resulted from reversals of federal and state tax reserves no longer deemed necessary.

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2007 and 2006 were as follows:

<TABLE>
<CAPTION>

	December 31,	
	2007	2006
	(dollars expressed in tho	
Deferred tax assets:		
<S>	<C>	<C>
Net operating loss carryforwards..................................	$ 23,143	26,267
Deferred built-in loss carryforward.............................	3,105	3,345
Allowance for loan losses..	88,835	60,052
Loans held for sale..	1,558	572
Alternative minimum and general business tax credits............	3,489	3,510
Interest on nonaccrual loans.....................................	6,001	2,286
Deferred compensation..	7,842	7,732
Net fair value adjustment for available-for-sale investment securities..	6,857	6,312
Net fair value adjustment for derivative instruments............	--	755
Partnership investments..	7,865	7,079
Overdraft, robbery and other fraud losses.......................	5,612	--
Accrued contingent liabilities...................................	2,030	533
Other..	5,559	3,133
Gross deferred tax assets....................................	161,896	121,576
Valuation allowance..	(23,278)	(21,401
Deferred tax assets, net of valuation allowance............	138,618	100,175
Deferred tax liabilities:		
Depreciation on bank premises and equipment.....................	6,534	8,445
Servicing rights...	1,909	919
Net fair value adjustment for derivative instruments............	4,171	--
Core deposit intangibles...	5,252	8,887
Customer list intangibles..	8,695	9,307
Discount on loans..	5,246	5,446
Equity investments...	5,707	6,103
State taxes..	6,826	2,594
Other	2,494	1,125
Deferred tax liabilities.....................................	46,834	42,826
Net deferred tax assets......................................	$ 91,784	57,349

=========   ========

</TABLE>

The realization of First Banks' net deferred tax assets is based on the availability of carrybacks to prior taxable periods, the expectation of future taxable income and the utilization of tax planning strategies. Based on these factors, management believes it is more likely than not that First Banks will realize the recognized net deferred tax assets of $91.8 million at December 31, 2007.

Changes in the deferred tax asset valuation allowance for the years ended December 31, 2007, 2006 and 2005 were as follows:

<TABLE>
<CAPTION>

	2007	2006	2
	----	----	-
	(dollars expressed in thou		
<S>	<C>	<C>	<C
Balance, beginning of year...	$21,401	17,754	17
Purchase acquisitions..	20,177	--	
Reversal of deferred tax asset valuation allowance to income tax expense..	(10,746)	--	
Reversal of deferred tax asset valuation allowance to goodwill and other intangible assets........................	(7,554)	--	
Adjustment to purchase acquisitions completed in prior periods.......	--	3,647	
	-------	------	--
Balance, end of year...	$23,278	21,401	17
	=======	======	==

</TABLE>

<PAGE>

Upon completion of the 2004 acquisition of CIB Bank and the 2007 acquisition of CFHI, the net deferred tax assets associated with the respective acquisitions were evaluated to determine whether it is more likely than not that the net deferred tax assets will be recognized in the future. The ability to utilize the net deferred tax assets recorded in connection with the acquisitions is subject to a number of limitations. Among these limitations is the restriction that any built-in loss (the fair value of the entity was less than the tax basis) that existed at the date of acquisition, if realized within the first five years subsequent to the date of acquisition, will be deferred and must be carried forward and subjected to rules similar to the rules for carrying forward net operating losses. Based upon these factors, management established a valuation allowance for CIB Bank in 2004 and CFHI in 2007 in the amount of $21.4 million and $20.2 million, respectively. Until the implementation of SFAS No. 141(R) -- Business Combinations, at which time the current guidance is expected to change, subsequent reductions in the $20.2 million valuation allowance associated with the acquisition of CFHI will be credited to goodwill and other intangible assets. Subsequent reductions in the $3.1 million valuation allowance associated with the acquisition of CIB Bank will be credited to the provision for income taxes.

At December 31, 2007, the deferred tax assets associated with the acquisition of CIB Bank were evaluated and management concluded that $18.3 million of the valuation allowance was no longer required as the corresponding net deferred tax assets no longer existed due to the recognition of temporary differences. First Banks did not have any goodwill related to the CIB Bank acquisition at December 31, 2007. In accordance with SFAS No. 141, Business Combinations, First Banks reduced the carrying values of certain acquired assets to zero, which included a reduction of core deposit intangibles of $5.9 million and bank premises and equipment of $6.6 million. In addition, net deferred tax assets were increased by $4.9 million to reflect the impact of the reductions of the carrying values of the core deposit intangibles and bank premises and equipment. The remaining amount of $10.7 million was recorded as a reduction of income tax expense.

On January 1, 2007, First Banks implemented FIN 48. The implementation of FIN 48 resulted in the recognition of a cumulative effect of change in accounting principle of $2.5 million, which was recorded as an increase to beginning retained earnings.

At December 31, 2007 and January 1, 2007, First Banks had a liability for uncertain tax positions, excluding interest and penalties, of $12.2 million and $2.6 million, respectively. A reconciliation of the beginning and ending balance of the unrecognized tax benefits is as follows:

<TABLE>
<CAPTION>

<S>	2007 (dollars expressed in thousands) <C>
Balance, beginning of year	$ 2,559
Additions:	
Tax positions taken during the current year	2,352
Tax positions taken during the prior year	9,134
Reductions:	
Tax positions taken during the prior year	(6)
Lapse of statute of limitations	(1,795)
Balance, end of year	$ 12,244

</TABLE>

At December 31, 2007 and January 1, 2007, the total amount of unrecognized tax benefits that would affect the effective tax rate were $1.2 million and $1.4 million, respectively.

During the year ended December 31, 2007, First Banks recorded interest expense of $527,000 related to unrecognized tax benefits. At December 31, 2007 and January 1, 2007, interest accrued for unrecognized tax positions was $1.4 million and $944,000, respectively. There were no penalties for unrecognized tax positions accrued at December 31, 2007 or January 1, 2007, nor did First Banks recognize any expense for penalties during 2007.

The Company continually evaluates the unrecognized tax benefits associated with its uncertain tax positions. It is reasonably possible that the total unrecognized tax benefits as of December 31, 2007 could decrease by approximately $1.4 million by December 31, 2008, as a result of the lapse of statutes of limitations and potential settlements with the federal and state taxing authorities, of which the impact to the effective tax rate is estimated to be approximately $367,000. It is also reasonably possible that this decrease could be substantially offset by new matters arising during the same period.

The Company files consolidated and separate income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. The Company's federal returns through 2004 have been examined by the Internal Revenue Service (IRS) with the examination of the 2004 tax year being closed in February 2008. The Company's current estimate of the resolution of various state examinations, none of which are in process, is reflected in accrued income taxes; however, final settlement of the examinations or changes in the Company's estimate may result in future income tax expense or benefit.

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At December 31, 2007 and 2006, the accumulation of prior years' earnings representing tax bad debt deductions was approximately $29.8 million. If these tax bad debt reserves were charged for losses other than bad debt losses, First Banks would be required to recognize taxable income in the amount of the charge. It is not contemplated that such tax-restricted retained earnings will be used in a manner that would create federal income tax liabilities.

At December 31, 2007 and 2006, for federal income taxes purposes, First Banks had net operating loss carryforwards relating to pre-acquisition tax losses of acquired entities of approximately $66.1 million and $75.0 million, respectively. At December 31, 2007, the net operating loss carryforwards for First Banks expire as follows:

<TABLE>
<CAPTION>

<S> Year ending December 31: <C>	(dollars expressed in thousa <C>
2008	$ 6,297
2009	5,740
2010	7
2011 - 2025	54,080

Total	$ 66,124

</TABLE>

During 2007 and 2004, First Banks recognized built-in losses associated with the acquisitions of CFHI and CIB Bank, respectively. A portion of the realized built-in losses was deferred in the year of acquisition and is required to be carried forward subject to rules similar to the rules for carrying forward net operating losses. Utilization of the realized built-in losses is allowed subsequent to the utilization of any net operating loss carryforwards associated with the acquisitions of CFHI and CIB Bank. Consequently, at December 31, 2007, First Banks had deferred built-in loss carryforwards, in aggregate, of approximately $7.4 million. Utilization of the deferred built-in loss carryforwards is allowed beginning in the year 2020, and such losses will expire in the year 2024.

(14) EARNINGS PER COMMON SHARE

The following is a reconciliation of basic and diluted EPS for the years ended December 31, 2007, 2006 and 2005:
<TABLE>
<CAPTION>

	Income	Shares	Per Shar Amount
	(dollars in thousands, except share and per s		
Year ended December 31, 2007:			
<S>	<C>	<C>	<C>
Basic EPS - income available to common stockholders...	$ 56,448	23,661	$ 2,385.6
Effect of dilutive securities:			
Class A convertible preferred stock................	769	385	(6.2
Diluted EPS - income available to common stockholders.	$ 57,217	24,046	$ 2,379.4
Year ended December 31, 2006:			
Basic EPS - income available to common stockholders...	$110,908	23,661	$ 4,687.3
Effect of dilutive securities:			
Class A convertible preferred stock................	769	456	(56.6
Diluted EPS - income available to common stockholders.	$111,677	24,117	$ 4,630.7
Year ended December 31, 2005:			
Basic EPS - income available to common stockholders...	$ 96,120	23,661	$ 4,062.3
Effect of dilutive securities:			
Class A convertible preferred stock................	769	516	(54.9
Diluted EPS - income available to common stockholders.	$ 96,889	24,177	$ 4,007.4

</TABLE>
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(15) CREDIT COMMITMENTS

First Banks is a party to commitments to extend credit and commercial and standby letters of credit in the normal course of business to meet the financing needs of its customers. These instruments involve, in varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The interest rate risk associated with these credit commitments relates primarily to the commitments to originate fixed-rate loans. As more fully described in Note 5 to the Consolidated Financial Statements, the interest rate risk of the commitments to originate fixed-rate loans has been hedged with forward commitments to sell mortgage-backed securities. The credit risk amounts are equal to the contractual amounts, assuming the amounts are fully advanced and the collateral or other security is of no value. First Banks uses the same credit policies in granting commitments and conditional obligations as it does for on-balance sheet items.

