UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2003

| | TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 0-15950

FIRST BUSEY CORPORATION
(Exact name of registrant as specified in its Charter)

Nevada	37-1078406
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
201 West Main Street Urbana, Illinois	61801
(Address of principal executive offices)	(Zip Code)

(217) 365-4513
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:
None
Securities registered pursuant to Section 12(g) of the Act:
Common Stock, without par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No | |

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 Regulation S-K 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. | |

Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Act.). Yes |X| No | |

The aggregate market value of the voting and nonvoting Common Stock held by non-affiliates was $211,677,035 based on the closing price for the stock as reported on the Nasdaq National Market as of June 30, 2003, or as of the last business day of the registrants most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 27, 2004
Common Stock, without par value	13,696,902

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement dated March 12, 2004, for First Busey Corporation's Annual Meeting of Stockholders to be held April 13, 2004, (the "2004 Proxy Statement") are incorporated by reference into Part III.

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FIRST BUSEY CORPORATION
Form 10-K Annual Report

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PART I

ITEM 1. BUSINESS

INTRODUCTION

First Busey Corporation ("First Busey" or the "Corporation"), a Nevada Corporation, is a $1.5 billion financial holding company which was initially organized as a bank holding company in 1980. First Busey conducts a broad range of financial services through its banking and non-banking subsidiaries at 23 locations. First Busey is headquartered in Urbana, Illinois and its common stock is traded on the Nasdaq National Market under the symbol "BUSE."

BANKING AND NON-BANKING SUBSIDIARIES

First Busey currently has two wholly owned banking subsidiaries located in three states, Busey Bank and Busey Bank Florida (the "Banks").

Busey Bank, a state-chartered bank organized in 1868, is a full-service commercial bank offering a wide variety of services to individual, business, institutional and governmental customers, including retail products and services. Busey Bank has 18 locations in Illinois and one in Indianapolis, Indiana.

First Busey acquired Eagle BancGroup, Inc., parent of First Federal Savings & Loan Association ("First Federal"), in October, 1999. First Federal, located in Bloomington, Illinois, was established in 1919 as a federally chartered capital stock savings association. In June, 2000, First Federal changed its name to Busey Bank fsb. At the same time, four of Busey Bank's branches, located in LeRoy and Bloomington, Illinois, were transferred to Busey Bank fsb. In October, 2000, Busey Bank fsb opened an additional branch in Fort Myers, Florida. In November, 2001, Busey Bank fsb transferred its charter to Florida, and changed its name to Busey Bank Florida. Simultaneously, the Illinois assets of Busey Bank fsb were merged into Busey Bank. Busey Bank Florida, a federally chartered savings association, is a full-service bank offering commercial and retail banking services. Busey Bank Florida has one location in Fort Myers, Florida, and two locations in Cape Coral, Florida.

The Banks offer a full range of banking services, including commercial, financial, agricultural and real estate loans, and retail banking services, including accepting customary types of demand and savings deposits, making individual, consumer, installment, first mortgage and second mortgage loans, offering money transfers, safe deposit services, IRA, Keogh and other fiduciary services, automated banking and automated fund transfers.

Busey Investment Group, Inc., a wholly owned non-banking subsidiary, located in Champaign, Illinois. Busey Investment Group is the parent company of: (1) First Busey Trust & Investment Co., which is exclusively dedicated to providing a full range of trust and investment management services, including estate and financial planning, tax preparation, custody services and philanthropic advisory services; (2) First Busey Securities, Inc., which is a full-service broker/dealer and provides individual investment advice; and (3) Busey Insurance Services, Inc., which offers a variety of insurance products.

First Busey Resources, Inc., a wholly owned non-banking subsidiary, located in Urbana, Illinois, owns and manages a hotel property included in repossessed assets and two other real estate properties which are not currently used in banking activities.

First Busey Capital Trust I ("Capital Trust I"), a statutory business trust organized under the Delaware Business Trust Act, was formed in June, 2001. First Busey owns all of the Common Securities of Capital Trust I.

COMPETITION

The Banks compete actively with national and state banks, savings and loan associations and credit unions for deposits and loans primarily in central and east-central Illinois, southwest Florida, and central Indiana. In addition, First Busey and its non-bank subsidiaries compete with other financial institutions, including asset management and trust companies, security broker/dealers, personal loan companies, insurance companies, finance companies, leasing companies, mortgage companies, and certain governmental agencies, all of which actively engage in marketing various types of loans, deposit accounts, and other products and services.

Based on information obtained from FDIC/OTS Summary of Deposits dated June, 2003, First Busey ranked first in total deposits in Champaign County, second in Ford County, and fourth in McLean County. Customers for banking services are generally influenced by convenience, quality of service, personal contacts, price of services and availability of products. Although the market share of First Busey varies in different markets, First Busey believes that its affiliates effectively compete with other banks, thrifts and financial institutions in their relevant market areas.

SUPERVISION, REGULATION AND OTHER FACTORS

GENERAL

First Busey is a financial holding company subject to supervision and regulation by the Board of Governors of the Federal Reserve System ("Federal Reserve") under the Bank Holding Company Act ("BHCA"), and by the Illinois Bank Holding Company Act ("IBHCA"). First Busey's state-chartered bank is subject to regulation and examination primarily by the State of Illinois Office of Banks and Real Estate ("SIOBRE") and, secondarily, by the Federal Deposit Insurance Corporation ("FDIC"). First Busey's federally chartered capital stock savings association is subject to regulation and examination primarily by the Office of Thrift Supervision ("OTS") and, secondarily, by the FDIC. Numerous other federal and state laws, as well as regulations promulgated by the Federal Reserve, SIOBRE, FDIC and OTS govern almost all aspects of the operations of the Banks. Various federal and state bodies regulate and supervise First Busey's non-banking subsidiaries including its brokerage, investment advisory and insurance agency operations. These include, but are not limited to, SIOBRE, Federal Reserve, Securities and Exchange Commission, National Association of Securities Dealers, Inc., Illinois Department of Insurance, federal and state banking regulators and various state regulators of insurance and brokerage activities.

Under the Gramm-Leach-Bliley Act (the "Act"), a bank holding company that elects to become a financial holding company may engage in any activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is: (1) financial in nature; (2) incidental to any such financial activity; or (3) complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. This Act makes significant changes in U.S. banking law, principally by repealing certain restrictive provisions of the 1933 Glass-Steagall Act. The Act specifies certain activities that are deemed to be financial in nature, including lending, exchanging, transferring, investing for others, or safeguarding money or securities; underwriting and selling insurance; providing financial, investment, or economic advisory services; underwriting, dealing in, or making a market in, securities; and any activity currently permitted for bank holding companies by the Federal Reserve under Section 4(c)(8) of the BHCA. The Act does not authorize banks or their affiliates to engage in commercial activities that are not financial in nature. A bank holding company may elect to be treated as a financial holding company only if all depository institution subsidiaries of the holding company are well-capitalized, well-managed and have at least a satisfactory rating under the Community Reinvestment Act.

In addition to the Act, there have been a number of legislative and regulatory proposals that would have an impact on bank/financial holding companies and their bank and non-bank subsidiaries. It is impossible to predict whether or in what form these proposals may be adopted in the future and if adopted, what their effect will be on First Busey.

DIVIDENDS

The Federal Reserve has issued a policy statement on the payment of cash dividends by financial holding companies. In the policy statement, the Federal Reserve expressed its view that a bank holding company experiencing weak earnings should not pay cash dividends in excess of its net income or which could only be funded in ways that would weaken its financial health, such as by borrowing. First Busey is also subject to certain contractual and regulatory capital restrictions that limit the amount of cash dividends that First Busey may pay. The Federal Reserve also may impose limitations on the payment of dividends as a condition to its approval of certain applications, including applications for approval of mergers and acquisitions.

The primary sources of funds for First Busey's payment of dividends to its shareholders are dividends and fees to First Busey from its banking and nonbanking affiliates. Various federal and state statutory provisions and regulations limit the amount of dividends that the subsidiary banks of First Busey may pay. Under provisions of the Illinois Banking Act ("IBA"), dividends may not be declared by banking subsidiaries except out of the bank's net profit (as defined), and unless the bank has transferred to surplus at least one-tenth of its net profits since the date of the declaration of the last preceding dividend, until the amount of its surplus is at least equal to its capital.

Federal and state banking regulations applicable to First Busey and its banking subsidiaries require minimum levels of capital, which limit the amounts available for payment of dividends.

CAPITAL REQUIREMENTS

First Busey is required to comply with the capital adequacy standards established by the Federal Reserve, and its banking subsidiaries must comply with similar capital adequacy standards established by the OTS, FDIC, and SIOBRE, as applicable. There are two basic measures of capital adequacy for financial holding companies and their banking subsidiaries that have been promulgated by the Federal Reserve and the FDIC: a risk-based measure and a leverage measure. All applicable capital standards must be satisfied for a bank holding company or a bank to be considered in compliance.

Failure to meet capital guidelines could subject a bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on the taking of brokered deposits, and certain other restrictions on its business. As described below, substantial additional restrictions can be imposed upon FDIC insured depository institutions that fail to meet applicable capital requirements. See "Prompt Corrective Action."

PROMPT CORRECTIVE ACTION

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") establishes a system of prompt corrective action to resolve the problems of undercapitalized institutions. Under this system the federal banking regulators are required to rate supervised institutions on the basis of five capital categories (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized) and to take certain mandatory supervisory actions, and are authorized to take other discretionary actions, with respect to institutions in the three undercapitalized categories, the severity of which will depend upon the capital category in which the institution is placed. Generally, subject to a narrow exception, FDICIA requires the banking regulator to appoint a receiver or conservator for an institution that is critically undercapitalized. The federal banking agencies have specified by regulation the relevant capital level for each category.

Pursuant to FDICIA, the Federal Reserve, the FDIC, and the OTS have adopted regulations setting forth a five-tier scheme for measuring the capital adequacy of the financial institutions they supervise. Under the regulations, an institution would be placed in one of the following capital categories: (i) well capitalized (an institution that has a Total Capital ratio of at least 10%, a Tier 1 Capital ratio of at least 6% and a Tier 1 Leverage Ratio of at least 5%); (ii) adequately capitalized (an institution that has a Total Capital ratio of at least 8%, a Tier 1 Capital ratio of at least 4% and a Tier 1 Leverage Ratio of a least 4%); (iii) undercapitalized (an institution that has a Total Capital ratio of under 8%, a Tier 1 Capital ratio of under 4% or a Tier 1 Leverage Ratio of under 4%); (iv) significantly undercapitalized (an institution that has a Total Capital ratio of under 6%, a Tier 1 Capital ratio of under 3% or a Tier 1 Leverage Ratio of under 3%); and (v) critically undercapitalized (an institution whose tangible equity is not greater than 2% of total tangible assets). The regulations permit the appropriate federal banking regulator to downgrade an institution to the next lower category if the regulator determines (i) after notice and opportunity for hearing or response, that the institution is in an unsafe or unsound condition or (ii) that the institution has received (and not corrected) a less-than-satisfactory rating for any of the categories of asset quality, management, earnings or liquidity in its most recent examination. Supervisory actions by the appropriate federal banking regulator depend upon an institution's classification within the five categories. First Busey's management believes that First Busey and its significant bank subsidiaries have the requisite capital levels to qualify as well capitalized institutions under the FDICIA regulations.

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve System. In addition, undercapitalized depository institutions are subject to growth limitations and are required to submit capital restoration plans. A depository institution's holding company must guarantee the capital plan, up to an amount equal to the lesser of 5% of the depository institution's assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan. Federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

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. Critically undercapitalized depository institutions are subject to appointment of a receiver or conservator.

EMPLOYEES

As of December 31, 2003, First Busey and its subsidiaries had a total of 503 employees (full-time and equivalents).

EXECUTIVE OFFICERS

Following is a description of the business experience for at least the past five years of the executive officers of the Corporation.

DOUGLAS C. MILLS. Mr. Mills, age 63, has served as Chairman of the Board and Chief Executive Officer of First Busey Corporation since its incorporation. He has been associated with Busey Bank since 1971 when he assumed the position of Chairman of the Board. Mr. Mills' son is David D. Mills, President of Busey Bank

P. DAVID KUHL. Mr. Kuhl, age 54 has served as Chairman of the Board and Chief Executive Officer of Busey Bank since January, 2003. Prior to being named Chairman of the Board, Mr. Kuhl served as President and Chief Executive Officer of Busey Bank from June, 1991. Prior to that, Mr. Kuhl served in various management capacities since joining Busey Bank in 1979. Mr. Kuhl has served on the Board of Directors of Busey Bank since 1991. Mr. Kuhl is married to Barbara J. Kuhl, President and Chief Operating Officer of First Busey Corporation

EDWIN A. SCHARLAU II. Mr. Scharlau, age 59, has served as chairman of the Board of Busey Investment Group, Inc. since January, 2001, and First Busey Securities, Inc. since June, 1994. Mr. Scharlau has also served as Vice-Chairman of the Board of First Busey Corporation since January, 2003. Mr. Scharlau served as Chairman of the Board of Busey Bank from June, 1991, to January, 2003. Mr. Scharlau has been associated with Busey Bank since 1964.