Commitments to extend fixed and variable rate credit, and commercial and standby letters of credit at December 31, 2007 and 2006 were as follows:
<TABLE>

<CAPTION>

	December 31,	
	2007	20
	(dollars expresse in thousands)	
<S>	<C>	<C>
Commitments to extend credit...	$ 3,057,404	3,09
Commercial and standby letters of credit................................	201,436	17
	$ 3,258,840	3,26

</TABLE>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant, equipment, income-producing commercial properties or single family residential properties. In the event of nonperformance, First Banks may obtain and liquidate the collateral to recover amounts paid under its guarantees on these financial instruments.

Commercial and standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. The letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Most letters of credit extend for less than one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Upon issuance of the commitments, First Banks typically holds marketable securities, certificates of deposit, inventory, real property or other assets as collateral supporting those commitments for which collateral is deemed necessary. The standby letters of credit at December 31, 2007 expire, at various dates, within nine years.

(16) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is management's estimate of the values at which the instruments could be exchanged in a transaction between willing parties. These estimates are subjective and may vary significantly from amounts that would be realized in actual transactions. In addition, other significant assets are not considered financial assets including servicing assets, deferred income tax assets, bank premises and equipment and goodwill and other intangible assets. Furthermore, the income taxes that would be incurred if First Banks were to realize any of the unrealized gains or unrealized losses indicated between the estimated fair values and corresponding carrying values could have a significant effect on the fair value estimates and have not been considered in any of the estimates.

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The estimated fair value of First Banks' financial instruments at December 31, 2007 and 2006 were as follows:

<TABLE>
<CAPTION>

	2007		2006	
	Carrying Value	Estimated Fair Value	Carrying Value	Est Fai
	(dollars expressed in thousands)			
Financial Assets:				

<S>	<C>	<C>	<C>	
Cash and cash equivalents..................	$ 231,675	231,675	369,557	
Investment securities:				
Trading................................	--	--	81,168	
Available for sale.....................	1,000,392	1,000,392	1,359,729	1,
Held to maturity.......................	18,879	19,078	24,049	
Net loans..................................	8,714,863	8,633,525	7,520,752	7,
Derivative instruments.....................	13,728	13,728	(1,573)	
Bank-owned life insurance..................	116,619	116,619	113,778	
Accrued interest receivable................	55,193	55,193	55,464	
Financial Liabilities:				
Deposits:				
Noninterest-bearing demand.............	$1,259,123	1,259,123	1,281,108	1,
Interest-bearing demand................	980,850	980,850	981,939	
Savings and money market...............	2,716,726	2,716,726	2,352,575	2,
Time deposits..........................	4,192,494	4,227,747	3,827,464	3,
Other borrowings...........................	376,123	376,123	373,899	
Notes payable..............................	39,000	39,000	65,000	
Accrued interest payable...................	18,639	18,639	28,176	
Subordinated debentures....................	353,752	353,200	297,966	
Off-Balance Sheet Financial Instruments:				
Commitments to extend credit, standby letters of credit and financial guarantees............................	$ 1,582	1,582	1,363	

</TABLE>

The following methods and assumptions were used in estimating the fair value of financial instruments:

Cash and cash equivalents and accrued interest receivable: The carrying values reported in the consolidated balance sheets approximate fair value.

Investment securities: The fair value of trading and available-for-sale investment securities is the amount reported in the consolidated balance sheets. The fair value of held-to-maturity investment securities is based on quoted market prices where available. If quoted market prices were not available, the fair value was based on quoted market prices of comparable instruments.

Net loans: The fair value of most loans held for portfolio was estimated utilizing discounted cash flow calculations that applied interest rates currently being offered for similar loans to borrowers with similar risk profiles. The fair value of loans held for sale, which is the amount reported in the consolidated balance sheets, is based on quoted market prices where available. If quoted market prices were not available, the fair value was based on quoted market prices of comparable instruments. The carrying value of loans is net of the allowance for loan losses and unearned discount.

Derivative instruments: The fair value of derivative instruments, including cash flow hedges, fair value hedges, interest rate floor and cap agreements, interest rate lock commitments and forward commitments to sell mortgage-backed securities is based on quoted market prices where available. If quoted market prices were not available, the fair value was based on quoted market prices of comparable instruments.

Bank-owned life insurance: The fair value of bank-owned life insurance is based on quoted market prices where available. If quoted market prices were not available, the fair value was based on quoted market prices of comparable instruments.

Deposits: The fair value of deposits generally payable on demand (i.e., noninterest-bearing and interest-bearing demand, and savings and money market accounts) is considered equal to their respective carrying amounts as reported in the consolidated balance sheets. The fair value of demand deposits does not include the benefit that results from the low-cost funding provided by deposit liabilities compared to the cost of borrowing funds in the market. The fair

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value disclosed for time deposits was estimated utilizing a discounted cash flow calculation that applied interest rates currently being offered on similar deposits to a schedule of aggregated monthly maturities of time deposits. If the estimated fair value is lower than the carrying value, the carrying value is reported as the fair value of time deposits.

Other borrowings, notes payable and accrued interest payable: The carrying values reported in the consolidated balance sheets approximate fair value.

Subordinated debentures: The fair value of fixed rate subordinated debentures is based on quoted market prices where available. If quoted market prices were not available, the fair value was based on quoted market prices of comparable instruments. The carrying values of variable rate subordinated debentures approximate fair value.

Off-Balance Sheet Financial Instruments: The fair value of commitments to extend credit, standby letters of credit and financial guarantees were based on estimated probable credit losses.

(17) EMPLOYEE BENEFITS

First Banks' 401(k) plan is a self-administered savings and incentive plan covering substantially all employees. Employer match contributions are determined annually under the plan by First Banks' Board of Directors. Employee contributions were limited to $15,500 of gross compensation for 2007. Total employer contributions under the plan were $4.4 million, $3.9 million and $2.4 million for the years ended December 31, 2007, 2006 and 2005, respectively. The plan assets are held and managed under a trust agreement with First Bank's trust department.

First Banks' nonqualified deferred compensation plan, which covers a select group of employees, is administered by an independent third party. The plan is exempt from the participation, vesting, funding and fiduciary requirements of the Employee Retirement Income Security Act of 1974. Participants may contribute from 1% to 25% of their salary and up to 100% of their bonuses on a pre-tax basis. Balances outstanding under the plan, which are reflected in accrued and other liabilities in the consolidated balance sheets, were $9.2 million and $8.1 million at December 31, 2007 and 2006, respectively. Plan expense recorded under the plan, which is reflected in salaries and employee benefits expense in the consolidated statements of income, was $682,000, $845,000 and $592,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

(18) STOCKHOLDERS' EQUITY

First Banks has two classes of preferred stock outstanding. The Class A preferred stock is convertible into shares of common stock at a rate based on the ratio of the par value of the preferred stock to the current market value of the common stock at the date of conversion, to be determined by independent appraisal at the time of conversion. Shares of Class A preferred stock may be redeemed by First Banks at any time at 105.0% of par value. The Class B preferred stock may not be redeemed or converted. The redemption of any issue of preferred stock requires the prior approval of the Board of Governors of the Federal Reserve System (Federal Reserve). The holders of the Class A and Class B preferred stock have full voting rights. Dividends on the Class A and Class B preferred stock are adjustable quarterly based on the highest of the Treasury Bill Rate or the Ten Year Constant Maturity Rate for the two-week period immediately preceding the beginning of the quarter. This rate shall not be less than 6.0% nor more than 12.0% on the Class A preferred stock, or less than 7.0% nor more than 15.0% on the Class B preferred stock. The annual dividend rate was 6.0% for the Class A preferred stock and 7.0% for the Class B preferred stock for the years ended December 31, 2007, 2006 and 2005, respectively.

Other comprehensive income (loss) of $8.1 million, $6.8 million and ($18.1) million, as presented in the accompanying Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income, is reflected net of income tax expense (benefit) of $4.4 million, $3.7 million and ($9.7) million for the years ended December 31, 2007, 2006 and 2005, respectively.

On January 1, 2007, First Banks implemented FIN 48. The implementation of FIN 48 resulted in the recognition of a cumulative effect of change in accounting principle of $2.5 million, which was recorded as an increase to beginning retained earnings, as further described in Note 1 and Note 13 to the Consolidated Financial Statements.

In December 2006, First Banks recorded an increase in additional paid-in capital of $3.8 million which related to the utilization of net operating losses that were acquired with the acquisition of First Banks America, Inc. (FBA) and its wholly-owned subsidiary, BankTEXAS N.A., in 1994. Effective December 1994, the FBA Board of Directors approved the implementation of a quasi-reorganization. In

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accordance with the provisions of SFAS No. 109 and under the requirements for completing the quasi-reorganization, tax benefits for deductible temporary differences and net operating loss carryforwards that existed at the date of the quasi-reorganization and are subsequently recognized are generally reported as a direct addition to contributed capital.

(19) TRANSACTIONS WITH RELATED PARTIES

Outside of normal customer relationships, no directors or officers of First Banks, no shareholders holding over 5% of First Banks' voting securities and no corporations or firms with which such persons or entities are associated currently maintain or have maintained, since the beginning of the last full fiscal year, any significant business or personal relationships with First Banks or its subsidiaries, other than that which arises by virtue of such position or ownership interest in First Banks or its subsidiaries, except as described in the following paragraphs.

First Services, L.P. (First Services), a limited partnership indirectly owned by First Banks' Chairman and members of his immediate family, provides information technology, item processing and various related services to First Banks, Inc. and its subsidiaries. Fees paid under agreements with First Services were $34.1 million, $34.8 million and $33.9 million for the years ended December 31, 2007, 2006 and 2005, respectively. First Services leases information technology and other equipment from First Bank. During 2007, 2006 and 2005, First Services paid First Bank $3.7 million, $4.2 million and $4.3 million, respectively, in rental fees for the use of that equipment. In addition, First Services paid approximately $1.8 million, $1.6 million and $1.6 million for the years ended December 31, 2007, 2006 and 2005, respectively, in rental payments for occupancy of certain First Bank premises from which business is conducted.

First Brokerage America, L.L.C. (First Brokerage), a limited liability company indirectly owned by First Banks' Chairman and members of his immediate family, received approximately $4.8 million, $3.0 million and $2.6 million for the years ended December 31, 2007, 2006 and 2005, respectively, in gross commissions paid by unaffiliated third-party companies. The commissions received were primarily in connection with the sales of annuities, securities and other insurance products to customers of First Bank. First Brokerage paid approximately $183,000, $114,000 and $113,000 for the years ended December 31, 2007, 2006 and 2005, respectively, in rental payments for occupancy of certain First Bank premises from which brokerage business is conducted.

First Title Guaranty LLC D/B/A First Banc Insurors (First Title), a limited liability company owned by First Banks' Chairman and members of his immediate family prior to its merger with and into First Brokerage, effective April 2, 2007, received approximately $35,000, $221,000 and $379,000 for the years ended December 31, 2007, 2006 and 2005, respectively, in commissions for insurance policies purchased by First Banks or customers of First Bank from unaffiliated third-party insurers. The insurance premiums on which these commissions were earned were competitively bid, and First Banks deemed the commissions First Title earned from unaffiliated third-party companies to be comparable to those that would have been earned by an unaffiliated third-party agent. In May 2006, Adrian Baker, a subsidiary of First Bank, purchased the personal and commercial insurance book of business from First Title. First Bank engaged an independent third party to perform a business valuation of the personal and commercial insurance book of business of First Title, which was determined to be approximately $270,000 and is being amortized over seven years utilizing the straight-line method.

On January 16, 2007, First Banks contributed 48,796 shares of common stock held in its available-for-sale investment securities portfolio with a fair value of $1.7 million to the Dierberg Operating Foundation, Inc. (Operating Foundation), a charitable foundation established by First Banks' Chairman and members of his immediate family. In conjunction with this transaction, First Banks recorded charitable contribution expense of $1.7 million, which was partially offset by a gain on the contribution of these available-for-sale investment securities of $147,000, representing the difference between the cost basis and the fair value of the common stock on the date of the contribution. In addition, First Banks recognized a tax benefit of $1.0 million associated with this transaction. Furthermore, First Bank contributed $3.5 million in cash to the Operating Foundation, thereby bringing the total value of charitable contributions to the Operating Foundation to $5.3 million for the year ended December 31, 2007. During 2006, First Bank contributed $5.0 million in cash to the Operating Foundation. In addition, in November 2006, First Banks contributed 26,962 shares

of common stock held in its available-for-sale investment securities portfolio with a fair value of $1.0 million to the Operating Foundation. In conjunction with this transaction, First Banks recorded charitable contribution expense of $1.0 million, which was partially offset by a gain on the contribution of these available-for-sale investment securities of $121,000. In addition, First Banks recognized a tax benefit of $522,000 associated with this transaction. During 2005, First Bank contributed $2.5 million in cash to The Dierberg Foundation, a charitable foundation established by First Banks' Chairman and members of his immediate family, and $1.5 million in cash to the Operating Foundation.
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First Banks periodically purchases various products from Hermannhof, Inc. and Dierberg Star Lane Vineyards, entities that are owned by First Banks' Chairman and members of his immediate family. First Banks utilizes these products primarily for customer and employee events and promotions, and business development functions. During the years ended December 31, 2007, 2006 and 2005, First Banks purchased products aggregating approximately $333,000, $376,000 and $320,000, respectively, from these entities.

First Bank leases certain of its in-store branch offices and ATM sites from Dierbergs Markets, Inc., a grocery store chain headquartered in St. Louis, Missouri that is owned and operated by the brother of First Banks' Chairman and members of his immediate family. Total rent expense incurred by First Bank under the lease obligation contracts was $395,000, $385,000 and $335,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

In June 2005, FCA, a corporation owned by First Banks' Chairman and members of his immediate family, became a 49.0% owner of SBLS LLC in exchange for $7.4 million pursuant to a written option agreement with First Bank. On January 2, 2007, First Bank contributed $4.0 million to SBLS LLC in the form of a capital contribution, which increased First Bank's ownership of SBLS LLC to 63.9% and decreased FCA's ownership to 36.1%. On June 29, 2007, First Bank contributed an additional $7.8 million to SBLS LLC in the form of a capital contribution, thereby increasing First Bank's ownership of SBLS LLC to 76.0% and decreasing FCA's ownership to 24.0%.

In June 2005, SBLS LLC executed a Multi-Party Agreement by and among SBLS LLC, First Bank, Colson Services Corp., fiscal transfer agent for the SBA, and the SBA, in addition to a Loan and Security Agreement by and among First Bank and the SBA (collectively, the Agreement) that provided a $50.0 million warehouse line of credit for loan funding purposes. The Agreement provided for an initial maturity date of June 30, 2008, which was extended on June 15, 2006 by First Bank to June 30, 2009. Interest was payable monthly, in arrears, on the outstanding loan balances at a current rate equal to First Bank's prime lending rate minus 50 basis points. On March 1, 2007, SBLS LLC modified the Agreement with First Bank. The primary modifications to the structure of the financing arrangement included (a) an increase in the warehouse line of credit from $50.0 million to $60.0 million; and (b) interest was payable monthly, in arrears, on the outstanding balances at a rate equal to First Bank's prime lending rate minus 50 basis points, with the option of electing to have a portion of the outstanding principal balance in amounts not greater than $40.0 million, in minimum increments of $500,000, bear interest at a fixed rate per annum equal to the one-month LIBOR plus 215 basis points, the three-month LIBOR plus 215 basis points or the long-term interest rate swap rate plus 215 basis points, provided that no more than three fixed-rate interest periods would be in effect at any given time and no interest period would extend beyond the maturity date. During the third quarter of 2007, SBLS LLC further modified the Agreement with First Bank. The primary modifications to the structure of the financing arrangement included (a) an extension of the maturity date to June 30, 2010 and (b) interest was payable monthly, in arrears, on the outstanding balances at a rate equal to First Bank's prime lending rate minus 100 basis points, with the option of electing to have a portion of the outstanding principal balance in amounts not greater than $40.0 million, in minimum increments of $500,000, bear interest at a fixed rate per annum equal to the one-month LIBOR plus 165 basis points, the three-month LIBOR plus 165 basis points or the long-term interest rate swap rate plus 165 basis points, provided that no more than three fixed-rate interest periods would be in effect at any given time and no interest period would extend beyond the maturity date.

On September 28, 2007, the existing loan under the Agreement was refinanced by a Promissory Note entered into between SBLS LLC and First Bank that provides a $75.0 million unsecured revolving line of credit with a maturity date of September 30, 2008. Interest is payable monthly, in arrears, on the outstanding loan balances at a current rate equal to the 30-day LIBOR plus 40 basis points. The balance of advances outstanding under the Promissory Note was $52.3 million at December 31, 2007. The balance of advances outstanding under the Agreement was $47.5 million and $31.4 million at December 31, 2006 and 2005, respectively. Interest expense recorded by SBLS LLC under the Promissory Note and Agreement was $3.4 million, $3.0 million and $1.9 million for the years ended December 31, 2007, 2006 and 2005, respectively. The balance of the advances under the Promissory Note and the related interest expense recognized by SBLS LLC are eliminated for purposes of the Consolidated Financial Statements.

First Bank has had in the past, and may have in the future, loan transactions in the ordinary course of business with its directors and/or their affiliates. These loan transactions have been made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated persons and did not involve more than the normal risk of collectibility or present other unfavorable features. Loans to directors, their affiliates and executive officers of First Banks, Inc. were approximately $57.7 million and $55.9 million at December 31, 2007 and 2006, respectively. First Bank does not extend credit to its officers or to officers of First Banks, Inc., except extensions of credit secured by mortgages on personal residences, loans to purchase automobiles, personal credit card accounts and deposit account overdraft protection under a plan whereby a credit limit has been established in accordance with First Bank's standard credit criteria.
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In August 2005, First Bank entered into a contract with World Wide Technology, Inc. (WWT), a wholly owned subsidiary of World Wide Technology Holding Co., Inc. (WWTHC). WWTHC is an electronic procurement and logistics company in the information technology industry headquartered in St. Louis, Missouri. The contract provided for WWT to provide information technology services associated with the initial phase of a corporate-wide upgrade of personal computers to First Bank employees in an ongoing effort to further standardize the technological infrastructure throughout the First Bank branch banking network. Mr. David L. Steward, a director of First Banks and a member of the Audit Committee of First Banks, serves as the Chairman of the Board of Directors of WWTHC. Prior to entering into this contract, the Audit Committee of First Banks reviewed and approved the utilization of WWT for information technology services for this phase of the project with fees not to exceed $500,000. First Bank made payments of $478,000 under the contract for the first phase of the project, of which $471,000 in payments were made during 2005 and an additional $7,000 in payments were made during 2006. During 2006, First Bank evaluated the second phase of its corporate-wide personal computer upgrade project and entered into a contract with WWT in August 2006 for additional information technology services. Prior to entering into this contract, the Audit Committee of First Banks reviewed and approved the utilization of WWT for this phase of the project with fees not to exceed $500,000. First Bank made payments of $379,000 under the contract for the now completed second phase of the project, of which $367,000 in payments were made in 2006 and an additional $12,000 in payments were made during 2007.

(20) BUSINESS SEGMENT RESULTS

First Banks' business segment is First Bank. The reportable business segment is consistent with the management structure of First Banks, First Bank and the internal reporting system that monitors performance. First Bank provides similar products and services in its defined geographic areas through its branch network. The products and services offered include a broad range of commercial and personal deposit products, including demand, savings, money market and time deposit accounts. In addition, First Bank markets combined basic services for various customer groups, including packaged accounts for more affluent customers, and sweep accounts, lock-box deposits and cash management products for commercial customers. First Bank also offers consumer and commercial loans. Consumer lending includes residential real estate, home equity and installment lending. Commercial lending includes commercial, financial and agricultural loans, real estate construction and development loans, commercial real estate loans, small business lending, asset-based loans, trade financing and insurance premium financing. Other financial services include mortgage banking, debit cards, brokerage services, employee benefit and commercial and personal insurance services, internet banking, remote deposit, automated teller machines, telephone banking, safe deposit boxes and trust, private banking and institutional money management services. The revenues generated by First Bank and its subsidiaries consist primarily of interest income, generated from the loan and investment security portfolios, service charges and fees generated from deposit products and services, and fees generated by First Banks' mortgage banking, insurance, and trust, private banking and institutional money management business units. First Banks' products and services are offered to customers primarily within its geographic areas, which include eastern Missouri, Illinois, including the Chicago metropolitan area, southern and northern California, Houston and Dallas, Texas, and Florida's Manatee, Pinellas, Hillsborough and Pasco counties. Certain loan products, including small business loans and insurance premium financing loans, are available nationwide through SBLS LLC and UPAC.