BARBARA J. KUHL. Mrs. Kuhl, age 53, has served as President and Chief Operating Officer of First Busey Corporation since November, 2000. Previously, Mrs. Kuhl served in various management capacities since joining Busey Bank in 1974. Mrs. Kuhl is married to P. David Kuhl, Chairman of the Board and Chief Executive Officer of Busey Bank.

DAVID D. MILLS. Mr. Mills, age 33, has served as President and Chief Operating Officer of Busey Bank since January, 2003. Prior to that he was Vice President of First Busey Corporation. Mr. Mills began his career with Busey Bank in December, 1998, as a Commercial Lending Officer. Mr. Mills' father is Douglas C. Mills, Chairman of the Board and Chief Executive Officer of First Busey Corporation.

BARBARA J. HARRINGTON. Mrs. Harrington, age 44, has served as Chief Financial Officer of First Busey Corporation since March, 1999. Prior to that she served as Controller and Senior Vice President of Busey Bank. Mrs. Harrington has served in various financial and accounting positions since joining the organization in December, 1991.

SECURITIES AND EXCHANGE COMMISSION REPORTING AND OTHER INFORMATION

First Busey's web site address is www.busey.com. The Corporation makes available on this web site its annual report on Form 10-K, its quarterly reports on Form 10-Q, current reports on form 8-K, and amendements thereto, as reasonably practicable after such reports are filed with the Securities and Exchange Commission, and in any event, on the same day as such filing with the Securities and Exchange Commission. Reference to this web site does not constitute incorporation by reference of the information contained on the web site and should not be considered part of this document.

First Busey Corporation has adopted a code of ethics applicable to our employees, officers, and directors. The text of this code of ethics may be found under "Investor Relations" on the Corporation's website. It is also filed as an exhibit to this annual report on Form 10-K.

ITEM 2. PROPERTIES

The location and general character of the materially important physical properties of First Busey and its subsidiaries are as follows: First Busey, where corporate management and administration operate, is headquartered at 201 West Main Street, Urbana, Illinois. Busey Bank has properties located at 201 West Main Street, Urbana, Illinois, 909 West Kirby Avenue, Champaign, Illinois, and 301 Fairway Drive, Bloomington, Illinois. These facilities offer commercial banking services, including commercial, financial, agricultural and real estate loans, and retail banking services, including accepting customary types of demand and savings deposits, making individual, consumer, installment, first mortgage and second mortgage loans. Busey Bank Florida, located at 7980 Summerlin Lakes Drive, Fort Myers, Florida, offers similar services as Busey Bank. Busey Investment Group, Inc., located at 502 West Windsor Road, Champaign, Illinois, through its subsidiaries, provides a full range of trust and investment management services, execution of securities transactions as a full-service broker/dealer and provide individual investment advice on equity and other securities as well as insurance agency services. First Busey Resources, Inc., located at 201 W. Main Street, Urbana, Illinois, which owns a hotel property included in repossessed assets and manages two real estate properties not currently used in banking operations.

First Busey and its subsidiaries own or lease all of the real property and/or buildings on which each respective entity is located.

ITEM 3. LEGAL PROCEEDINGS

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

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the quarter ended December 31, 2003.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table presents for the periods indicated the high and low closing price for First Busey common stock as reported on the Nasdaq National Market.

	2003		2002	
Market Prices of Common Stock	High	Low	High	Low
First Quarter	$24.37	$22.40	$21.75	$19.55
Second Quarter	$26.52	$23.08	$22.61	$20.30
Third Quarter	$27.86	$24.46	$23.00	$21.00
Fourth Quarter	$28.84	$26.00	$23.57	$22.14

During 2003 and 2002, First Busey declared cash dividends per share of common stock as follows:

2003	COMMON STOCK
January	$ .17
April	$ .17
July	$ .17
October	$ .17
2002	
January	$ .15
April	$ .15
July	$ .15
October	$ .15

For a discussion of restrictions on dividends, please see the discussion of dividend restrictions under Item 1, Business, Supervision, Regulation and Other Factors, Dividends on pages 5 - 6.

As of February 27, 2004, there were approximately 981 holders of common stock.

The following table presents for the periods indicated a summary of the purchases made by or on behalf of First Busey Corporation of shares of its common stock.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 1 - 31, 2003	7,500	$ 23.12	7,500	239,044
February 1 - 28, 2003	--	--	--	239,044
March 1 - 31, 2003	--	--	--	239,044
April 1 - 30, 2003	--	--	--	239,044
May 1 - 31, 2003	10,300	23.55	10,300	228,744
June 1 - 30, 2003	--	--	--	228,744
July 1 - 31, 2003	59,000	25.77	59,000	169,744
August 1 - 31, 2003	10,000	25.68	10,000	159,744
September 1 - 30, 2003	--	--	--	159,744
October 1 - 31, 2003	11,000	25.99	11,000	148,744
November 1 - 30, 2003	--	--	--	148,744
December 1 - 31, 2003	59,000	27.12	59,000	89,744
Total	156,800	$ 26.02	156,800	

(1) First Busey Corporation's board of directors approved a stock purchase plan on March 20, 2001, for the repurchase of up to 500,000 shares of common stock. The Corporation's 2001 repurchase plan has no expiration date.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial data for each of the five years in the period ended December 31, 2003, have been derived from First Busey's audited consolidated financial statements and the results of operations for each of the three years in the period ended December 31, 2003, which appear elsewhere in this report. This financial data should be read in conjunction with the financial statements and the related notes thereto appearing in this annual report.

	2003	2002	2001	2000	1999
	(dollars in thousands, except per share data)				
BALANCE SHEET ITEMS					
Securities	$ 224,733	$ 233,830	$ 210,869	$ 228,597	$ 225,046
Loans	1,192,396	1,101,043	978,106	984,369	886,684
Allowance for loan losses	16,228	15,460	13,688	12,268	10,403
Total assets	1,522,084	1,435,578	1,300,689	1,355,044	1,247,123
Total deposits	1,256,595	1,213,605	1,105,999	1,148,787	1,027,981
Long-term debt	92,853	71,759	47,021	55,259	55,849
Company obligated mandatorily redeemable trust preferred debentures	25,000	25,000	25,000	--	--
Stockholders' equity	125,177	115,163	105,790	92,325	82,284
RESULTS OF OPERATIONS					
Interest income	$ 73,849	$ 76,085	$ 89,985	$ 93,242	$ 72,311
Interest expense	25,618	30,494	46,435	50,476	34,920
Net interest income	48,231	45,591	43,550	42,766	37,391
Provision for loan losses	3,058	3,125	2,020	2,515	2,570
Net income(1)	19,864	17,904	15,653	14,053	12,548
PER SHARE DATA					
Diluted earnings	$ 1.45	$ 1.31	$ 1.15	$ 1.03	$ .90
Cash dividends	.68	.60	.52	.48	.44
Book value	9.15	8.49	7.73	6.86	6.08
Closing price	27.00	23.06	21.48	19.9375	22.625
OTHER INFORMATION					
Return on average assets	1.35%	1.33%	1.19%	1.12%	1.22%
Return on average equity	16.34%	16.31%	15.80%	16.56%	14.68%
Net interest margin (2)	3.60%	3.74%	3.64%	3.74%	4.02%
Stockholders' equity to assets	8.22%	8.02%	8.13%	6.81%	6.60%

(1) Effective January 1, 2002, First Busey adopted Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets". SFAS No. 142 changed the accounting for goodwill from a model that required amortization of goodwill, supplemented by impairment tests, to an accounting model that is based solely upon impairment tests.

(2) Calculated as a percent of average earning assets.

A reconcilation of First Busey's Consolidated Statements of Income for each of the five years ending December 31, 2003, from amounts reported to amounts exclusive of goodwill amortization is shown below:

FINANCIAL ACCOUNTING STANDARDS NO. 142 DISCLOSURE

Net income as reported	$ 19,864	$ 17,904	$ 15,653	$ 14,053	$ 12,548
Goodwill amortization, after tax	--	--	651	677	322
Net income as adjusted	$ 19,864	$ 17,904	$ 16,304	$ 14,730	$ 12,870
Diluted earnings per share of common stock:					
As reported	$ 1.45	$ 1.31	$ 1.15	$ 1.03	$ .90
Goodwill amortization	--	--	.05	.05	.02
Earnings per share as adjusted	$ 1.45	$ 1.31	$ 1.20	$ 1.08	$ .92

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of the financial condition and results of operations of First Busey Corporation and subsidiaries for the years ended December 31, 2003, 2002, and 2001. It should be read in conjunction with "Business," "Selected Financial Data," the consolidated financial statements and the related notes to the consolidated financial statements and other data included in this Annual Report.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are those that are critical to the portrayal and understanding of the Corporation's financial condition and results of operations and require management to make assumptions that are difficult, subjective or complex. These estimates involve judgments, estimates and uncertainties that are susceptible to change. In the event that different assumptions or conditions were to prevail, and depending on the severity of such changes, the possibility of materially different financial condition or results of operations is a reasonable likelihood. First Busey's significant accounting policies are described in Note 1 in the Notes to the Consolidated Financial Statements. The majority of these accounting policies do not require management to make difficult, subjective or complex judgments or estimates or the vairability of the estimates is not material. However, the following policies could be deemed critical.

ALLOWANCE FOR LOAN LOSSES

First Busey Corporation has established an allowance for loan losses which represents the corporation's estimate of the probable losses that have occurred as of the date of the financial statements.

Management has established an allowance for loan losses which reduces the total loans outstanding by an estimate of uncollectible loans. Loans deemed uncollectible are charged against and reduce the allowance. Periodically, a provision for loan losses is charged to current expense. This provision acts to replenish the allowance for loan losses and to maintain the allowance at a level that management deems adequate.

There is no precise method of predicting specific loan losses or amounts which ultimately may be charged off on segments of the loan portfolio. The determination that a loan may become uncollectible, in whole or in part, is a matter of judgment. Similarly, the adequacy of the allowance for loan losses can be determined only on a judgmental basis, after full review, including (a) consideration of economic conditions and their effect on particular industries and specific borrowers; (b) a review of borrowers' financial data, together with industry data, the competitive situation, the borrowers' management capabilities and other factors; (c) a continuing evaluation of the loan portfolio, including monitoring by lending officers and staff credit personnel of all loans which are identified as being of less than acceptable quality; (d) an in-depth appraisal, on a monthly basis, of all impaired (loans are considered to be impaired when based on current information and events, it is probable the Corporation will not be able to collect all amounts due); and (e) an evaluation of the underlying collateral for secured lending, including the use of independent appraisals of real estate properties securing loans.

Periodic provisions for loan losses are determined by management based upon the size and the quality of the loan portfolio measured against prevailing economic conditions and historical loan loss experience and also based on specific exposures in the portfolio. Management has instituted a formal loan review system supported by an effective credit analysis and control process. The Corporation will maintain the allowance for loan losses at a level sufficient to absorb estimated uncollectible loans and, therefore, expects to make periodic additions to the allowance for loan losses.

REVENUE RECOGNITION

Income on interest-earning assets is accrued based on the effective yield of the underlying financial instruments. A loan is considered to be impaired when, based on current information and events, it is probable the Corporation will not be able to collect all amounts due. The accrual of interest income on impaired loans is discontinued when there is reasonable doubt as to the borrower's ability to meet contractual payments of interest or principal.

Income recognized on service charges, trust fees, commissions, and loan gains is recognized based on contractual terms and are accrued based on estimates, or are recognized as transactions occur or services are provided. Income from the servicing of sold loans is recognized based on estimated asset valuations and transactions volumes. While these estimates and assumptions may be considered complex, First Busey has implemented controls and processes to ensure the accuracy of these accruals.

GENERAL

The Corporation's consolidated income is generated primarily by the financial services activities of its subsidiaries. Since January 1, 1982, the Corporation has acquired eleven banks and sold two; acquired six savings and loan branches and two bank branches; acquired a bank branch in an FDIC assisted acquisition of a failed bank; acquired a thrift holding company and federal savings and loan; formed a trust company subsidiary; formed an insurance agency subsidiary; formed a non-bank ATM subsidiary and acquired and liquidated a travel agency. The following table illustrates the amounts of net income contributed by each subsidiary (on a pre-consolidation basis) since January 1, 2001, less purchase accounting adjustments (net income for Busey Bank in following table excludes income from Bank subsidiaries and includes deduction for amortization expense recorded on parent company statements).