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The business segment results are consistent with First Banks' internal reporting system and, in all material respects, with U.S. generally accepted accounting principles and practices predominant in the banking industry. Such principles and practices are summarized in Note 1 to the Consolidated Financial Statements. The business segment results are summarized as follows:

<TABLE>
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	First Bank			Corporate, Other and Intercompany Reclassifications			C
	2007	2006	2005	2007	2006	2005	2007
				(dollars expressed in thousands)			
Balance sheet information:							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investment securities......	$ 997,486	1,439,118	1,324,219	21,785	25,828	16,564	1,019,2
Loans, net of unearned discount...............	8,883,254	7,666,481	7,020,771	--	--	--	8,883,2
Goodwill and other intangible assets......	315,651	295,382	191,901	--	--	--	315,6
Total assets...............	10,867,592	10,116,246	9,148,931	29,768	42,468	21,402	10,897,3
Deposits...................	9,164,868	8,550,062	7,601,162	(15,675)	(106,976)	(59,331)	9,149,1
Other borrowings...........	376,123	373,899	539,174	--	--	--	376,1
Notes payable..............	--	--	--	39,000	65,000	100,000	39,0
Subordinated debentures....	--	--	--	353,752	297,966	215,461	353,7
Stockholders' equity.......	1,228,419	1,086,876	931,192	(360,931)	(286,441)	(252,254)	867,4
Income statement information:							
Interest income............	$ 698,744	645,100	493,182	1,169	1,204	758	699,9
Interest expense...........	289,702	233,982	145,608	26,759	27,880	22,651	316,4
Net interest income......	409,042	411,118	347,574	(25,590)	(26,676)	(21,893)	383,4
Provision for loan losses..	75,000	12,000	(4,000)	--	--	--	75,0
Net interest income after provision for loan losses........	334,042	399,118	351,574	(25,590)	(26,676)	(21,893)	308,4
Noninterest income.........	103,631	112,549	96,871	(362)	394	(786)	103,2
Amortization of intangible assets......	12,419	8,195	4,850	--	--	--	12,4
Other noninterest expense..	328,122	307,468	269,634	3,709	3,553	3,154	331,8
Income before provision for income taxes and minority interest in income (loss) of subsidiary............	97,132	196,004	173,961	(29,661)	(29,835)	(25,833)	67,4
Provision for income taxes.	20,958	65,752	61,517	(10,799)	(10,690)	(9,008)	10,1
Income before minority interest in income (loss) of subsidiary...	76,174	130,252	112,444	(18,862)	(19,145)	(16,825)	57,3
Minority interest in income (loss) of subsidiary............	78	(587)	(1,287)	--	--	--	
Net income..............	$ 76,096	130,839	113,731	(18,862)	(19,145)	(16,825)	57,2

</TABLE>

(21) REGULATORY CAPITAL

First Banks and First Bank are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on First Banks' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, First Banks and First Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.
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Quantitative measures established by regulation to ensure capital adequacy require First Banks and First Bank to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets, and of Tier 1 capital to average assets. Management believes, as of December 31, 2007 and 2006, First Banks and First Bank were each well capitalized. As of December 31, 2007, the most recent notification from First Banks' primary regulator categorized First Banks and First Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, First Banks and First Bank must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following table.

At December 31, 2007 and 2006, First Banks' and First Bank's required and actual capital ratios were as follows:
<TABLE>
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	Actual				For Capital Adequacy Purposes	To be Capitali Prompt C Action F
	2007		2006			
	Amount	Ratio	Amount	Ratio		
	(dollars expressed in thousands)					
Total capital (to risk-weighted assets):						
<S>	<C>	<C>	<C>	<C>	<C>	<C
First Banks.........................	$1,032,607	10.09%	$ 929,688	10.25%	8.0%	1(
First Bank..........................	1,048,345	10.26	925,013	10.23	8.0	1(
Tier 1 capital (to risk-weighted assets):						
First Banks.........................	844,421	8.25	789,967	8.71	4.0	6
First Bank..........................	920,080	9.00	811,530	8.97	4.0	6
Tier 1 capital (to average assets):						
First Banks.........................	844,421	8.32	789,967	8.13	3.0	5
First Bank..........................	920,080	9.09	811,530	8.38	3.0	5

</TABLE>

In March 2005, the Federal Reserve adopted a final rule, Risk-Based Capital Standards: Trust Preferred Securities and the Definition of Capital, which allows for the continued limited inclusion of trust preferred securities in Tier 1 capital. The Federal Reserve's final rule limits restricted core capital elements to 25% of the sum of all core capital elements, including restricted core capital elements, net of goodwill less any associated deferred tax liability. Amounts of restricted core capital elements in excess of these limits may generally be included in Tier 2 capital. Specifically, amounts of qualifying trust preferred securities and cumulative perpetual preferred stock in excess of the 25% limit may be included in Tier 2 capital, but will be limited, together with subordinated debt and limited-life preferred stock, to 50% of Tier 1 capital. In addition, the final rule provides that in the last five years before the maturity of the underlying subordinated note, the outstanding amount of the associated trust preferred securities is to be excluded from Tier 1 capital and included in Tier 2 capital, subject to one-fifth amortization per year. The final rule provides for a five-year transition period, ending March 31, 2009, for the application of the quantitative limits. Until March 31, 2009, the aggregate amount of qualifying cumulative perpetual preferred stock and qualifying trust preferred securities that may be included in Tier 1 capital is limited to 25% of the sum of the following core capital elements: qualifying common stockholders' equity, qualifying noncumulative and cumulative perpetual preferred stock, qualifying minority interest in the equity accounts of consolidated subsidiaries and qualifying trust preferred securities. First Banks has determined that the Federal Reserve's final rules that will be effective in March 2009, if implemented as of December 31, 2007, would reduce First Banks' Tier 1 capital (to risk-weighted assets) and Tier 1 capital (to average assets) to 7.39% and 7.45%, respectively, and would not have an impact on total capital (to risk-weighted assets).

(22) DISTRIBUTION OF EARNINGS OF FIRST BANK

First Bank is restricted by various state and federal regulations as to the amount of dividends that are available for payment to First Banks, Inc. Under the most restrictive of these requirements, the future payment of dividends from First Bank is limited to approximately $114.0 million at December 31, 2007, unless prior permission of the regulatory authorities is obtained.

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(23) PARENT COMPANY ONLY FINANCIAL INFORMATION

Following are condensed balance sheets of First Banks, Inc. as of December 31, 2007 and 2006, and condensed statements of income and cash flows for the years ended December 31, 2007, 2006 and 2005:

<TABLE>
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CONDENSED BALANCE SHEETS

	December 31,	
	2007	2006
	(dollars expressed in thou	
Assets		
<S>	<C>	<C>
Cash deposited in First Bank	$ 14,791	16,68
Cash deposited in unaffiliated financial institutions	--	2
Total cash	14,791	16,71
Investment securities	21,785	25,82
Investment in subsidiaries	1,228,266	1,087,35
Advances due from CFHI	1,401	-
Advances due from SFC	--	90,00
Other assets	8,116	17,01
Total assets	$1,274,359	1,236,91
Liabilities and Stockholders' Equity		
Notes payable	$ 39,000	65,00
Subordinated debentures	353,752	297,96
Accrued expenses and other liabilities	14,119	73,51
Total liabilities	406,871	436,47
Stockholders' equity	867,488	800,43
Total liabilities and stockholders' equity	$1,274,359	1,236,91

CONDENSED STATEMENTS OF INCOME

Years Ended December 31,

	2007	2006	20
	----	----	--
	(dollars expressed in thousa		
Income:			
Dividends from subsidiaries..................................	$ 45,000	70,000	94
Management fees from subsidiaries............................	34,386	35,525	31
Gain on sale of available-for-sale investment securities......	145	767	
Other..	1,424	2,284	1
	---------	--------	----
Total income...	80,955	108,576	127
	---------	--------	----
Expense:			
Interest...	26,940	28,356	22
Salaries and employee benefits...............................	23,829	25,530	23
Legal, examination and professional fees.....................	2,979	3,796	3
Charitable contributions.....................................	1,905	1,068	
Other..	10,037	9,660	8
	---------	--------	----
Total expense..	65,690	68,410	58
	---------	--------	----
Income before benefit for income taxes and equity in undistributed earnings of subsidiaries................	15,265	40,166	68
Benefit for income taxes.....................................	(10,825)	(10,690)	(9
	---------	--------	----
Income before equity in undistributed earnings of subsidiaries...	26,090	50,856	77
Equity in undistributed earnings of subsidiaries................	31,144	60,838	19
	---------	--------	----
Net income...	$ 57,234	111,694	96
	=========	========	====

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CONDENSED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		

	2007	2006	20
	----	----	--
	(dollars expressed in thous		
Cash flows from operating activities:			
<S>	<C>	<C>	<C
Net income..	$ 57,234	111,694	96
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Net income of subsidiaries..............................	(76,144)	(130,838)	(113
Dividends from subsidiaries.............................	45,000	70,000	94
Decrease (increase) in advances due from SFC.............	90,000	(90,000)	
Other, net..	8,739	(10,610)	4
	---------	--------	----
Net cash provided by (used in) operating activities....	124,829	(49,754)	82
	---------	--------	----
Cash flows from investing activities:			
Increase in investment securities............................	(2,616)	(6,375)	(5
Investment in common securities of affiliated business and statutory trusts....................................	(2,322)	(4,178)	
Payments from redemption of investment in common securities of affiliated business and statutory trusts................	2,481	--	1
Acquisitions of subsidiaries.................................	(50,749)	(85,514)	(52
Capital contributions to subsidiaries........................	(40,000)	--	
Other, net...	(1,401)	(1,682)	1
	---------	--------	----
Net cash used in investing activities.................	(94,607)	(97,749)	(54
	---------	--------	----
Cash flows from financing activities:			

Advances drawn on notes payable	35,000	--	100
Repayments of notes payable	(61,000)	(35,000)	(15
Proceeds from issuance of subordinated debentures	77,322	139,178	
Repayments of subordinated debentures	(82,681)	--	(59
Payment of preferred stock dividends	(786)	(786)	
Net cash (used in) provided by financing activities	(32,145)	103,392	24
Net (decrease) increase in cash	(1,923)	(44,111)	52
Cash, beginning of year	16,714	60,825	8
Cash, end of year	$ 14,791	16,714	60
Noncash investing activities:			
Cash paid for interest	$ 28,685	28,843	18

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(24) CONTINGENT LIABILITIES

In October 2000, First Banks entered into two continuing guaranty contracts. For value received, and for the purpose of inducing a pension fund and its trustees and a welfare fund and its trustees (the Funds) to conduct business with MVP, First Bank's institutional investment management subsidiary, First Banks irrevocably and unconditionally guaranteed payment of and promised to pay to each of the Funds any amounts up to the sum of $5.0 million to the extent MVP is liable to the Funds for a breach of the Investment Management Agreements (including the Investment Policy Statement and Investment Guidelines), by and between MVP and the Funds and/or any violation of the Employee Retirement Income Security Act by MVP resulting in liability to the Funds. The guaranties are continuing guaranties of all obligations that may arise for transactions occurring prior to termination of the Investment Management Agreements and are coexistent with the term of the Investment Management Agreements. The Investment Management Agreements have no specified term but may be terminated at any time upon written notice by the Trustees or, at First Banks' option, upon thirty days written notice to the Trustees. In the event of termination of the Investment Management Agreements, such termination shall have no effect on the liability of First Banks with respect to obligations incurred before such termination. The obligations of First Banks are joint and several with those of MVP. First Banks does not have any recourse provisions that would enable it to recover from third parties any amounts paid under the contracts nor does First Banks hold any assets as collateral that, upon occurrence of a required payment under the contract, could be liquidated to recover all or a portion of the amount(s) paid. At December 31, 2007 and 2006, First Banks had not recorded a liability for the obligations associated with these guaranty contracts as the likelihood that First Banks will be required to make payments under the contracts is remote.

CFHI Securities Litigation. Prior to acquisition by First Banks, CFHI and certain of its present and former officers were named as defendants in three purported class action complaints filed in the United States District Court for the Middle District of Florida, Tampa Division (the "Court") alleging violations of the federal securities laws, the first of which was filed with the Court on March 20, 2007 (the "Securities Actions"). On June 22, 2007, the Court entered an order pursuant to which the Court (i) consolidated the Securities Actions, with the matter proceeding under the docket for Grand Lodge of Pennsylvania v. Brian P. Peters, et al., Case No. 8:07-cv-429-T-26-EAJ and (ii) appointed Troy Ratcliff and Daniel Altenburg (the "Lead Plaintiffs") as lead plaintiffs pursuant to the provisions of the Private Securities Litigation Reform Act of 1995.

Subsequently, on or about August 24, 2007, the Lead Plaintiffs filed a consolidated amended class action complaint (the "Amended Complaint"). The Amended Complaint added as defendants (i) the then current members of CFHI's Board of Directors, (ii) one former member of CFHI's Board of Directors, (iii) the underwriters of CFHI's October 5, 2005 public offering of common stock, and (iv) CFHI's external auditors.

The Amended Complaint was brought on behalf of a putative class of purchasers of CFHI's common stock between January 21, 2005 and January 22, 2007. In general, the Amended Complaint alleges that CFHI's United States Securities and Exchange Commission (SEC) filings and public statements contained misstatements and omissions regarding its residential construction-to-permanent lending operations and, more specifically, regarding a home builder and its affiliates and that CFHI's financial statements violated U.S. generally accepted accounting principles. The Amended Complaint asserts claims under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On August 30, 2007, the Lead Plaintiffs filed a notice with the Court voluntarily dismissing their claims against Anne V. Lee and Justin D. Locke without prejudice.

CFHI filed a motion to dismiss the Amended Complaint on December 3, 2007. The Lead Plaintiffs filed an omnibus opposition to CFHI's motion to dismiss on February 1, 2008.

Other. In the ordinary course of business, First Banks and its subsidiaries become involved in legal proceedings other than those discussed above. Management, in consultation with legal counsel, believes the ultimate resolution of these proceedings will not have a material adverse effect on the financial condition or results of operations of First Banks and/or its subsidiaries.

(25) SUBSEQUENT EVENTS (UNAUDITED)

On February 12, 2008, First Banks entered into First and Second Amendments to its existing $125.0 million Secured Credit Agreement (Amended Secured Credit Agreement). The primary modifications, as reflected in the Amended Secured Credit Agreement, include changes to the borrower pledge agreement, the termination date of the revolving credit facility, and certain financial covenants. The Amended Secured Credit Agreement is secured by First Banks' ownership interest in the capital stock of both SFC and CFHI, which was acquired by First Banks on November 30, 2007, and all of the capital stock of First Bank owned by SFC and CFHI. The termination date of the revolving credit facility was extended from August 7, 2008 to September 1, 2008. The financial covenants of the Amended Secured Credit Agreement include modifications applicable to certain quarterly periods for the minimum return on assets ratio, the maximum nonperforming asset ratio and the minimum allowance for loan and lease loss ratio, as well as an additional covenant regarding minimum net income for First Banks.
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FIRST BANKS, INC.

QUARTERLY CONDENSED FINANCIAL DATA -- UNAUDITED

	2007 Quarter Ended		
	March 31	June 30	September 30
	(dollars expressed in thousands, except per		
<S>	<C>	<C>	<C>
Interest income	$ 171,827	177,319	178,105
Interest expense	76,966	80,548	80,259
Net interest income	94,861	96,771	97,846
Provision for loan losses	3,500	5,500	17,000
Net interest income after provision for loan losses	91,361	91,271	80,846
Noninterest income	24,583	24,037	26,840
Noninterest expense	85,701	84,435	84,529
Income (loss) before provision (benefit) for income taxes and minority interest in income (loss) of subsidiary	30,243	30,873	23,157
Provision (benefit) for income taxes	10,950	11,092	8,087
Income before minority interest in income (loss) of subsidiary	19,293	19,781	15,070
Minority interest in income (loss) of subsidiary	70	31	74
Net income	$ 19,223	19,750	14,996

Earnings per common share:			
Basic	$ 804.12	829.17	625.48
Diluted	$ 799.23	821.63	623.84

	2006 Quarter Ended		
	March 31	June 30	September 30
	(dollars expressed in thousands, except per		
Interest income	$ 147,234	157,731	168,293
Interest expense	56,368	62,051	69,109
Net interest income	90,866	95,680	99,184
Provision for loan losses	1,000	5,000	2,000
Net interest income after provision for loan losses	89,866	90,680	97,184
Noninterest income	25,497	25,879	29,994
Noninterest expense	74,815	81,051	80,473
Income before provision for income taxes and minority interest in loss of subsidiary	40,548	35,508	46,705
Provision for income taxes	11,703	13,500	17,249
Income before minority interest in loss of subsidiary	28,845	22,008	29,456
Minority interest in loss of subsidiary	(158)	(78)	(204)
Net income	$ 29,003	22,086	29,660
Earnings per common share:			
Basic	$1,217.49	927.86	1,245.28
Diluted	$1,202.46	916.31	1,231.06

</TABLE>

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FIRST BANKS, INC.

INVESTOR INFORMATION

</TABLE>

FIRST BANKS, INC. PREFERRED SECURITIES

The preferred securities of First Preferred Capital Trust IV are traded on the New York Stock Exchange with the ticker symbol "FBSPrA." The preferred securities of First Preferred Capital Trust IV are represented by a global security that has been deposited with and registered in the name of The Depository Trust Company, New York, New York (DTC). The beneficial ownership interests of these preferred securities are recorded through the DTC book-entry system. The high and low preferred securities prices and the dividends declared for 2007 and 2006 are summarized as follows:

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FIRST PREFERRED CAPITAL TRUST IV (ISSUE DATE - APRIL 2003) - FBSPrA

2007 2006

	------------------		------------------		D
	High	Low	High	Low	D
	----	---	----	---	-
<S>	<C>	<C>	<C>	<C>	<C
First quarter..	$28.00	25.65	28.00	25.76	$
Second quarter.......................................	26.75	25.17	27.65	26.38	
Third quarter..	25.96	24.30	28.05	26.70	
Fourth quarter.......................................	25.37	24.29	29.20	26.75	
					--
					$
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FOR INFORMATION CONCERNING FIRST BANKS, PLEASE CONTACT:
- --

<S>	<C>	<C>
Terrance M. McCarthy President and Chief Executive Officer 600 James S. McDonnell Blvd. Mail Code - M1-199-071 Hazelwood, Missouri 63042 Telephone - (314) 592-5000 www.firstbanks.com - ------------------	Steven F. Schepman Executive Vice President and Director of Corporate Development and Business Segments 600 James S. McDonnell Blvd. Mail Code - M1-199-071 Hazelwood, Missouri 63042 Telephone - (314) 592-5000 www.firstbanks.com ------------------	Lisa K. Vansickle Senior Vice President and Chief Financia 600 James S. McDonnel Mail Code - M1-199-01 Hazelwood, Missouri 6 Telephone - (314) 592 www.firstbanks.com ------------------

</TABLE>

TRANSFER AGENT:
- --------------

Computershare Investor Services, LLC
2 North LaSalle Street
Chicago, Illinois 60602
Telephone - (312) 588-4990
www.computershare.com
- ---------------------

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 BANKS, INC.