Subsidiary	Acquired	2003		2002		2001	
				(dollars in thousands)			
Busey Bank (1)	3/20/80	$ 19,927	91.7%	$ 18,541	91.9%	$ 13,574	79.2%
Busey Bank Florida (2)	10/29/99	287	1.3%	24	0.1%	1,984	11.6%
First Busey Trust & Investment Co. (3)	--	1,296	6.0%	1,419	7.0%	1,391	8.1%
First Busey Securities, Inc. (4)	--	313	1.4%	258	1.3%	(40)	-0.2%
First Busey Resources, Inc. (5)	--	72	0.3%	149	0.7%	130	0.8%
Busey Insurance Services, Inc. (6)	--	24	0.1%	39	0.2%	10	0.0%
BAT, Inc. (7)	--	(169)	-0.8%	(282)	-1.4%	81	0.5%
Busey Travel, Inc. (8)	1/1/98	--	0.0%	33	0.2%	(6)	0.0%
Total		$ 21,750	100.0%	$ 20,214	100.0%	$ 17,124	100.0%

(1) City Bank of Champaign and Champaign County Bank & Trust were merged into Busey Bank as of January 1, 1987. First National Bank of Thomasboro was merged into Busey Bank as of January 1,1988. State Bank of St. Joseph was merged into Busey Bank as of November 3, 1989. The Bank of Urbana, Citizens Bank of Tolono, and the assets of Community Bank of Mahomet subject to its liabilities were merged into Busey Bank as of November 16, 1991. Busey Bank of McLean County was merged into Busey Bank as of January 1, 1996. Busey Business Bank was formed on January 12, 1998, and merged into Busey Bank as of October 30, 1998.

(2) Acquired as a subsidiary of Eagle BancGroup, Inc. as of October 29, 1999.

(3) Formed as a subsidiary of the Corporation as of January 1, 1987 as a successor to the combined trust departments of Busey Bank and Champaign County Bank & Trust; transferred to Busey Investment Group on January 1, 2001.

(4) Formed as a subsidiary of Busey Bank as of April 1, 1991; transferred to Busey Investment Group on January 1, 2001.

(5) Reactivated as a subsidiary of First Busey Corporation as of January 1, 1997. Real estate and certain other assets previously carried on the parent company and subsidiary balance sheets were transferred to subsidiary as of that date.

(6) Formed as a subsidiary of Busey Bank as of October 1, 1997; transferred to Busey Investment Group on January 1, 2001.

(7) Reactivated as a subsidiary of Busey Bank as of July 1, 1997.

(8) Acquired as a subsidiary of Busey Bank as of January 1, 1998; liquidated November 30, 2002.

Busey Bank and Busey Bank Florida have each contributed at least 10% of the Corporation's consolidated net income in at least one of the last three years.

EXECUTIVE SUMMARY

First Busey Corporation posted record earnings during 2003 due primarily to growth in net interest income and mortgage banking income combined with moderate expense growth.

The increase in net interest income is due primarily to growth in the average balance of outstanding loans. Most of the loan growth occurred in the Fort Myers, FL market through Busey Bank Florida's banking operations and Busey Bank's loan production office. The Corporation expects to continue to grow loans in its existing markets of Champaign and McLean Counties in Illinois, Indianapolis, Indiana, and Fort Myers, Florida.

First Busey saw tremendous growth in the production of single-family loan production as well as in gains on the sale of these loans. This growth in production is primarily the result of increased refinance activity due to 2003's low interest-rate environment. Refinance activity declined considerably during the second half of 2003 due to rising interest rates, and the mortgage operation has refocused its attention to attract more new home purchasers as well as developing other products, such as new home construction financing, to replace this income source.

The Corporation's net chargeoffs increased during 2003 to $2,290,000. Of this net chargeoff figure, $2,000,000 is related to one large credit in the commercial construction industry. Expenses related to other real estate owned were higher during 2003 and 2002 than in prior years. The increase in ORE expense during these two years was due to operating losses associated with a hotel property in the McLean County market and valuation adjustments necessary to reduce the carrying value of this property to estimated net realizable value. The Corporation has contracted with an independent hotel management firm to operate the hotel during 2004 until a buyer is identified.

Income from trust and brokerage activities during 2003 were relatively flat compared to 2002. Trust and investment management fees are based primarily on the market value of assets under care. Trust fees declined in 2003 due partially to the weak equity market experienced during the first half of the year. Assets under care grew 25.6% to $1.210 billion as of December 31, 2003, compared to $963 million as of December 31, 2002. Improved equity market conditions should lead to growth in trust revenue during 2004.

Operating expenses increased 2.7% to $39,969,000 during 2003 compared to $38,926,000 during 2002, which had decreased slightly from $38,974,000 during 2001. Most of the growth in operating expenses is due to commission and other incentive payments related to mortgage origination activities and ORE expenses previously described. As a percentage of net interest income plus other income, other expenses were 54.8%, 57.1%, and 60.0% in 2003, 2002, and 2001 respectively, indicating that revenues have grown more rapidly than expenses over this three-year time period.

On January 5, 2004, the Corporation entered into an agreement with First Capital Bankshares, Inc. of Peoria, Illinois, to acquire the outstanding stock of First Capital for cash consideration of approximately $42 million or $5,750 per share for its 6,736 shares and 740 options outstanding. The agreement is subject to approval by the shareholders of First Capital and the receipt of the required regulatory approvals. The acquisition is expected to close on or before June 30, 2004. First Busey has secured a commitment to finance the acquisition on a short-term basis with maturity expected in January, 2006. First Busey will review the various alternatives for refinancing this acquisition on a long-term basis and will determine its course of action during 2005. In addition to growing First Capital's banking operations in the Peoria market, First Busey will also examine opportunities for expanding its trust and brokerage operations into that market.

RESULTS OF OPERATIONS-THREE YEARS ENDED DECEMBER 31, 2003

SUMMARY

The Corporation reported net income of $19,864,000 in 2003, up 10.9% from $17,904,000 in 2002, which itself represented an increase of 14.4% from $15,653,000 in 2001. Diluted earnings per share in 2003 increased 10.7% to $1.45 from $1.31 in 2002, which was a 13.9% increase from $1.15 in 2001. The main factors contributing to the increase in net income in 2003 were increases in net interest income, service charges on deposit accounts, and gains on the sale of mortgage loans. Operating earnings, which exclude security gains and the related tax expense, were $19,276,000 or $1.41 per share for 2003; $17,445,000, or $1.28 per share for 2002; and $14,878,000, or $1.09 per share for 2001.

Security gains after the related tax expense were $588,000 or 3.0% of net income in 2003; $459,000 or 2.6% of net income in 2002; and $775,000 or 5.0% of net income in 2001. The Corporation owns a position in a bank-qualified equity security with substantial appreciated value. First Busey's Board has authorized an orderly liquidation of this asset over a ten-year period.

The Corporation's return on average assets was 1.35%, 1.33% and 1.19% for 2003, 2002, and 2001, respectively, and return on average equity was 16.34%, 16.31%, and 15.80% for 2003, 2002, and 2001, respectively. On an operating earnings basis, return on average assets was 1.31%, 1.30%, and 1.13% for 2003, 2002, and 2001, respectively, and return on average equity was 15.85%, 15.89% and 15.02% for 2003, 2002, and 2001, respectively.

EARNING ASSETS, SOURCES OF FUNDS, AND NET INTEREST MARGIN

Average earning assets increased 9.8% or $123,002,000 to $1,376,195,000 during 2003 from the 2002 average balance of $1,253,193,000. The average balance of loans increased 10.2% or $103,594,000 to $1,118,667,000 for 2003 from the 2002 average balance of $1,015,073,000. The average balance of all categories of investment securities increased during 2003 as compared to 2002. Growth in the average balances of investment securities and loans was partially offset by declines in the average balances of interest-bearing deposits and Federal funds sold.

The balance of interest-bearing liabilities averaged $1,118,163,000 for 2003, an increase of $96,576,000 or 8.8% from the 2002 average balance of $1,091,587,000. A small decline in the average balance of other short-term borrowings partially offset the growth in all other categories of interest-bearing liabilities.

The Corporation's net interest margin expressed as a percentage of average earning assets, stated on a fully taxable equivalent basis, was 3.60% for 2003, a decrease of 14 basis points from the 3.74% for 2002. The net interest margin expressed as a percentage of average total assets, also on a fully taxable equivalent basis, was 3.37% for 2003 a decline of 13 basis points from the 3.50% net interest margin for 2002.

Interest income on a tax equivalent basis decreased $2,284,000 or 3.0% to $75,109,000 for 2003 as compared to the interest income of $77,393,000 for 2002. The decrease in interest income is primarily attributable to the decline in the average rate paid on all categories of interest-earning assets with the exception of other securities. The average yield on interest-earning assets fell 72 basis points to 5.46% for 2003 as compared to 6.18% for 2002. Growth in the average balance of investment securities and loans offset the impact of the decline in interest rates.

Interest expense decreased $4,876,000 or 16.0% to $25,618,000 during 2003 as compared to interest expense of $30,494,000 for 2002. This decline resulted partially from changes in the mix of funding sources but primarily as the result of the decline in rates paid on all categories of interest-bearing liabilities.

Net interest income on a tax equivalent basis increased 5.5% in 2003 to $49,491,000 from $46,899,000 in 2002, which reflected a 4.5% increase from $44,883,000 in 2001. The decrease in interest rates throughout 2003 led to declines in the amount of income earned on interest-earning assets and also had significant impact on the amount of interest expense recognized by the Corporation. The average yield on interest-earning assets decreased 72 basis points from 6.18% in 2002 to 5.46% in 2003. The average rate paid on interest-bearing liabilities declined 63 basis points from 2.79% in 2002 to 2.16% in 2003.

PROVISION FOR LOAN LOSSES

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

The provision for loan losses decreased $67,000 to $3,058,000 in 2003 from $3,125,000 in 2002 which had increased from $2,020,000 in 2001. Net charge-offs increased to $2,290,000 in 2003 from $1,353,000 in 2002, and total non-performing loans increased to $3,219,000 as of December 31, 2003, compared to $2,228,000 as of December 31, 2002. Net charge-offs were $600,000 in 2001, and non-performing loans totaled $2,224,000 as of December 31, 2001.

Sensitive assets include nonaccrual loans, loans on First Busey Corporation's watch loan report, and other loans identified as having more than reasonable potential for loss. The watch loan list is comprised of loans which have been restructured or involve customers in industries which have been adversely affected by market conditions. The majority of these loans are being repaid in conformance with their contracts.

OTHER INCOME

Other income increased 9.5% in 2003 to $24,685,000 from $22,537,000 in 2002, which reflected a 5.0% increase from $21,460,000 in 2001. The increases in 2003 and 2002 are due primarily to increases in the gains on the sale of loans and growth in service charges on deposit accounts. As a percentage of total income, other income was 25.1%, 22.9%, and 19.3% in 2003, 2002, and 2001, respectively. Gains on the sale of securities, as a component of other income, totaled $975,000 (4.0%) in 2003, $762,000 (3.4%) in 2002, and $1,285,000 (6.0%) in 2001. Gains on sales of loans, as a component of other income totaled $6,183,000 (25.0%), $3,995,000 (17.7%), and $2,296,000 (10.7%) in 2003, 2002, and 2001, respectively. Service charges on deposit accounts, as a component of other income totaled $7,319,000 (29.7%), $7,054,000 (31.3%), and $6,121,000 (28.5%) in 2003, 2002, and 2001, respectively

Additional components of other income were fee income and trust fees. Service charges and other fee income increased 2.6% to $11,258,000 in 2003 from $10,976,000 in 2002, which was a 10.3% increase from $9,950,000 in 2001. The growth in fee income in 2003 and 2002 is due primarily to increases in service charges on deposit accounts. Despite the poor equity market in 2003 and 2002, trust fees declined just 3.5% in 2003 from 2002 and increased 3.8% in 2002 from 2001. Trust revenues were $4,615,000 in 2003, $4,781,000 in 2002, and $4,607,000 in 2001. Trust revenues in each year were directly related to the total trust assets under care. Remaining other income decreased 18.2% to $1,654,000 in 2003 from $2,023,000 in 2002 which was a 39.1% decrease from $3,322,000 in 2001. In December, 2001, the Corporation sold the customer list of its travel agency subsidiary. As a result of this sale, no commissions from travel services were recognized in 2003 and 2002. The Corporation recognized $727,000 on the increase in the cash surrender value of bank owned life insurance during 2003 compared to $655,000 during 2002 and $111,000 during 2001.

OTHER EXPENSES

Operating expenses increased $1,043,000 or 2.7% in 2003 to $39,969,000 from $38,926,000 in 2002, which reflected a decrease of $48,000 from $38,974,000 in 2001. As a percentage of total income, other expenses were 40.6%, 39.5%, and 35.0% in 2003, 2002, and 2001, respectively. Employee-related expenses, including salaries and wages and employee benefits, increased in 2003 to $22,314,000, as compared to $21,003,000 in 2002, which was a slight decrease from $21,066,000 in 2001. As a percent of average assets, employee-related expenses were 1.52%, 1.57%, and 1.61% in 2003, 2002, and 2001, respectively. The Corporation had 503, 491, and 498 full-time equivalent employees at December 31, 2003, 2002, and 2001, respectively. The increase in employee related expenses in 2003 compared to

2002 is due primarily to increases in commissions and other incentive compensation for associates involved in the origination, processing, and sale of mortgage loans held for sale. The decline in 2002 from 2001 in employee-related expense and number of employees is related to the sale of the travel business. Net occupancy expense of bank premises and furniture and equipment expenses decreased $941,000 or 14.4% in 2003 to $5,604,000 as compared from $6,545,000 in 2002 and $6,957,000 in 2001.

Data processing expenses increased 20.3% to $1,755,000 for the year ended December 31, 2003, compared to $1,459,000 for the year ended December 31, 2002, and $920,000 for the year ended December 31, 2001. Data processing expenses were higher in 2003 compared to 2002 due to the addition of network monitoring and protection systems, an increase in the volume of transaction activity, and the acquisition of equipment and software to enhance the banks' item capture system in preparation of Check 21 compliance.

Amortization and impairment expenses declined in 2003 compared to 2002 as the core deposit intangible associated with an acquisition completed in 1995 became fully amortized during 2002. Amortization and impairment expenses declined in 2002 as compared to 2001 due to the adoption of Statement of Financial Accounting standards No. 142. During the year ended December 31, 2001, the Corporation recognized an impairment write-down of $325,000 on a customer list purchased by First Busey Securities, Inc. Revenues generated from this customer list were lower than originally projected.

Other expenses increased $572,000 or 6.9% to $8,821,000 during the year ended December 31, 2003, as compared to the year ended December 31, 2002. In June, 2002, Busey Bank became mortgagee in possession of a hotel property in Bloomington, IL. In September, 2003, Busey Bank took title to the property upon completion of foreclosure proceedings. The Bank operated this property through its wholly owned subsidiary, BAT, Inc., from June, 2002 through December 31, 2003. The hotel property was transferred from Busey Bank to First Busey Resources, Inc. in December, 2003, where it remains classified as Other Real Estate (ORE) and is included in the repossessed asset total on the non-performing loan table of this report. First Busey Resources has entered into a contract with an independent hotel management firm to manage the day-to-day operations of the property until it can be sold. Other expenses for the year ending December 31, 2003 include valuation adjustments of $931,000 and net ORE expenses of $269,000 associated with operating this repossessed asset. For the year ending December 31, 2002, valuation adjustments of $700,000 and net ORE expense of $282,000 associated with operating the property are included in the other expense line.

INCOME TAXES

Income tax expense in 2003 was $10,025,000 as compared to $8,173,000 in 2002 and $8,363,000 in 2001. The provision for income taxes as a percent of income before income taxes was 33.5%, 31.3%, and 34.8%, for 2003, 2002, and 2001, respectively. The provision for income taxes as a percentage of income before income taxes decreased in 2002 due to the increase in income from bank owned life insurance, which is not taxable to the Corporation, and to the reduction in nondeductible amortization expense.

BALANCE SHEET-DECEMBER 31, 2003 AND DECEMBER 31, 2002

Total assets on December 31, 2003, were $1,522,084,000, an increase of 6.0% from $1,435,578,000 on December 31, 2002. Total loans, net of unearned interest, increased 8.3% to $1,192,396,000 on December 31, 2003, as compared to $1,101,043,000 on December 31, 2002. Total deposits increased 3.5% to $1,256,595,000 on December 31, 2003 as compared to $1,213,605,000 on December 31, 2002. Non-interest bearing deposits increased $9,473,000 or 6.3% during 2003. Interest-bearing deposits increased $33,517,000 or 3.2% during 2003.

Total stockholders' equity increased 8.7% to $125,177,000 on December 31, 2003, as compared to $115,163,000 on December 31, 2002. Growth in equity is due primarily to $10,649,000 earnings retained in the Corporation combined with a net decrease of $1,085,000 in unrealized gains on available for sale securities and a $1,383,000 decrease in Treasury stock. Treasury shares will be issued in future years as participants exercise outstanding options under the Corporation's stock option plan which is discussed in Note 15 to the Corporation's consolidated financial statements.

A. EARNING ASSETS

The average interest-earning assets of the Corporation were 93.7%, 93.4%, and 94.0%, of average total assets for the years ended December 31, 2003, 2002, and 2001 respectively.

B. INVESTMENT SECURITIES

The Corporation has classified all investment securities as securities available for sale. These securities are held with the option of their disposal in the foreseeable future to meet investment objectives or for other operational needs. Securities available for sale are carried at fair value. As of December 31, 2003, the fair value of these securities was $224,733,000 and the amortized cost was $209,482,000. There were $15,389,000 of gross unrealized gains and $138,000 of gross unrealized losses for a net unrealized gain of $15,251,000. The after-tax effect ($9,191,000) of this unrealized gain has been included in stockholders' equity. The decrease in market value for the debt securities in this classification was a result of increasing interest rates. The fair value increase in the equity securities was primarily due to an increase in the value of shares of SLM Corporation common stock owned by the Corporation as of year end.

The composition of securities available for sale is as follows:

	As of December 31,				
	2003	2002	2001	2000	1999
	(dollars in thousands)				
U.S. Treasuries and Agencies	$150,898	$158,324	$143,490	$162,886	$164,565
Equity securities	21,335	20,326	18,058	15,479	13,079
States and political subdivisions	48,235	51,434	43,767	43,197	41,554
Other	4,265	3,746	5,554	7,035	5,848
Fair value of securities available for sale $	224,733	$233,830	$210,869	$228,597	$225,046
Amortized cost	$209,482	$216,801	$197,398	$218,790	$221,601
Fair value as a percentage of amortized cost	107.28%	107.85%	106.82%	104.48%	101.55%

The maturities, fair values and weighted average yields of debt securities available for sale as of December 31, 2003, are:

	Due in 1 year or less		Due after 1 year through 5 years		Due after 5 years through 10 years		Due after 10 years	
Investment Securities(1)	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield
	(dollars in thousands)							
U.S. Treasuries and Agencies	$ 68,308	2.99%	$ 82,494	2.34%	$ 96	4.00%	$ --	0.00%
States and political subdivisions (2)	5,537	5.19%	20,970	6.04%	20,936	6.80%	792	7.08%
Other	435	6.89%	1,862	6.11%	304	5.18%	1,664	9.40%
Total	$ 74,280	3.18%	$105,326	3.14%	$ 21,336	6.76%	$ 2,456	8.65%

(1) Excludes equity securities and mortgage backed securities.

(2) On a tax-equivalent basis, assuming a federal income tax rate of 35% (the effective federal income tax rate as of December 31, 2003)

The Corporation also uses its investment portfolio to manage its tax position. Depending upon projected levels of taxable income for the Corporation, periodic changes are made in the mix of tax-exempt and taxable securities to achieve maximum yields on a tax-equivalent basis. U.S. government and agency securities as a percentage of total securities decreased to 67.1% at December 31, 2003, from 67.7% at December 31, 2002, while obligations of state and political subdivisions (tax-exempt obligations) as a percentage of total securities decreased to 21.5% at December 31, 2003, from 22.0% at December 31, 2002.

LOAN PORTFOLIO

Loans, including loans held for sale, before allowance for loan losses, increased 8.3% to $1,192,396,000 as of December 31, 2003 from $1,101,043,000 at December 31, 2002. Non-farm non-residential real estate mortgage loans increased $18,016,000, or 6.6%, to $292,169,000 in 2003 from $274,153,000 in 2002. This increase reflects management's emphasis on commercial loans secured by mortgages. Also, 1 to 4 family residential real estate mortgage loans (not held for sale) increased $6,691,000, or 1.8%, to $376,559,000 in 2003 from $369,868,000 in 2002. In 2003's low interest rate environment, the Corporation experienced significant refinance activity. The Corporation has no loans to customers engaged in oil and gas exploration or to foreign companies or governments. Commitments under standby letters of credit, unused lines of credit and other conditionally approved credit lines, totaled approximately $286,037,000 as of December 31, 2003.

The loan portfolio includes a concentration of loans for commercial real estate amounting to approximately $383,494,000 and $331,712,000 as of December 31, 2003 and 2002, respectively. Generally, these loans are collateralized by assets of the borrowers. The loans are expected to be repaid from cash flows or from proceeds from the sale of selected assets of the borrowers. Credit losses arising from lending transactions for commercial real estate entities are comparable with the Corporation's credit loss experience on its loan portfolio as a whole.

The composition of loans is as follows:

	As of December 31,				
	2003	2002	2001	2000	1999
	(dollars in thousands)				
Commercial and financial	$ 138,272	$ 118,004	$121,694	$124,052	$119,800
Agricultural	22,300	22,034	21,022	20,844	20,126
Real estate-farmland	11,890	13,421	14,414	15,411	15,841
Real estate-construction	168,141	129,872	83,701	75,672	52,479
Real estate-mortgage	790,089	761,901	679,351	697,410	622,075
Installment loans to individuals	61,704	55,811	57,924	50,980	56,363
Loans	$1,192,396	$1,101,043	$978,106	$984,369	$886,684

The following table sets forth remaining maturities of selected loans (excluding certain real estate-farmland, real estate-mortgage loans and installment loans to individuals) at December 31, 2003:

	1 Year or Less	1 to 5 Years	Over 5 Years	Total
	(dollars in thousands)			
Commercial, financial and agricultural	$ 97,036	$40,322	$23,214	$160,572
Real estate-construction	104,869	58,819	4,453	168,141
Total	$201,905	$99,141	$27,667	$328,713
Interest rate sensitivity of selected loans				
Fixed rate	$ 53,669	$21,725	$ 4,845	$ 80,239
Adjustable rate	148,236	77,416	22,822	248,474
Total	$201,905	$99,141	$27,667	$328,713

ALLOWANCE FOR LOAN LOSSES

The following table shows activity affecting the allowance for loan losses:

	Years ended December 31				
	2003	2002	2001	2000	1999
	(dollars in thousands)				
Average loans outstanding during period	$1,118,667	$1,015,073	$961,779	$937,239	$731,491
Allowance for loan losses:					
Balance at beginning of period	$ 15,460	$ 13,688	$ 12,268	$ 10,403	$ 7,101
Loans charged-off:					
Commercial, financial and agricultural	$ 2,123	$ 775	$ 103	$ 70	$ 40
Real estate-construction	--	76	--	--	--
Real estate-mortgage	172	659	408	290	145
Installment loans to individuals	220	319	265	414	366
Total charge-offs	$ 2,515	$ 1,829	$ 776	$ 774	$ 551
Recoveries:					
Commercial, financial and agricultural	$ 69	$ 349	$ 15	$ 22	$ 16
Real estate-construction	--	--	--	--	--
Real estate-mortgage	6	26	42	4	67
Installment loans to individuals	150	101	119	98	99
Total recoveries	$ 225	$ 476	$ 176	$ 124	$ 182
Net loans charged-off	$ 2,290	$ 1,353	$ 600	$ 650	$ 369
Provision for loan losses	$ 3,058	$ 3,125	$ 2,020	$ 2,515	$ 2,570
Net additions due to acquisition	--	--	--	--	1,101
Balance at end of period	$ 16,228	$ 15,460	$ 13,688	$ 12,268	$ 10,403
Ratios:					
Net charge-offs to average loans	0.20%	0.13%	0.06%	0.07%	0.05%
Allowance for loan losses to total loans at period end	1.36%	1.40%	1.40%	1.25%	1.17%

The following table sets forth the allowance for loan losses by loan categories as of December 31 for each of the years indicated:

	2003		2002		2001		2000		1999	
	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
	(dollars in thousands)									
Commercial, financial, agri- cultural and real estate-farmland	$ 2,295	14.5%	$ 2,143	13.9%	$ 1,880	16.1%	$ 1,854	16.3%	$ 3,391	17.6%
Real estate-construction	--	14.1%	--	11.8%	--	8.6%	--	7.7%	--	5.9%
Real estate-mortgage	12,752	66.2%	12,451	69.2%	10,880	69.4%	9,051	70.8%	5,708	70.1%
Installment loans to individuals	821	5.2%	779	5.1%	811	5.9%	708	5.2%	1,293	6.4%
Unallocated	360	N/A	87	N/A	117	N/A	655	N/A	11	N/A
Total	$16,228	100.0%	$15,460	100.0%	$13,688	100.0%	$12,268	100.0%	$10,403	100.0%

This table indicates growth in the allowance for loan losses for real estate mortgages as of December 31, 2003 as compared to December 31, 2002. The increase in the allowance allocated to real estate mortgages is due primarily to growth in the outstanding balances of this loan category.

NON-PERFORMING LOANS

It is management's policy to place commercial and mortgage loans on non-accrual status when interest or principal is 90 days or more past due. Such loans may continue on accrual status only if they are both well-secured and in the process of collection.