By: /s/ Terrance M. McCarthy

Terrance M. McCarthy
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Lisa K. Vansickle

Lisa K. Vansickle
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting
Officer)

Date: March 26, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<TABLE>
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Signatures	Title	Date
<S>	<C>	<C>
/s/ James F. Dierberg James F. Dierberg	Director	March 26, 2008
/s/ Terrance M. McCarthy Terrance M. McCarthy	Director	March 26, 2008
/s/ Steven F. Schepman Steven F. Schepman	Director	March 26, 2008
/s/ Gordon A. Gundaker Gordon A. Gundaker	Director	March 26, 2008
/s/ David L. Steward David L. Steward	Director	March 26, 2008
/s/ Douglas H. Yaeger Douglas H. Yaeger	Director	March 26, 2008

</TABLE>

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INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Restated Articles of Incorporation of the Company, as amended (incorporated herein by reference to Exhibit 3(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993).
3.2	By-Laws of the Company (incorporated herein by reference to Exhibit 3.2 to Amendment No. 2 to the Company's Registration Statement on Form S-1, File No. 33-50576, dated September 15, 1992).
4.1	Agreement as to Expenses and Liabilities between First Banks, Inc. and First Preferred Capital Trust IV, dated April 1, 2003 (relating to First Preferred Capital Trust IV ("First Preferred IV")) (incorporated herein by reference to Exhibit 10.20 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
4.2	Preferred Securities Guarantee Agreement by and between First Banks, Inc. and Fifth Third Bank, dated April 1, 2003 (relating to First Preferred IV) (incorporated herein by reference to Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
4.3	Indenture between First Banks, Inc. and Fifth Third Bank, as Trustee, dated April 1, 2003 (relating to First Preferred IV) (incorporated herein by reference to Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
4.4	Amended and Restated Trust Agreement among First Banks, Inc., as Depositor, Fifth Third Bank, as Property Trustee, Wilmington Trust Company, as Delaware Trustee, and the Administrative Trustees, dated

April 1, 2003 (relating to First Preferred IV) (incorporated herein by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).

4.5 Indenture between First Banks, Inc., as Issuer, and U.S. Bank National Association, as Trustee, dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.6 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

4.6 Amended and Restated Declaration of Trust by and among U.S. Bank National Association, as Institutional Trustee, First Banks, Inc., as Sponsor, and Allen H. Blake, Terrance M. McCarthy and Lisa K. Vansickle, as Administrators, dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.7 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

4.7 Guarantee Agreement by and between First Banks, Inc. and U.S. Bank National Association, dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.8 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

4.8 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust and SunTrust Capital Markets, Inc., dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.9 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

4.9 Junior Subordinated Debenture of First Banks, Inc., dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.10 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

4.10 Capital Securities Subscription Agreement by and among First Bank Statutory Trust, First Banks, Inc. and STI Investment Management, Inc., dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.11 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

4.11 Common Securities Subscription Agreement by and between First Bank Statutory Trust and First Banks, Inc., dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.12 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

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4.12 Debenture Subscription Agreement by and between First Banks, Inc. and First Bank Statutory Trust, dated as of March 20, 2003 (incorporated herein by reference to Exhibit 10.13 to Amendment No. 4 to the Company's Registration Statement on Form S-2, File No. 333-102549, dated March 24, 2003).

4.13 Indenture between First Banks, Inc., as Issuer, and Wilmington Trust Company, as Trustee, dated as of September 20, 2004 (incorporated herein by reference to Exhibit 4.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.14 Amended and Restated Declaration of Trust by and among Wilmington Trust Company, as Delaware Trustee and the Institutional Trustee, First Banks, Inc., as Sponsor, and Allen H. Blake, Terrance M. McCarthy and Lisa K. Vansickle, as Administrators, dated as of September 20, 2004 (incorporated herein by reference to Exhibit 4.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.15 Guarantee Agreement by and between First Banks, Inc. and Wilmington Trust Company, dated as of September 20, 2004 (incorporated herein by reference to Exhibit 4.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.16 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust II and FTN Financial Capital Markets and Keefe, Bruyette & Woods, as Placement Agents, dated as of September 10, 2004 (incorporated herein by reference to Exhibit 4.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.17 Floating Rate Junior Subordinated Deferrable Interest Debenture of First Banks, Inc., dated as of September 20, 2004 (incorporated herein by reference to Exhibit 4.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.18 Capital Securities Subscription Agreement by and among First Bank Statutory Trust II, First Banks, Inc. and First Tennessee Bank National Association, dated as of September 20, 2004 (incorporated herein by reference to Exhibit 4.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.19 Capital Securities Subscription Agreement by and between First Bank Statutory Trust II, First Banks, Inc. and Preferred Term Securities XV, Ltd., dated as of September 20, 2004 (incorporated herein by reference to Exhibit 4.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.20 Capital Securities Certificate P-1 of First Bank Statutory Trust II, dated September 20, 2004 (incorporated herein by reference to Exhibit 4.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.21 Capital Securities Certificate P-2 of First Bank Statutory Trust II, dated September 20, 2004 (incorporated herein by reference to Exhibit 4.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.22 Indenture between First Banks, Inc., as Issuer, and Wilmington Trust Company, as Trustee, dated as of November 23, 2004 (incorporated herein by reference to Exhibit 4.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.23 Amended and Restated Declaration of Trust by and among Wilmington Trust Company, as Delaware Trustee and the Institutional Trustee, First Banks, Inc., as Sponsor, and Terrance M. McCarthy, Peter D. Wimmer and Lisa K. Vansickle, as Administrators, dated as of November 23, 2004 (incorporated herein by reference to Exhibit 4.36 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.24 Guarantee Agreement by and between First Banks, Inc. and Wilmington Trust Company, dated as of November 23, 2004 (incorporated herein by reference to Exhibit 4.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.25 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust III and FTN Financial Capital Markets and Keefe, Bruyette & Woods, as Placement Agents, dated as of November 22, 2004 (incorporated herein by reference to Exhibit 4.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.26 Floating Rate Junior Subordinated Deferrable Interest Debenture of First Banks, Inc., dated as of November 23, 2004 (incorporated herein by reference to Exhibit 4.39 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

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4.27 Capital Securities Subscription Agreement by and among First Bank Statutory Trust III, First Banks, Inc. and First Tennessee Bank National Association, dated as of November 23, 2004 (incorporated herein by reference to Exhibit 4.40 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.28 Capital Securities Certificate P-1 of First Bank Statutory Trust III, dated November 23, 2004 (incorporated herein by reference to Exhibit 4.41 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

4.29 Indenture between First Banks, Inc., as Issuer, and Wilmington Trust Company, as Trustee, dated as of March 1, 2006 (incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.30 Amended and Restated Declaration of Trust by and among Wilmington Trust Company, as Delaware Trustee and the Institutional Trustee, First Banks, Inc., as Sponsor, and Allen H. Blake, Peter D. Wimmer and Lisa K. Vansickle, as Administrators, dated as of March 1, 2006 (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.31 Guarantee Agreement by and between First Banks, Inc. and Wilmington Trust Company, dated as of March 1, 2006 (incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.32 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust IV and FTN Financial Capital Markets and Keefe, Bruyette & Woods, as Placement Agents, dated as of February 16, 2006 (incorporated herein by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.33 Floating Rate Junior Subordinated Deferrable Interest Debenture of First Banks, Inc., dated as of March 1, 2006 (incorporated herein by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.34 Capital Securities Subscription Agreement by and among First Bank Statutory Trust IV, First Banks, Inc. and First Tennessee Bank National Association, dated as of March 1, 2006 (incorporated herein by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.35 Capital Securities Subscription Agreement by and among First Bank Statutory Trust IV, First Banks, Inc. and Preferred Term Securities XXI, Ltd., dated as of March 1, 2006 (incorporated herein by reference to Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.36 Capital Securities Certificate P-1 of First Bank Statutory Trust IV, dated March 1, 2006 (incorporated herein by reference to Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.37 Capital Securities Certificate P-2 of First Bank Statutory Trust IV, dated March 1, 2006 (incorporated herein by reference to Exhibit 4.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006).

4.38 Indenture between First Banks, Inc., as Issuer, and Wilmington Trust Company, as Trustee, dated as of April 28, 2006 (incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.39 Amended and Restated Declaration of Trust of First Bank Statutory Trust V by and among Wilmington Trust Company, as Delaware Trustee and the Institutional Trustee, First Banks, Inc., as Sponsor, and Allen H. Blake, Peter D. Wimmer and Lisa K. Vansickle, as Administrators, dated as of April 28, 2006 (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.40 Guarantee Agreement by and between First Banks, Inc. and Wilmington Trust Company, dated as of April 28, 2006 (incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.41 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust V and FTN Financial Capital Markets and Keefe, Bruyette & Woods, as Placement Agents, dated as of April 27, 2006 (incorporated herein by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

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4.42 Floating Rate Junior Subordinated Deferrable Interest Debenture of First Banks, Inc., dated as of April 28, 2006 (incorporated herein by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.43 Capital Securities Subscription Agreement by and among First Bank Statutory Trust V, First Banks, Inc. and First Tennessee Bank National Association, dated as of April 28, 2006 (incorporated herein by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.44 Capital Securities Certificate P-1 of First Bank Statutory Trust V, dated as of April 28, 2006 (incorporated herein by reference to Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.45 Indenture between First Banks, Inc., as Issuer, and Wells Fargo Bank, National Association, as Trustee, dated as of June 16, 2006 (incorporated herein by reference to Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.46 Amended and Restated Declaration of Trust of First Bank Statutory Trust VI by and among Wells Fargo Delaware Trust Company, as Delaware Trustee, Wells Fargo Bank, National Association, as Institutional Trustee, First Banks, Inc., as Sponsor, and Allen H. Blake and Lisa K. Vansickle, as Administrators, dated as of June 16, 2006 (incorporated herein by reference to Exhibit 4.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.47 Guarantee Agreement by and between First Banks, Inc. and Wells Fargo Bank, National Association, dated as of June 16, 2006 (incorporated herein by reference to Exhibit 4.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.48 Purchase Agreement among First Bank Statutory Trust VI, Issuer, First Banks, Inc., Sponsor, and Bear, Stearns & Co. Inc., Initial Purchaser, dated as of June 14, 2006 (incorporated herein by reference to Exhibit 4.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.49 Junior Subordinated Debt Security due 2036 of First Banks, Inc., dated as of June 16, 2006 (incorporated herein by reference to Exhibit 4.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.50 Debenture Subscription Agreement by and between First Banks, Inc. and First Bank Statutory Trust VI, dated as of June 16, 2006 (incorporated herein by reference to Exhibit 4.13 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.51 Capital Securities Certificate P-001 of First Bank Statutory Trust VI, dated as of June 16, 2006 (incorporated herein by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).