The following table sets forth information concerning non-performing loans at December 31 for each of the years indicated:

	Years ended December 31,				
	2003	2002	2001	2000	1999
	(dollars in thousands)				
Non-accrual loans	$ 581	$1,265	$1,265	$ 767	$1,220
Loans 90 days past due and still accruing	2,638	963	959	4,667	897
Restructured loans	--	--	--	--	--
Total non-performing loans	$3,219	$2,228	$2,224	$5,434	$2,117
Repossessed assets	$4,781	$5,724	$ 30	$ 230	$ 459
Other assets acquired in satisfaction of debts previously contracted	10	1	1	11	5
Total non-performing other assets	$4,791	$5,725	$ 31	$ 241	$ 464
Total non-performing loans and non-performing other assets	$8,010	$7,953	$2,255	$5,675	$2,581
Non-performing loans to loans, before allowance for loan losses	0.27%	0.20%	0.23%	0.55%	0.24%
Non-performing loans and non-performing other assets to loans, before allowance for loan losses	0.67%	0.72%	0.23%	0.58%	0.29%

The ratio of non-performing loans and non-performing other assets to loans, before allowance to loan losses, decreased from 0.72% as of December 31, 2002, to 0.67% as of December 31, 2003 due primarily to valuation adjustments on the hotel property held in repossessed assets. Busey Bank became mortgagee in possession of this property in June, 2002, and remained so until September, 2003, when it took title of the property upon completion of foreclosure proceedings. Costs associated with renovation of the property were added to the value of the hotel during 2003 and 2002. Busey Bank recognized valuation adjustments of $931,000 during 2003, and $700,000 during 2002 to reduce the carrying value to estimated market value of approximately $4,000,000 as of December 31, 2003. In December, 2003, this property was transferred from Busey Bank to First Busey Resources, Inc., which will operate the property until it can be liquidated.

A loan is considered to be impaired when, based on current information and events, it is probable the Corporation will not be able to collect all amounts due. The accrual of interest income on impaired loans is discontinued when there is reasonable doubt as to the borrower's ability to meet contractual payments of interest or principal. Interest income on these loans is recognized to the extent interest payments are received and the principal is considered fully collectible. No interest income was recognized on these loans during 2003 and 2002, and $9,000 was recognized during 2001.

The gross interest income that would have been recorded in the years ended December 31, 2003, 2002 and 2001 if the non-accrual and restructured loans had been current in accordance with their original terms was $268,000, $211,000, and $84,000, respectively. The amount of interest collected on those loans that was included in interest income was $0 for the year ended December 31, 2003, $0 for the year ended December 31, 2002, and $17,000 for the year ended December 31, 2001.

POTENTIAL PROBLEM LOANS

Potential problem loans are those loans which are not categorized as impaired, non-accrual, past due or restructured, but where current information indicates that the borrower may not be able to comply with present loan repayment terms. Management assesses the potential for loss on such loans as it would with other problem loans and has considered the effect of any potential loss in determining its provision for possible loan losses. Potential problem loans totaled $10,566,000 at December 31, 2003. There are no other loans identified which management believes represent or result from trends or uncertainties which management reasonably expects will materially impact future operating results, liquidity or capital resources. There are no other credits identified about which management is aware of any information which causes management to have serious doubts as to the ability of such borrower(s) to comply with the loan repayment terms.

OTHER INTEREST-BEARING ASSETS

There are no other interest-bearing assets which are categorized as impaired.

DEPOSITS

As indicated in the following table, average interest-bearing deposits as a percentage of average total deposits decreased to 87.8% for the year ended December 31, 2003, from 88.4% for the year ended December 31, 2002, which was a decrease from 89.3% for the year ended December 31, 2001.

	December 31,								
	2003			2002			2001		
	(dollars in thousands)								
	Average Balance	% Total	Average Rate	Average Balance	% Total	Average Rate	Average Balance	% Total	Average Rate
Non-interest bearing demand deposits	$ 149,030	12.2%	0.00%	$ 129,766	11.6%	0.00%	$ 119,274	10.7%	0.00%
Interest bearing demand deposits	18,194	1.5%	0.48%	11,477	1.0%	1.15%	34,199	3.1%	2.15%
Savings/Money Market	555,193	45.5%	0.74%	507,931	45.3%	1.19%	449,874	40.5%	2.59%
Time deposits	497,875	40.8%	3.10%	472,000	42.1%	3.90%	508,400	45.7%	5.55%
Total	$ 1,220,292	100.0%	1.61%	$ 1,121,174	100.0%	2.19%	$ 1,111,747	100.0%	3.65%

Certificates of deposit of $100,000 and over and other time deposits of $100,000 and over at December 31, 2003, had the following maturities (dollars in thousands):

Under 3 months	$ 36,914
3 to 6 months	18,730
6 to 12 months	14,157
Over 12 months	35,813
Total	$ 105,614

SHORT-TERM BORROWINGS

The following table sets forth the distribution of short-term borrowings and weighted average interest rates thereon at the end of each of the last three years. Federal funds purchased and securities sold under agreements to repurchase generally represent overnight borrowing transactions. Other short-term borrowings consist of various demand notes and notes with maturities of less than one year.

	Federal funds purchased and securities sold under agreements to repurchase	Other short-term borrowings
	(dollars in thousands)	
2003		
Balance, December 31, 2003	$ 16,000	$ --
Weighted average interest rate at end of period	0.98%	0.00%
Maximum outstanding at any month end	$ 34,500	$ --
Average daily balance	$ 10,496	$ --
Weighted average interest rate during period (1)	1.39%	0.00%
2002		
Balance, December 31, 2002	$ 2,467	$ --
Weighted average interest rate at end of period	5.68%	0.00%
Maximum outstanding at any month end	$ 26,739	$ 2,000
Average daily balance	$ 7,955	$ 462
Weighted average interest rate during period (1)	4.69%	4.55%
2001		
Balance, December 31, 2001	$ 9,767	$ 2,000
Weighted average interest rate at end of period	5.68%	6.73%
Maximum outstanding at any month end	$ 18,126	$ 30,000
Average daily balance	$ 15,692	$ 14,985
Weighted average interest rate during period (1)	6.25%	7.39%

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

LIQUIDITY

Liquidity management is the process by which the Corporation ensures that adequate liquid funds are available to meet the present and future cash flow obligations arising in the daily operations of the business. These financial obligations consist of needs for funds to meet commitments to borrowers for extensions of credit, funding capital expenditures, withdrawals by customers, maintaining deposit reserve requirements, servicing debt, paying dividends to shareholders, and paying operating expenses.

The Corporation's most liquid assets are Cash and due from banks, Interest-bearing bank deposits, and Federal funds sold. The balances of these assets are dependent on the Corporation's operating, investing, lending, and financing activities during any given period.

Average liquid assets are summarized in the table below:

	Years Ended December 31, 2003	2002	2001
	(dollars in thousands)		
Cash and due from banks	$38,247	$33,633	$31,690
Interest-bearing bank deposits	928	1,039	13,721
Federal funds sold	14,362	16,633	30,142
Total	$53,537	$51,305	$75,553
Percent of average total assets	3.6%	3.8%	5.8%

The Corporation's primary sources of funds consist of deposits, investment maturities and sales, loan principal repayment, deposits and capital funds. Additional liquidity is provided by bank lines of credit, repurchase agreements and the ability to borrow from the Federal Reserve Bank and Federal Home Loan Bank. The Corporation has not dealt in or used brokered deposits as a source of liquidity. Additional liquidity is provided by bank lines of credit, repurchase agreements and the ability to borrow from the Federal Reserve Bank and the Federal Home Loan Banks of Chicago and Atlanta. The Corporation has an operating line with Bank One in the amount of $10,000,000, all of which was available as of December 31, 2003. Long-term liquidity will be satisfied primarily through retention of capital funds.

On December 31, 2003, the Corporation held $52,397,000 in liquid assets as compared to $47,645,000 as of December 31, 2002. Growth in liquid assets was offset by a decline in the balance of U.S. Treasuries and Agency securities available for sale. These investments are highly liquid and provide additional interest income.

An additional source of liquidity that can be managed for short-term and long-term needs is the Corporation's ability to securitize or package loans (primarily mortgage loans) for sale. During 2003 and 2002 the Corporation realized increased activity in the origination and sale of loans held for sale due to the low interest-rate environment. The Corporation sold $437,382,000 in mortgage loans during 2003 and $257,220,000 during 2002. As of December 31, 2003, the Corporation held $30,529,000 in loans held for sale. Management intends to sell these loans during the first quarter of 2004.

The Corporation also realized significant growth in loans held for investment during 2003. This loan growth was funded primarily through net deposit growth and growth in the outstanding balances of advances from the Federal Home Loan Banks of Chicago and Atlanta. In December, 2002, the Corporation prepaid Federal Home Loan Bank advances totaling $10,000,000 and incurred prepayment penalties totaling $388,000 in order to more closely match the term and cost of funds to the loan growth.

The objective of liquidity management by the Corporation is to ensure that funds will be available to meet demand in a timely and efficient manner. Based upon the level of investment securities that reprice within 30 days and 90 days, management currently believes that adequate liquidity exists to meet all projected cash flow obligations.

First Busey Corporation has secured a commitment to borrow $42 million to finance the acquisition of the outstanding shares and options of First Capital Bankshares, Inc. of Peoria, Illinois. The Corporation will review various alternatives for refinancing this acquisition on a long-term basis and will determine its course of action during 2005.

The Corporation achieves a satisfactory degree of liquidity through actively managing both assets and liabilities. Asset management guides the proportion of liquid assets to total assets, while liability management monitors future funding requirements and prices liabilities accordingly.

The Corporation's banking subsidiaries routinely enter into commitments to extend credit in the normal course of their business. As of December 31, 2003 and 2002, the Corporation had outstanding loan commitments including lines of credit of $286,037,000 and $222,407,000, respectively. The balance of commitments to extend credit represents future cash requirement and some of these commitments may expire without being drawn upon. The Corporation anticipates it will have sufficient funds available to meet its current loan commitments, including loan applications received and in process prior to the issuance of firm commitments.

As of December 31, 2003 and 2002, certificates of deposit which are scheduled to mature within one year were $287,584,000 and $323,580,000, respectively.

Net cash flows provided by operating activities totaled $54,569,000 in 2003 and $2,266,000 in 2001, while net cash used by operating activities was $14,122,000 in 2002. Significant items affecting the cash flows provided by operating activities are net income, depreciation and amortization expense, the provision for loan losses, and activities related to the production and sale of loans held for sale. Operating cash flow increased significantly during 2003 relative to 2002 due primarily to mortgage loan origination and sale activity. During 2003 the Corporation originated $400,967,000 in loans held for sale and generated $437,382,000 from the sale of held-for-sale loans resulting in net cash provided by loan originations and sales of $36,415,000. During 2002 the Corporation originated $292,102,000 in held-for-sale loans and generated $257,220,000 from the sale of held-for-sale loans leading to a net cash use of $34,882,000.

Net cash used in investing activities was $118,555,000 in 2003 and $92,077,000 in 2002. During 2001 investing activities resulting in net cash provided of $48,330,000. Significant items affecting cash flows from investing activities are investment securities and loans held in the Corporation's portfolio. The Corporation's loan portfolio grew significantly during 2003 and 2002 and was the single largest factor affecting net cash used in investing activities during those two years.

Net cash provided by financing activities was $68,738,000 during 2003 and $12,264,000 during 2002 while net cash used in financial activities was $67,601,000 during 2001. Significant items affecting cash flows from financing activities are deposits, short-term borrowings, and long-term borrowings. Deposits, which are the Corporation's primary funding source, have grown during the last two years, but have not grown as rapidly as loan balances. This led to an increase in the Corporation's use of short-term and long-term borrowing sources during 2003 to fund the asset growth. Federal funds purchased and securities sold under agreements to repurchase increased $13,533,000 during 2003. The Corporation increased its use of long-term advances from the Federal Home Loan Banks of Chicago and Atlanta by $20,000,000 during 2003 as rates on these advances were lower than rates on deposit products for similar terms.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has entered into certain contractual obligations and other commitments. Such obligations generally relate to funding of operations through deposits, debt issuances, and property and equipment leases.

The following table summarizes significant contractual obligations and other commitments as of December 31, 2003:

	Certificates of Deposit	Short- and Long-term Borrowing	Leases	Company Obligated Mandatorily Redeemable Trust Preferred Debentures	Total
			(dollars in thousands)		
2003	$ 287,584	$ 6,398	$ 814	$ -	$ 294,796
2004	85,421	16,397	708	-	102,526
2005	43,192	15,398	679	-	59,269
2006	50,632	12,373	620	-	63,625
2007	20,582	40,372	475	-	61,429
Thereafter	44	1,915	370	25,000	27,329
Total	$ 487,455	$ 92,853	$ 3,666	$ 25,000	$ 608,974
Commitments to extend credit					$ 286,037

CAPITAL RESOURCES

Other than from the issuance of common stock, the Corporation's primary source of capital is net income retained by the Corporation. During the year ended December 31, 2003, the Corporation earned $19,864,000 and paid dividends of $9,215,000 to stockholders, resulting in a retention of current earnings of $10,649,000.

The Federal Reserve Board uses capital adequacy guidelines in its examination and regulation of bank holding companies and their subsidiary banks. Risk-based capital ratios are established by allocating assets and certain off-balance sheet commitments into four risk-weighted categories. These balances are then multiplied by the factor appropriate for that risk-weighted category. The guidelines require bank holding companies and their subsidiary banks to maintain a total capital to total risk-weighted asset ratio of not less than 8.00%, of which at least one half must be Tier 1 capital, and a Tier 1 leverage ratio of not less than 4.00%. As of December 31, 2003, the Corporation had a total capital to total risk-weighted asset ratio of 13.33%, a Tier 1 capital to risk-weighted asset ratio of 11.62% and a Tier 1 leverage ratio of 8.85%; the Corporation's bank subsidiary, Busey Bank, had ratios of 11.30%, 9.64%, and 7.33%, respectively; the Corporation's thrift subsidiary, Busey Bank Florida, had ratios of 15.50%, 14.39%, and 10.16%, respectively. As these ratios indicate, the Corporation and its bank subsidiaries exceed the regulatory capital guidelines.

REGULATORY CONSIDERATIONS

It is management's belief that there are no current recommendations by the regulatory authorities which if implemented, would have a material effect on the Corporation's liquidity, capital resources, or operations.

NEW ACCOUNTING PRONOUNCEMENTS

Information relating to new accounting pronouncements appears in Note 1 in the Notes to the consolidated financial statements.

EFFECTS OF INFLATION

The effect of inflation on a financial institution differs significantly from the effect on an industrial company. While a financial institution's operating expenses, particularly salary and employee benefits, are affected by general inflation, the asset and liability structure of a financial institution consists largely of monetary items. Monetary items, such as cash, loans and deposits, are those assets and liabilities which are or will be converted into a fixed number of dollars regardless of changes in prices. As a result, changes in interest rates have a more significant impact on a financial institution's performance than does general inflation. For additional information regarding interest rates and changes in net interest income see "Selected Statistical Information" and Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

C. SELECTED STATISTICAL INFORMATION

The following tables contain information concerning the consolidated financial condition and operations of the Corporation for the periods, or as of the dates, shown. All average information is provided on a daily average basis.

The following table shows the consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the interest expense paid for interest-bearing liabilities, and the related interest rates:

	Years Ended December 31,								
	2003			2002			2001		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
	(dollars in thousands)								
Assets									
Interest-bearing bank deposits	$ 928	$ 8	0.86%	$ 1,039	$ 12	1.15%	$ 13,721	$ 513	3.74%
Federal funds sold	14,362	149	1.04%	16,633	260	1.56%	30,142	1,179	3.91%
Investment securities:									
U.S. Treasuries and Agencies	164,633	5,098	3.10%	149,670	6,387	4.27%	159,969	8,726	5.45%
Obligations of states and political subdivisions(1)	51,452	3,125	6.07%	46,577	3,140	6.74%	43,896	3,169	7.22%
Other securities	26,153	960	3.67%	24,201	800	3.31%	23,382	889	3.80%
Loans (net of unearned discount)(1),(2)	1,118,667	65,769	5.88%	1,015,073	66,794	6.58%	961,779	76,842	7.99%
Total interest-earning assets(1)	$1,376,195	$75,109	5.46%	$1,253,193	$77,393	6.18%	$1,232,889	$ 91,318	7.41%
Cash and due from banks	38,247			33,633			31,690		
Premises and equipment	24,887			28,375			30,283		
Allowance for loan losses	(16,228)			(14,001)			(12,774)		
Other assets	44,858			40,209			30,173		
Total assets	$1,467,959			$1,341,409			$1,312,261		
Liabilities and Stockholders' Equity									
Interest bearing transaction deposits	$ 18,194	$ 87	0.48%	$ 11,477	$ 132	1.15%	$ 34,199	$ 734	2.15%
Savings deposits	105,649	733	0.69%	96,495	1,059	1.10%	90,544	2,059	2.27%
Money market deposits	449,544	3,390	0.75%	411,436	4,997	1.21%	359,330	9,614	2.68%
Time deposits	497,875	15,434	3.10%	472,000	18,410	3.90%	508,400	28,207	5.55%
Short-term borrowings:									
Federal funds purchased	2,999	42	1.40%	2,089	40	1.91%	45	1	2.22%
Repurchase agreements	7,497	104	1.39%	5,866	333	5.68%	15,647	98.0	6.26%
Other	--	--	--	462	21	4.55%	14,985	1,108	7.39%
Long-term debt	81,405	3,578	4.40%	66,762	3,252	4.87%	47,703	2,532	5.31%
Company obligated mandatorily redeemable trust preferred debentures	25,000	2,250	9.00%	25,000	2,250	9.00%	13,333	1,200	9.00%
Total interest-bearing liabilities	$1,188,163	$25,618	2.16%	1,091,587	30,494	2.79%	$1,084,186	$ 46,435	4.28%
Net interest spread			3.30			3.39%			3.13%
Demand deposits	149,030			129,766			119,274		
Other liabilities	9,166			10,286			9,746		
Stockholders' equity	121,600			109,770			99,055		
Total liabilities and stockholders' equity	$1,467,959			$1,341,409			$1,312,261		
Interest income/earning assets(1)	$1,376,195	$75,109	5.46%	$1,253,193	$77,393	6.18%	$1,232,889	$ 91,318	7.41%
Interest expense/earning assets	$1,376,195	$25,618	1.86%	$1,253,193	$30,494	2.44%	$1,232,889	$ 46,435	3.77%
Net interest margin1		49,491	3.60%		$46,899	3.74%		$ 44,883	3.64%

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

(2) Non-accrual loans have been included in average loans, net of unearned discount

Changes In Net Interest Income:

	Years Ended December 31, 2003, 2002, and 2001					
	Year 2003 vs. 2002 Change due to(1)			Year 2002 vs. 2001 Change due to(1)		
	Average Volume	Average Yield/Rate	Total Change	Average Volume	Average Yield/Rate	Total Change
	(dollars in thousands)					
Increase (decrease) in interest income:						
Interest-bearing bank deposits	$ (1)	$ (3)	$ (4)	$ (285)	$ (216)	$ (501)
Federal funds sold	(32)	(79)	(111)	(393)	(526)	(919)
Investment securities:						
U.S. Treasuries and Agencies	739	(2,028)	(1,289)	(534)	(1,805)	(2,339)
States and political subdivisions(2)	313	(328)	(15)	345	(374)	(29)
Other securities	68	92	160	33	(122)	(89)
Loans(2)	6,816	(7,841)	(1,025)	4,601	(14,649)	(10,048)
Change in interest income(2)	$ 7,903	$(10,187)	$(2,284)	$ 3,767	$(17,692)	$(13,925)
Increase (decrease) in interest expense:						
Interest bearing transaction deposits	$ 54	$ (99)	$ (45)	$ (354)	$ (248)	$ (602)
Savings deposits	113	(439)	(326)	145	(1,145)	(1,000)
Money market deposits	519	(2,126)	(1,607)	1,669	(6,286)	(4,617)
Time deposits	1,085	(4,061)	(2,976)	(1,903)	(7,894)	(9,797)
Federal funds purchased	4	(2)	2	40	(1)	39
Repurchase agreements	133	(362)	(229)	(443)	(204)	(647)
Other short-term borrowings	(21)	--	(21)	(779)	(308)	(1,087)
Long-term debt	588	(262)	326	907	(187)	720
Company obligated mandatorily redeemable trust preferred debentures	--	--	--	1,050	--	1,050
Change in interest expense	$ 2,475	$ (7,351)	$(4,876)	$ 332	$(16,273)	$(15,941)
Increase (decrease) in net interest income(2)	$ 5,428	$ (2,836)	$ 2,592	$ 3,435	$ (1,419)	$ 2,016
Percentage increase in net interest income over prior period			5.5%			4.5%

(1) Changes due to both rate and volume have been allocated proportionally

(2) On a tax equivalent basis, assuming a federal income tax rate of 35%

FORWARD LOOKING STATEMENTS

This presentation includes forward looking statements that are intended to be covered by the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements include but are not limited to comments with respect to the objectives and strategies, financial condition, results of operations and business of the Corporation.

These forward looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward looking statements will not be achieved. The Corporation cautions you not to place undue reliance on these forward looking statements as a number of important factors could cause actual future results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements.

These risks, uncertainties and other factors include the general state of the economy, both on a local and national level, the ability of the Corporation to successfully complete acquisitions, the continued growth in the geographic area in which the banking subsidiaries operate, and the retention of individuals who currently are very important in the management structure of the Corporation.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The Corporation's subsidiary banks, Busey Bank and Busey Bank Florida, have asset-liability committees which meet at least quarterly to review current market conditions and attempt to structure the banks' balance sheets to ensure stable net interest income despite potential changes in interest rates with all other variables constant.

The asset-liability committees use gap analysis to identify mismatches in the dollar value of assets and liabilities subject to repricing within specific time periods. The Funds Management Policies established by the asset liability committees and approved by the Corporation's Board of Directors establishes guidelines for maintaining the ratio of cumulative rate-sensitive assets to rate-sensitive liabilities within prescribed ranges at certain intervals.

Interest rate sensitivity is a measure of the volatility of the net interest margin as a consequence of changes in market rates. The rate-sensitivity chart shows the interval of time in which given volumes of rate-sensitive earning assets and rate-sensitive interest-bearing liabilities would be responsive to changes in market interest rates based on their contractual maturities or terms for repricing. It is however, only a static, single-day depiction of the Corporation's rate sensitivity structure, which can be adjusted in response to changes in forecasted interest rates.

The following table sets forth the static rate-sensitivity analysis of the Corporation as of December 31, 2003:

	Rate Sensitive Within					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
			(dollars in thousands)			
Interest-bearing deposits	$ 5,088	$ --	$ --	$ --	$ --	$ 5,088
Investment securities						
U.S. Treasuries and Agencies	10,997	9,047	17,204	31,060	82,590	150,898
States and political subdivisions	3,258	--	219	5,335	39,423	48,235
Other securities	12,015	--	128	208	13,249	25,600
Loans (net of unearned interest)	502,847	74,399	86,371	129,295	399,484	1,192,396
Total rate-sensitive assets	$ 534,205	$ 83,446	$ 103,922	$ 165,898	$534,746	$1,422,217
Interest bearing transaction deposits	$ 49,903	$ --	$ --	$ --	$ --	$ 49,903
Savings deposits	106,990	--	--	--	--	106,990
Money market deposits	451,669	--	--	--	--	451,669
Time deposits	62,590	53,155	83,291	91,470	196,949	487,455
Fed funds purchased and repurchase agreements	16,000	--	--	--	--	16,000
Long-term debt	2,853	--	--	6,000	84,000	92,853
Company obligated mandatorily redeemable trust preferred debentures	--	--	--	--	25,000	25,000
Total rate-sensitive liabilities	$ 690,005	$ 53,155	$ 83,291	$ 97,470	$305,949	$1,229,870
Rate-sensitive assets less rate-sensitive liabilities	$(155,800)	$ 30,291	$ 20,631	$ 68,428	$228,797	$ 192,347
Cumulative Gap	$(155,800)	$(125,509)	$(104,878)	$ (36,450)	$192,347	
Cumulative amounts as a percentage of total rate-sensitive assets	-10.95%	-8.82%	-7.37%	-2.56%	13.52%	
Cumulative Ratio	0.77	0.83	0.87	0.96	1.16	

The forgoing table shows a negative (liability-sensitive) rate-sensitivity gap of $155.8 million in the 1-30 day repricing category as there were more liabilities subject to repricing during that time period than there were assets subject to repricing within that same time period. The volume of assets subject to repricing exceeds the volume of liabilities subject to repricing for all time period beyond 30 days. On a cumulative basis, however, the gap remains liability sensitive through one year. The composition of the gap structure as of December 31, 2003 indicates the Corporation would benefit more if interest rates decrease during the next year by allowing the net interest margin to grow as the volume of interest-bearing liabilities subject to repricing would be greater than the volume of interest-earning assets subject to repricing during the same period.

The asset-liability committees do not rely solely on gap analysis to manage interest-rate risk as interest rate changes do not impact all categories of assets and liabilities equally or simultaneously. There are other factors which would influence the effect of interest rate fluctuations on the Corporation's net interest margin. For example, a decline in interest rates may lead to borrowers repaying their loans more rapidly which could mitigate some of the expected benefit of the decline in interest rates when negatively gapped. Conversely, a rapid rise in interest rates could lead to an increase in the net interest margin if the increased rates on loans and other interest-earning assets are higher than those on interest-bearing deposits and other liabilities.