4.52 Indenture between First Banks, Inc., as Issuer, and Wilmington Trust Company, as Trustee, dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.57 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.53 Amended and Restated Declaration of Trust of First Bank Statutory Trust VII by and among Wilmington Trust Company, as Delaware Trustee and the Institutional Trustee, First Banks, Inc., as Sponsor, and Terrance M. McCarthy, Peter D. Wimmer and Lisa K. Vansickle, as Administrators, dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.58 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.54 Guarantee Agreement by and between First Banks, Inc. and Wilmington Trust Company, dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.59 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.55 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust VII and FTN Financial Capital Markets and Keefe, Bruyette & Woods, as Placement Agents, dated as of December 6, 2006 (incorporated herein by reference to Exhibit 4.60 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.56 Floating Rate Junior Subordinated Deferrable Interest Debenture of First Banks, Inc., dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.61 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.57 Capital Securities Subscription Agreement by and among First Bank Statutory Trust VII, First Banks, Inc. and First Tennessee Bank National Association, dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.62 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.58 Capital Securities Subscription Agreement by and among First Bank Statutory Trust VII, First Banks, Inc. and Preferred Term Securities XXIV, Ltd., dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.63 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.59 Capital Securities Certificate P-1 of First Bank Statutory Trust VII, dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.64 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.60 Capital Securities Certificate P-2 of First Bank Statutory Trust VII, dated as of December 14, 2006 (incorporated herein by reference to Exhibit 4.65 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).

4.61 Junior Subordinated Indenture between First Banks, Inc. and Wilmington Trust Company, as Trustee, dated as of February 23, 2007 (incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

4.62 Amended and Restated Trust Agreement of First Bank Statutory Trust VIII among First Banks, Inc., as Depositor, Wilmington Trust Company, as Property Trustee and as Delaware Trustee, and Terrance M. McCarthy, Peter D. Wimmer and Lisa K. Vansickle, as Administrative Trustees, dated as of February 23, 2007 (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

4.63 Guarantee Agreement of First Bank Statutory Trust VIII between First Banks, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, dated as of February 23, 2007 (incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

4.64 Purchase Agreement among First Banks, Inc., First Bank Statutory Trust VIII and TWE, Ltd., and Credit Suisse, acting through its Cayman Islands branch, as Purchasers, dated as of February 23, 2007 (incorporated herein by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

4.65 Floating Rate Junior Subordinated Note due 2037 of First Banks, Inc., dated as of February 23, 2007 (incorporated herein by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

4.66 Junior Subordinated Note Subscription Agreement between First Banks, Inc. and First Bank Statutory Trust VIII, dated as of February 23, 2007 (incorporated herein by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

4.67 Preferred Securities Certificate P-1 of First Bank Statutory Trust VIII, dated as of February 23, 2007 (incorporated herein by reference to Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

4.68 Indenture between First Banks, Inc., as Issuer, and LaSalle Bank National Association, as Trustee, dated as of August 31, 2007 (incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.69 Amended and Restated Declaration of Trust of First Bank Statutory Trust X by and among LaSalle Bank National Trust Delaware, as Delaware

Trustee, LaSalle Bank National Association, as Institutional Trustee, First Banks, Inc., as Sponsor, and Peter D. Wimmer and Lisa K. Vansickle, as Administrators, dated as of August 31, 2007 (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.70 Guarantee Agreement by and between First Banks, Inc. and LaSalle Bank National Association, dated as of August 31, 2007 (incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.71 Placement Agreement by and among First Bank Statutory Trust X, as Issuer, First Banks, Inc., as Sponsor, and Cohen & Company, as Placement Agent, dated as of August 29, 2007 (incorporated herein by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.72 Junior Subordinated Debt Security due 2037 of First Banks, Inc., dated as of August 31, 2007 (incorporated herein by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

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4.73 Debenture Subscription Agreement by and between First Banks, Inc. and First Bank Statutory Trust X, dated as of August 31, 2007 (incorporated herein by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.74 Capital Securities Certificate P-001 of First Bank Statutory Trust X, dated as of August 31, 2007 (incorporated herein by reference to Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.75 Indenture between First Banks, Inc., as Issuer, and Wilmington Trust Company, as Trustee, dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.76 Amended and Restated Declaration of Trust of First Bank Statutory Trust IX by and among Wilmington Trust Company, as Delaware Trustee and Institutional Trustee, First Banks, Inc., as Sponsor, and Terrance M. McCarthy, Peter D. Wimmer and Lisa K. Vansickle, as Administrators, dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.77 Guarantee Agreement by and between First Banks, Inc. and Wilmington Trust Company, dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.78 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust IX and FTN Financial Capital Markets and Keefe, Bruyette & Woods, Inc., as Placement Agents, dated as of September 13, 2007 (incorporated herein by reference to Exhibit 4.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.79 Floating Rate Junior Subordinated Deferrable Interest Debenture of First Banks, Inc., dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.80 Capital Securities Subscription Agreement by and among First Bank Statutory Trust IX, First Banks, Inc. and Preferred Term Securities XXVII, Ltd., dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.13 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.81 Capital Securities Subscription Agreement by and among First Bank Statutory Trust IX, First Banks, Inc. and First Tennessee Bank National Association, dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.82 Capital Securities Certificate P-1 of First Bank Statutory Trust IX, dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.15 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.83 Capital Securities Certificate P-2 of First Bank Statutory Trust IX, dated as of September 20, 2007 (incorporated herein by reference to Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.84 Indenture between First Banks, Inc., as Issuer, and Wilmington Trust Company, as Trustee, dated as of September 28, 2007 (incorporated herein by reference to Exhibit 4.17 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.85 Amended and Restated Declaration of Trust of First Bank Statutory Trust XI by and among Wilmington Trust Company, as Delaware Trustee and Institutional Trustee, First Banks, Inc., as Sponsor, and Terrance M. McCarthy, Peter D. Wimmer and Lisa K. Vansickle, as Administrators, dated as of September 28, 2007 (incorporated herein by reference to Exhibit 4.18 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

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4.86 Guarantee Agreement by and between First Banks, Inc. and Wilmington Trust Company, dated as of September 28, 2007 (incorporated herein by reference to Exhibit 4.19 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.87 Placement Agreement by and among First Banks, Inc., First Bank Statutory Trust XI and FTN Financial Capital Markets and Keefe, Bruyette & Woods, Inc., as Placement Agents, dated as of September 27, 2007 (incorporated herein by reference to Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.88 Floating Rate Junior Subordinated Deferrable Interest Debenture of First Banks, Inc., dated as of September 28, 2007 (incorporated herein by reference to Exhibit 4.21 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.89 Capital Securities Subscription Agreement by and among First Bank Statutory Trust XI, First Banks, Inc. and First Tennessee Bank National Association, dated as of September 28, 2007 (incorporated herein by reference to Exhibit 4.22 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

4.90 Capital Securities Certificate P-1 of First Bank Statutory Trust XI, dated as of September 28, 2007 (incorporated herein by reference to Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

10.1 Shareholders' Agreement by and among James F. Dierberg II and Mary W. Dierberg, Trustees under the Living Trust of James F. Dierberg II, dated July 24, 1989, Michael James Dierberg and Mary W. Dierberg, Trustees under the Living Trust of Michael James Dierberg, dated July 24, 1989; Ellen C. Dierberg and Mary W. Dierberg, Trustees under the Living Trust of Ellen C. Dierberg dated July 17, 1992, and First Banks, Inc. (incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1, File No 33-50576, dated August 6, 1992).

10.2 Comprehensive Banking System License and Service Agreement dated as of July 24, 1991, by and between the Company and FiServ CIR, Inc. (incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1, File No. 33-50576, dated August 6, 1992).

10.3 AFS Customer Agreement by and between First Banks, Inc. and Advanced Financial Solutions, Inc., dated January 29, 2004 (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).

10.4 Management Services Agreement by and between First Banks, Inc. and First Bank, dated February 28, 2004 (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).

10.5 Service Agreement by and between First Services, L.P. and First Banks, Inc., dated May 1, 2004 (incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).

10.6 Service Agreement by and between First Services, L.P. and First Bank, dated May 1, 2004 (incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).

10.7 Service Agreement by and between First Banks, Inc. and First Services, L.P., dated May 1, 2004 (incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).

10.8* First Banks, Inc. Executive Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

10.9* First Banks, Inc. Nonqualified Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

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10.10* First Amendment to First Banks, Inc. Nonqualified Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).

10.11 Secured Credit Agreement ($125.0 million Revolving Credit Facility, including $10.0 million Swingline Sub-Facility and $5.0 million Letter of Credit Sub-Facility), dated as of August 8, 2007, by and among First Banks, Inc. and Wells Fargo Bank, National Association, as Agent, JP Morgan Chase Bank, N.A., LaSalle Bank National Association, The Northern Trust Company, Union Bank of California, N.A., Fifth Third Bank (Chicago) and U.S. Bank National Association (incorporated herein by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

10.12 First Amendment to the Secured Credit Agreement, dated as of February 12, 2008, by and among First Banks, Inc. and Wells Fargo Bank, National Association, as Agent, and JP Morgan Chase Bank, N.A., LaSalle Bank National Association, The Northern Trust Company, Union Bank of California, N.A. and Fifth Third Bank (Chicago) (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 19, 2008).

10.13 Second Amendment to the Secured Credit Agreement, dated as of February 12, 2008, by and among First Banks, Inc. and Wells Fargo Bank, National Association, as Agent, and JP Morgan Chase Bank, N.A., LaSalle Bank National Association, The Northern Trust Company, Union Bank of California, N.A., Fifth Third Bank (Chicago) and U.S. Bank National Association (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 19, 2008).

14.1 Code of Ethics for Principal Executive Officer and Financial Professionals, as amended - filed herewith.

21.1 Subsidiaries of the Company - filed herewith.

31.1 Rule 13a-14(a) / 15d-14(a) Certifications of Chief Executive Officer - filed herewith.

31.2 Rule 13a-14(a) / 15d-14(a) Certifications of Chief Financial Officer - filed herewith.

32.1 Section 1350 Certifications of Chief Executive Officer - filed herewith.

32.2 Section 1350 Certifications of Chief Financial Officer - filed herewith.

* Exhibits designated by an asterisk in the Index to Exhibits relate to management contracts and/or compensatory plans or arrangements.