The asset-liability committees supplement gap analysis with balance sheet and income simulation analysis to determine the potential impact on net interest income of changes in market interest rates. In these simulation models the balance sheet is projected out over a one-year period and net interest income is calculated under current market rates, and then assuming permanent instantaneous shifts in the yield curve of +/- 100 basis points, and + 200 basis points. Management measures such changes assuming immediate and sustained shifts in the Federal funds rate and the corresponding shifts in other rate indices based on their historical changes relative to changes in the Federal funds rate. The model assumes asset and liability balances remain constant at December 31, 2003 balances. The model uses repricing frequency on all variable-rate assets and liabilities. The model also uses a historical decay rate on all fixed-rate core deposit balances. Prepayment speeds on loans have been adjusted up and down to incorporate expected prepayment in both a rising and declining rate environment. Utilizing this measurement concept the interest rate risk of the Corporation, expressed as a change in net interest income as a percentage of the net income calculated in the constant base model, due to changes in interest rates at December 31, 2003, was as follows:

	Basis Point Changes		
	-100	+100	+200
Percentage change in net interest income due to an immediate change in interest rates over a one-year period	(5.57%)	3.05%	6.06%

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements are presented beginning on page 37.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Corporation's management, including its Chief Executive Officer and Chief Financial Officer, of the Corporation's disclosure controls and procedures (as defined in Rule 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934). Based on their evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer have concluded that information required to be disclosed by the Corporation in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Commission rules and forms.

In addition, since their evaluation, there have been no significant changes to the Corporation's internal controls or in other factors that could significantly affect these controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Directors of the Registrant. Incorporated by reference is the information set forth on pages 2-4 of the 2004 Proxy Statement.

(b) Executive Officers of the Registrant. Please refer to Part I of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference is the information set forth on pages 11-13 of the 2004 Proxy Statement (except the information set forth in the sections "Report of the Compensation Committee on Executive Compensation").

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference is the information set forth on pages 8-10 and page 17 of the 2004 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference is the information set forth on page 15 of the 2004 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference is the information set forth on pages 5-7 of the 2004 Proxy statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

EXHIBITS

Exhibit Number	Description of Exhibit	Sequentially Numbered Page
3.1	Certificate of Incorporation of First Busey Corporation (filed as Appendix B to First Busey's definitive proxy statement filed with the Commission on April 5, 1993 (Commission File No. 0-15950), and incorporated herein by reference)	
3.2	By-Laws of First Busey Corporation (filed as Appendix C to First Busey's definitive proxy statement filed with the Commission on April 5, 1993 (Commission File No. 0-15950), and incorporated herein by reference)	
10.1	First Busey Corporation 1993 Restricted Stock Award Plan (filed as Appendix E to First Busey's definitive proxy statement filed with the Commission on April 5, 1993 (Commission File No. 0-15950), and incorporated herein by reference)	
10.2	First Busey Corporation Profit Sharing Plan and Trust (filed as Exhibit 10.3 to First Busey's Registration Statement on Form S-1 (Registration No. 33-13973), and incorporated herein by reference)	
10.3	First Busey Corporation Employee Stock Ownership Plan (filed as Exhibit 10.7 to First Busey's Annual Report on Form 10-K for the fiscal year ended December 31, 1988 (Registration No. 2-66201), and incorporated herein by reference)	
10.4	First Busey Corporation 1988 Stock Option Plan (filed as Exhibit 10.8 to First Busey's Annual Report on Form 10-K for the fiscal year ended December 31, 1988 (Registration No. 2-66201), and incorporated herein by reference)	
10.5	First Busey Corporation 1999 Stock Option Plan (filed as Appendix B to First Busey's definitive proxy statement filed with the Commission on March 25, 1999 (Commission File No. 0-15950), and incorporated herein by reference)	
10.6	First Busey Corporation 2004 Stock Option Plan to be filed as Annex D to First Busey's definitive proxy statement on March 12, 2004	
14.1	First Busey Corporation Code of Ethics	83
21.1	List of Subsidiaries of First Busey Corporation	86
23.1	Consent of Independent Public Accountants	87
31.1	Certification of First Busey Corporation's Chief Executive Officer	88
31.2	Certification of First Busey Corporation's Chief Financial Officer	89
32.1	Certification of First Busey Corporation's Chief Executive Officer	90
32.2	Certification of First Busey Corporation's Chief Financial Officer	91

FINANCIAL STATEMENT SCHEDULES

Financial statement schedules not included in this Form 10-K have been omitted because they are not applicable for the required information shown in the financial statements or notes thereto.

FIRST BUSEY CORPORATION INDEX TO FINANCIAL STATEMENTS

REPORTS ON FORM 8-K

On January 8, 2004, the Corporation filed a report on Form 8-K (Item 2) dated January 6, 2004, announcing that on January 5, 2004, it entered into an agreement to acquire First Capital Bankshares, Inc., Peoria, IL.

On January 20, 2004, the Corporation filed a report on Form 8-K (Item 12) dated January 20, 2004, releasing its financial results for the three months ending December 31, 2003.

On February 24, 2004, the Corporation filed a report on Form 8-K dated February 24, 2004, announcing its intention to repurchase up to 500,000 shares, or approximately 4%, of its common stock outstanding.

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, in the City of Urbana, Illinois on March 12, 2004.

FIRST BUSEY CORPORATION

BY /s/ DOUGLAS C. MILLS

Douglas C. Mills
Chairman of the Board, President,
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 12, 2004.

Signature	Title
/s/ DOUGLAS C. MILLS Douglas C. Mills	Chairman of the Board, Chief Executive Officer (Principal Executive Officer)
/s/ BARBARA J. HARRINGTON Barbara J. Harrington	Chief Financial Officer (Principal Financial Officer)
/s/ JOSEPH M. AMBROSE Joseph M. Ambrose	Director
/s/ SAMUEL P. BANKS Samuel P. Banks	Director
/s/ T. O. DAWSON T. O. Dawson	Director
/s/ VICTOR F. FELDMAN Victor F. Feldman	Director
/s/ KENNETH M. HENDREN Kenneth M. Hendren	Director
/s/ E. PHILLIPS KNOX E. Phillips Knox	Director
/s/ BARBARA J. KUHL Barbara J. Kuhl	Director
/s/ P. DAVID KUHL P. David Kuhl	Director
/s/ V. B. LEISTER, JR. V. B. Leister, Jr.	Director
/s/ LINDA M. MILLS Linda M. Mills	Director

/s/ EDWIN A. SCHARLAU --------------------- Edwin A. Scharlau II	Director
/s/ DAVID C. THIES ------------------ David C. Thies	Director
/s/ ARTHUR R. WYATT ------------------- Arthur R. Wyatt	Director

FIRST BUSEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2003, 2002 AND 2001

CONTENTS

MCGLADREY & PULLEN
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS
FIRST BUSEY CORPORATION
URBANA, ILLINOIS

We have audited the accompanying consolidated balance sheets of FIRST BUSEY CORPORATION AND SUBSIDIARIES as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 BUSEY CORPORATION AND SUBSIDIARIES as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ MCGLADREY & PULLEN, LLP

Champaign, Illinois
February 6, 2004

McGladrey & Pullen, LLP is a member firm of RSM International - an affiliation of separate and independent legal entities.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2003 AND 2002

	2003	2002
	(Dollars in thousands)	
ASSETS		
Cash and due from banks	$ 52,397	$ 47,645
Securities available for sale	224,733	233,830
Loans held for sale (fair value 2003 $30,609; 2002 $61,685)	30,529	60,761
Loans (net of allowance for loan losses 2003 $16,228; 2002 $15,460)	1,145,639	1,024,822
Premises and equipment	22,223	27,359
Goodwill	7,380	7,380
Other intangible assets	2,100	2,464
Cash surrender value of bank owned life insurance	16,836	11,109
Other assets	20,247	20,208
TOTAL ASSETS	$ 1,522,084	$ 1,435,578
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest bearing	$ 160,578	$ 151,105
Interest bearing	1,096,017	1,062,500
TOTAL DEPOSITS	1,256,595	1,213,605
Federal funds purchased and securities sold under agreements to repurchase	16,000	2,467
Long-term debt	92,853	71,759
Company obligated mandatorily redeemable trust preferred debentures	25,000	25,000
Other liabilities	6,459	7,584
TOTAL LIABILITIES	1,396,907	1,320,415
Stockholders' Equity		
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	--	--
Common stock, no par value, authorized 40,000,000 shares; 14,154,706 shares issued	6,291	6,291
Surplus	20,968	20,862
Retained earnings	102,288	91,639
Accumulated other comprehensive income	9,191	10,276
TOTAL STOCKHOLDERS' EQUITY BEFORE TREASURY STOCK, UNEARNED ESOP SHARES AND DEFERRED COMPENSATION FOR RESTRICTED STOCK AWARDS	138,738	129,068
Treasury stock, at cost, 477,229 shares 2003; 586,486 shares 2002	(10,667)	(12,050)
Unearned ESOP shares and deferred compensation for restricted stock awards	(2,894)	(1,855)
TOTAL STOCKHOLDERS' EQUITY	125,177	115,163
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,522,084	$ 1,435,578

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	2003	2002	2001
	(Dollars in thousands, except per share amounts)		
Interest income:			
Loans	$65,603	$66,586	$76,618
Securities			
Taxable interest income	5,816	7,094	10,011
Nontaxable interest income	2,031	2,041	2,060
Dividends	250	104	117
Federal funds sold	149	260	1,179
TOTAL INTEREST INCOME	73,849	76,085	89,985
Interest expense:			
Deposits	19,644	24,598	40,614
Short-term borrowings	146	394	2,089
Long-term debt	3,578	3,252	2,532
Company obligated mandatorily redeemable trust preferred debentures	2,250	2,250	1,200
TOTAL INTEREST EXPENSE	25,618	30,494	46,435
NET INTEREST INCOME	48,231	45,591	43,550
Provision for loan losses	3,058	3,125	2,020
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	45,173	42,466	41,530
Other income:			
Service charges on deposit accounts	7,319	7,054	6,121
Trust fees	4,615	4,781	4,607
Commissions and brokers' fees, net	2,103	2,106	2,162
Other service charges and fees	1,836	1,816	1,667
Security gains, net	975	762	1,285
Gain on sales of loans	6,183	3,995	2,296
Net commissions from travel services	--	--	864
Other	1,654	2,023	2,458
TOTAL OTHER INCOME	24,685	22,537	21,460
Other expenses:			
Salaries and wages	18,491	17,431	17,624
Employee benefits	3,823	3,572	3,442
Net occupancy expense of premises	3,158	3,076	3,110
Furniture and equipment expenses	2,446	3,469	3,847
Data processing	1,755	1,459	920
Amortization and impairment of intangible assets	414	660	1,751
Stationery, supplies and printing	1,061	1,010	1,016
Other	8,821	8,249	7,264
TOTAL OTHER EXPENSES	39,969	38,926	38,974
INCOME BEFORE INCOME TAXES	29,889	26,077	24,016
Income taxes	10,025	8,173	8,363
NET INCOME	$19,864	$17,904	$15,653
Basic earnings per share	$ 1.46	$ 1.32	$ 1.16
Diluted earnings per share	$ 1.45	$ 1.31	$ 1.15

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2003, 2002, AND 2001

	Common Stock	Surplus	Retained Earnings	Accumulated Other Compre- hensive Income	Treasury Stock	Unearned ESOP Shares	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 2000	$6,291	$ 22,044	$ 73,215	$5,917	$(12,858)	$(2,283)	$(1)	$ 92,325
Comprehensive Income:								
Net Income	--	--	15,653	--	--	--	--	15,653
Other comprehensive income, net of tax:								
Unrealized gains on securities available for sale arising during the period, net of taxes of $1,963	--	--	--	--	--	--	--	2,986
Reclassification adjustment, net of taxes of ($510)	--	--	--	--	--	--	--	(775)
Other comprehensive income, net of taxes of $1,453	--	--	--	2,211	--	--	--	2,211
Comprehensive Income	--	--	--	--	--	--	--	17,864
Purchase of 168,734 shares for the treasury	--	--	--	--	(3,237)	--	--	(3,237)
Issuance of 369,000 shares of treasury stock for option exercise and related tax benefit	--	(872)	--	--	5,940	--	--	5,068
Issuance of 22,756 shares of treasury stock to benefit plans	--	18	--	--	444	--	--	462
Issuance of 3,236 shares of treasury stock for bonus compensation program	--	(3)	--	--	68	--	--	65
Issuance of 250 shares of treasury stock for restricted stock grants	--	1	--	--	4	--	5	--
Cash dividends:								
Common stock at $.52 per share	--	--	(7,007)	--	--	--	--	(7,007)
Employee stock ownership plan shares allocated	--	(18)	--	--	--	262	--	244
Release of restricted stock issued under restricted stock award plan	--	--	--	--	--	--	6	6
Balance, December 31, 2001	$6,291	$ 21,170	$ 81,861	$8,128	$ (9,639)	$(2,021)	$--	$ 105,790