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EXHIBIT 14.1

FIRST BANKS, INC.

CODE OF ETHICS FOR PRINCIPAL EXECUTIVE OFFICER AND FINANCIAL PROFESSIONALS

INTRODUCTION

The Board of Directors of First Banks, Inc. ("First Banks" or the "Company") has adopted this Code of Ethics (the "Code") to govern the professional conduct of its Principal Executive Officer and Financial Professionals (as such term is hereinafter defined) for the purposes of promoting:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

2. Full, fair, accurate, timely and understandable disclosure in reports and documents that a registrant files with, or submits to, the Securities and Exchange Commission (the "SEC") and in other public communications made by the registrant and that are within the Principal Executive Officer's responsibility;

3. Compliance with applicable governmental laws, rules and regulations;

4. The prompt internal reporting to an appropriate person or persons identified in the code of violations of the code; and

5. Accountability for adherence to the code.

This Code applies to the Principal Executive Officer (i.e. the Chief Executive Officer) of First Banks and all Financial Professionals of the Company and First Bank, collectively the "Covered Officers." For purposes of this Code, the term "Financial Professionals" includes the Chief Financial Officer, the Chief Credit Officer, the Chief Investment Officer, the Senior Vice President - Special Projects, the Senior Vice President - Director of Taxes, and all professionals serving in a Corporate Finance, Accounting, Treasury, Tax or Investor Relations role.

First Banks expects its employees to act in accordance with the highest standards of professional and personal integrity in all aspects of their job responsibilities and activities; to comply and assure the Company's compliance with all applicable laws, rules and regulations of the jurisdictions under which the Company operates; to deter wrongdoing; and to conduct themselves in accordance with the employment guidelines described in the First Banks Employee Handbook and other policies and procedures adopted by First Banks that govern the conduct of its employees. Covered Officers are reminded of their obligations under the First Banks Employee Handbook. The obligations under this Code are intended to supplement the First Banks Employee Handbook.

CONFLICTS OF INTEREST

Each Covered Officer is required to adhere to the highest standards of business ethics and should be highly sensitive to situations that may give rise to actual or apparent conflicts of interest. A "conflict of interest" occurs when a

Covered Officer's private interest interferes with the interests of First Banks, or the Covered Officer's service to First Banks. A Covered Officer must not improperly use his or her personal influence or personal relationships to influence corporate decisions or financial reporting whereby the Covered Officer would benefit personally to the detriment of the Company. Covered Officers shall conduct their personal and professional affairs in a manner that avoids both real and apparent conflicts of interest between their interests and the interests of First Banks. In addition, each Covered Officer shall provide prompt and full disclosure to the Director of Risk Management and Audit, in writing, of any material transaction or relationship that may reasonably be expected to give rise to a conflict of interest.

EXPECTED STANDARDS OF ETHICAL BEHAVIOR

Covered Officers are expected to:

1. Maintain skills appropriate and necessary for the performance of their job responsibilities for the Company.

2. Engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

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3. Refrain from engaging in any activity that would compromise their professional ethics or otherwise prejudice their ability to carry out their required duties for the Company.

4. Consult with other officers and employees (to the extent appropriate within his or her area of responsibility) with a goal of promoting full, fair, accurate, timely and understandable disclosure in reports and documents that a registrant files with, or submits to, the Securities and Exchange Commission (the "SEC") and in other public communications made by the registrant and that are within the Principal Executive Officer's responsibility.

5. Establish, administer and adhere to appropriate systems and procedures to ensure that transactions are recorded in First Banks' financial records in accordance with accounting principles generally accepted in the United States of America, established Company policy and appropriate regulatory pronouncements and guidelines.

6. Establish, administer and adhere to financial accounting controls that are appropriate to ensure the integrity of the financial reporting process and the availability of timely, relevant information for the safe, sound and profitable operation of the Company.

7. Completely disclose all relevant information reasonably expected to be needed by regulatory examiners and internal and external auditors for the full, complete and successful discharge of their duties and responsibilities;

8. Comply with all applicable governmental laws, rules and regulations, as well as the rules and regulations of self-regulatory organizations of which First Banks or its subsidiaries is a member.

9. Promptly report any violations or possible violations of this Code to the Director of Risk Management and Audit or any of the parties of channels listed in the First Banks Employee Handbook. Failure to do so is in itself a violation of this Code.

10. Strictly adhere to all aspects of this Code.

REPORTING AND ACCOUNTABILITY

Upon adoption of the Code (or thereafter as applicable, upon becoming a Covered Officer), each Covered Officer shall affirm in writing to the Director of Risk Management and Audit that he or she has received, read and understands the Code by completing the "Acknowledgement Form" included herein. Thereafter, on an annual basis beginning on December 31, 2004, each Covered Officer shall affirm that he or she has complied with the requirements of the Code by completing the "Annual Certification Form" included herein. The Covered Officers' employment is contingent upon completion of the Acknowledgement Form and the Annual

Certification Forms.

The Board of Directors hereby designates the Director of Risk Management and Audit as the "Code Compliance Officer." The Code Compliance Officer (or his/her designee) shall take all action considered appropriate to investigate any actual or potential conflicts of interest or violations of the Code reported to him/her. Any matters the Code Compliance Officer believes is a conflict of interest or violation of the Code will be reported to the Board of Directors of First Banks, which shall determine further appropriate action(s). The Director of Risk Management and Audit shall be responsible for reviewing any requests for waivers from the provisions of this Code and such requests for waivers will be reported to the Board of Directors of First Banks, which shall have sole authority to grant or deny any such waivers. Any violations of this Code, any waivers granted from this Code and any potential conflicts of interest and their resolution shall be reported to the Board of Directors of First Banks at the next regularly scheduled meeting. This provision of the Code and any waivers, including implicit waivers, shall be appropriately disclosed in accordance with applicable SEC rules and regulations.

AMENDMENTS

The Board of Directors of First Banks must approve and adopt any amendments to this Code.

ADOPTED: November 1, 2003

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ACKNOWLEDGEMENT FORM

I acknowledge that I have received, read and understand the First Banks, Inc. Code of Ethics for Principal Executive Officer and Financial Professionals (the "Code"), dated November 1, 2003, and understand my obligations as a Covered Officer (as such term is defined in the Code) to comply with all aspects of the Code. I also understand my obligations under the Code supplement my obligations under the "First Banks Employee Handbook."

Furthermore, I understand:

- o that I will be held accountable for my adherence to the Code;
- o that my failure to observe the terms of the Code may result in disciplinary action, up to and including termination of employment;
- o that violations of the Code may also constitute violations of law and may result in civil and criminal penalties for me, my supervisors and/or First Banks;
- o that my agreement to comply with the Code does not constitute a contract for employment.
- o that should I have any questions regarding the appropriate course of action to take in a particular situation, I should immediately contact the Director of Risk Management and Audit; and
- o I may choose to remain anonymous in reporting any violations or possible violations of the Code through the use of "First Banks' Policy for Submission of Concerns Regarding Questionable Accounting or Auditing Matters," which I have received, read and understand.

Signature of Covered Officer

Printed Name of Covered Officer

Title of Covered Officer

Date

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ANNUAL CERTIFICATION FORM

I acknowledge that I have received, read and understand the First Banks, Inc. Code of Ethics for Principal Executive Officer and Financial Professionals (the "Code"), dated November 1, 2003, and understand my obligations as a Covered Officer (as such term is defined in the Code) to comply with all aspects of the Code. I also understand my obligations under the Code supplement my obligations under the First Banks Employee Handbook. Furthermore, I understand that my agreement to comply with the Code does not constitute a contract for employment.

I certify that I have fully complied with all aspects of the Code during the calendar year ended December 31, 2007.

Signature of Covered Officer

Printed Name of Covered Officer

Title of Covered Officer

Date

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EXHIBIT 21.1

FIRST BANKS, INC.

SUBSIDIARIES

The following is a list of our subsidiaries and the jurisdiction of incorporation or organization:

Name of Subsidiary	Jurisdiction of Incorporation or Organization
<S>	<C>
The San Francisco Company (1)	Delaware
Coast Financial Holdings, Inc. (1)	Florida
First Bank	Missouri
Adrian N. Baker & Company	Missouri

First Land Trustee Corp.	Missouri
First Bank Business Capital, Inc.	Missouri
Missouri Valley Partners, Inc.	Missouri
Universal Premium Acceptance Corporation	Missouri
UPAC of California, Inc.	California
Small Business Loan Source LLC (2)	Nevada
Small Business Loan Source Funding Corporation	Delaware
Coast Financial Partners, Inc. (3)	Florida

- ---------------
(1) The San Francisco Company and Coast Financial Holdings, Inc. owned 96.89% and 3.11%, respectively, of First Bank at December 31, 2007.
(2) First Bank owned 76% of Small Business Loan Source LLC at December 31, 2007.
(3) Coast Financial Partners, Inc. is an inactive subsidiary.

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EXHIBIT 31.1

CERTIFICATIONS REQUIRED BY
RULE 13a-14(a) OR RULE 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Terrance M. McCarthy, certify that:

1. I have reviewed this Annual Report on Form 10-K (the "Report") of First Banks, Inc. (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 26, 2008

FIRST BANKS, INC.

By: /s/ Terrance M. McCarthy

Terrance M. McCarthy
President and Chief Executive Officer
(Principal Executive Officer)

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CERTIFICATIONS REQUIRED BY
RULE 13a-14(a) OR RULE 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Lisa K. Vansickle, certify that:

1. I have reviewed this Annual Report on Form 10-K (the "Report") of First Banks, Inc. (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 26, 2008

FIRST BANKS, INC.

By: /s/ Lisa K. Vansickle

Lisa K. Vansickle
Senior Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350

I, Terrance M. McCarthy, President and Chief Executive Officer of First Banks, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2007 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 26, 2008

By: /s/ Terrance M. McCarthy

Terrance M. McCarthy
President and
Chief Executive Officer
(Principal Executive Officer)

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CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350

I, Lisa K. Vansickle, Senior Vice President and Chief Financial Officer of First Banks, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2007 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 26, 2008

By: /s/ Lisa K. Vansickle

Lisa K. Vansickle
Senior Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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-----END PRIVACY-ENHANCED MESSAGE-----