(continued)

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Unearned ESOP Shares	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 2001	$6,291	$21,170	$ 81,861	$ 8,128	$ (9,639)	$(2,021)	$ --	$105,790
Comprehensive income:								
Net income	--	--	17,904	--	--	--	--	17,904
Other comprehensive income, net of tax:								
Unrealized gains on securities available for sale arising during period, net of tax benefit of $1,713	--	--	--	--	--	--	--	2,607
Reclassification adjustment, net of taxes of ($303)	--	--	--	--	--	--	--	(459)
Other comprehensive income, net of tax of $1,410	--	--	--	2,148	--	--	--	2,148
Comprehensive income	--	--	--	--	--	--	--	20,052
Purchase of 174,768 shares for the treasury	--	--	--	--	(3,792)	--	--	(3,792)
Issuance of 54,600 shares of treasury stock for option exercise and related tax benefit	--	(296)	--	--	1,155	--	--	859
Issuance of 750 shares of treasury stock to benefit plans	--	1	--	--	16	--	--	17
Issuance of 9,950 shares of treasury stock for Restricted stock grants	--	2	--	--	210	--	(212)	--
Cash dividends:								
Common stock at $.60 per share	--	--	(8,126)	--	--	--	--	(8,126)
Employee stock ownership plan shares allocated	--	(15)	--	--	--	262	--	247
Amortization of restricted stock issued under restricted Stock award plan	--	--	--	--	--	--	116	116
Balance, December 31, 2002	$6,291	$20,862	$ 91,639	$10,276	$(12,050)	$(1,759)	$ (96)	$115,163

(continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED DECEMBER 31, 2003, 2002, AND 2001

	Common Stock	Surplus	Retained Earnings	Accumulated Other Compre-hensive Income	Treasury Stock	Unearned ESOP Shares	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 2002	$6,291	$ 20,862	$ 91,639	$ 10,276	$(12,050)	$(1,759)	$(96)	$ 115,163
Comprehensive Income:								
Net Income	--	--	19,864	--	--	--	--	19,864
Other comprehensive income, net of tax:								
Unrealized losses on securities available for sale arising during the period, net of tax benefit of ($306)	--	--	--	--	--	--	--	(497)
Reclassification adjustment, net of taxes of ($387)	--	--	--	--	--	--	--	(588)
Other comprehensive income, net of tax of ($693)	--	--	--	(1,085)	--	--	--	(1,085)
Comprehensive Income	--	--	--	--	--	--	--	18,779
Purchase of 156,800 shares for the treasury	--	--	--	--	(4,079)	--	--	(4,079)
Issuance of 176,842 shares of treasury stock for option exercise and related tax benefit	--	(126)	--	--	3,575	--	--	3,449
Issuance of 89,215 shares of treasury stock to benefit plans	--	173	--	--	1,887	--	--	2,060
Cash dividends:								
Common stock at $.68 per share	--	--	(9,215)	--	--	--	--	(9,215)
Employee stock ownership plan shares allocated	--	59	--	--	--	262	--	321
Proceeds from employee stock ownership plan debt	--	--	--	--	--	(1,356)	--	(1,356)
Amortization of restricted stock issued under restricted stock award plan	--	--	--	--	--	--	55	55
Balance, December 31, 2003	$6,291	$ 20,968	$ 102,288	$ 9,191	$(10,667)	$(2,853)	$(41)	$ 125,177

See Accompanying Notes to Consolidated Financial Statements

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	2003	2002	2001
	(Dollars in thousands)		
Cash Flows from Operating Activities			
Net income	$ 19,864	$ 17,904	$ 15,653
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation	55	116	71
Depreciation and amortization	3,534	4,202	5,718
Provision for loan losses	3,058	3,125	2,020
Non-cash ESOP adjustment	59	(15)	(18)
Provision for deferred income taxes	344	(1,367)	(407)
Stock dividends received	(495)	(301)	(403)
Accretion of security discounts, net	(293)	(460)	(819)
Security gains, net	(975)	(762)	(1,285)
Gain on sales of loans, net	(6,183)	(3,995)	(2,296)
(Gain) loss on sales and dispositions of premises and equipment	(423)	(11)	388
Market valuation adjustment on OREO properties	989	700	--
Change in assets and liabilities:			
(Increase) decrease in other assets	(551)	(105)	3,617
Increase (decrease) in other liabilities	(829)	1,729	(5,877)
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE LOAN ORIGINATIONS AND SALES	18,154	20,760	16,362
Loans originated for sale	(400,967)	(292,102)	(274,893)
Proceeds from sales of loans	437,382	257,220	260,797
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	54,569	(14,122)	2,266
Cash Flows from Investing Activities			
Securities available for sale:			
Purchases	(212,444)	(118,028)	(125,173)
Proceeds from sales	19,033	23,358	9,105
Proceeds from maturities	202,493	76,548	139,967
Decrease in federal funds sold	--	20,000	14,700
(Increase) decrease in loans	(124,402)	(91,148)	22,025
Purchases of premises and equipment	(3,724)	(1,898)	(2,380)
Proceeds from sales of premises and equipment	6,216	89	197
Increase in investment in life insurance	(5,000)	(343)	(10,000)
Increase in cash surrender value of bank owned life insurance	(727)	(655)	(111)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(118,555)	(92,077)	48,330

(continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	2003	2002	2001
	(Dollars in thousands)		
Cash Flows from Financing Activities			
Net (decrease) increase in certificates of deposit	$(27,254)	$ 64,691	$(95,849)
Net increase in demand deposits, money market and savings accounts	70,244	42,915	53,061
Net increase (decrease) in Federal funds purchased and securities sold under agreements to repurchase	13,533	(7,300)	(9,123)
Proceeds from short-term borrowings	--	500	4,500
Principal payments on short-term borrowings	--	(2,500)	(32,500)
Proceeds from long-term debt	20,000	43,000	18,000
Principal payments on long-term debt	--	(18,000)	(25,976)
Proceeds from issuance of company obligated mandatorily redeemable preferred debentures	--	--	25,000
Cash dividends paid	(9,215)	(8,126)	(7,007)
Purchase of treasury stock	(4,079)	(3,792)	(3,237)
Proceeds from sales of treasury stock	5,509	876	5,530
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	68,738	112,264	(67,601)
Net increase (decrease) in cash and due from banks	4,752	6,065	(17,005)
Cash and due from banks, beginning	47,645	41,580	58,585
Cash and due from banks, ending	$ 52,397	$ 47,645	$ 41,580
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash payments for:			
Interest	$ 26,395	$ 30,817	$ 49,332
Income taxes	$ 9,864	$ 7,810	$ 8,297
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Other real estate acquired in settlement of loans	$ 527	$ 5,977	$ 30
Employee stock ownership plan shares allocated	$ 262	$ 262	$ 262
Proceeds from employee stock ownership plan debt	$ 1,356	$ --	$ --
Transfer of installment purchase debt certificate from investment portfolio to loan portfolio	$ --	$ 242	$ --

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Description of business:

First Busey Corporation (the Corporation) is a financial holding company whose subsidiaries provide a full range of banking services, including security broker/dealer services and investment management and fiduciary services, to individual and corporate customers through its locations in Central Illinois, Indianapolis, Indiana, and Fort Myers, Florida. The Corporation and subsidiaries are subject to competition from other financial institutions and non-financial institutions providing financial products and services. First Busey Corporation and its subsidiaries are also subject to the regulations of certain regulatory agencies and undergo periodic examinations by those regulatory agencies.

The significant accounting and reporting policies for First Busey Corporation and its subsidiaries follow:

Basis of consolidation

The consolidated financial statements include the accounts of First Busey Corporation and its subsidiaries: Busey Bank and its subsidiary: BAT, Inc.; Busey Bank Florida; First Busey Resources, Inc.; Busey Investment Group, Inc. and its subsidiaries: First Busey Trust & Investment Company, Inc., First Busey Securities, Inc., and Busey Insurance Services, Inc.; and First Busey Capital Trust I, LP. All material intercompany balances and transactions have been eliminated in consolidation.

The consolidated financial statements of First Busey Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America and conform to predominant practice within the banking industry.

Use of estimates

In preparing the accompanying consolidated financial statements, the Corporation's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. Material estimates which are particularly susceptible to significant change in the near term relate to the market value of investment securities, the determination of the allowance for loan losses and valuation of real estate, or other properties acquired in connection with foreclosures or in satisfaction of amounts due from borrowers on loans, and consideration of impairment of goodwill and other intangible assets.

Trust assets

Assets held for customers in a fiduciary or agency capacity, other than trust cash on deposit at the Corporation's bank subsidiaries, are not assets of the Corporation and, accordingly, are not included in the accompanying consolidated financial statements.

Cash flows

For purposes of reporting cash flows, cash and due from banks include cash on hand and amounts due from banks. Cash flows from federal funds purchased and sold are reported net, since their original maturities are less than three months. Cash flows from loans, deposits, and short-term borrowings are also treated as net increases or decreases.

Securities

Securities classified as available for sale are those debt securities that the Corporation intends to hold for an indefinite period of time, but not necessarily to maturity, and marketable equity securities. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Corporation's assets and liabilities, liquidity needs, regulatory capital considerations and other similar factors. Securities available for sale are carried at fair value. The difference between fair value and amortized cost results in an unrealized gain or loss. Unrealized gains or losses are reported as increases or decreases in accumulated other comprehensive income, net of the related deferred tax effect, as a part of stockholders' equity. Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in earnings. Where applicable, amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the period to maturity.

Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by fees and an allowance for loan losses.

Loan origination and commitment fees and certain direct loan origination costs are deferred and the net amount amortized as an adjustment of the related loan's yield. The Corporation is generally amortizing these amounts over the contractual life. However, for long-term fixed-rate mortgages the Corporation has anticipated prepayments and assumes an estimated economic life of 5 years or less. Commitment fees and costs are generally based upon a percentage of a customer's unused line of credit and fees related to standby letters of credit and are recognized over the commitment period when the likelihood of exercise is remote. If the commitment is subsequently exercised during the commitment period, the remaining unamortized commitment fee at the time of exercise is recognized over the life of the loan as an adjustment of the yield.

Interest is accrued daily on the outstanding balances. For impaired loans, accrual of interest is discontinued on a loan when management believes, after considering collection efforts and other factors that the borrower's financial condition is such that collection of interest is doubtful. Cash collections on impaired loans are credited to the loan receivable balance, and no interest income is recognized on those loans until the principal balance has been collected.

A loan is considered to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in the process of collection. Credit card loans and other personal loans are typically charged off no later than 180 days delinquent.

Interest accrued in the current year but not collected for loans that are placed on nonaccrual status or charged off is reversed against interest income. Interest accrued during the prior year but not collected for loans that are placed on nonaccrual status or charged off is charged against the allowance for loan losses. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for loan losses

The allowance for loan losses is established through a provision for loan losses charged to operating expense. Loan losses are charged against the allowance for loan losses when management believes the collectibility of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount management believes will be adequate to absorb estimated losses related to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio, based on an evaluation of the collectibility of existing loans and prior loss experience. The evaluations also take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, loan concentrations, review of specific problem loans and current economic conditions that may affect the borrowers' ability to repay. This evaluation does not include the effect of unexpected losses on specific loans or groups of loans that are related to future events or unexpected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions.

In addition, regulatory agencies as an integral part of their examination process, periodically review the allowance for loan losses, and may require the Bank to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as either doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is impaired when it is probable based on current information and events, the Corporation will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impaired loans are measured, on an individual basis for commercial and construction loans, based on the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify individual consumer and residential loans for impairment disclosures.

Loans held for sale

Loans held for sale are those loans the Corporation has the intent to sell in the foreseeable future. They consist of fixed-rate mortgage loans conforming to established guidelines and held for sale to investors and the secondary mortgage market. Loans held for sale are carried at the lower of aggregate cost or estimated fair value. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Gains and losses on sales of loans are recognized at settlement dates and are determined by the difference between the sales proceeds and the carrying value of the loans after allocating cost to servicing rights retained.

The Corporation enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans to be held for sale are considered to be derivatives. Accordingly, such commitments, on the balance sheet are recorded at fair value, with changes in fair value recorded in the net gain or loss on sale of mortgage loans. Fair value is based on the change in estimated fair value of the underlying mortgage loan. The fair value is subject to change primarily due to changes in interest rates.

Loan servicing

The Corporation generally retains the right to service mortgage loans sold to others. The cost allocated to the mortgage servicing rights retained has been recognized as a separate asset and is being amortized in proportion to and over the period of estimated net servicing income.

Mortgage servicing rights are periodically evaluated for impairment based on the fair value of those rights. Fair values are estimated using discounted cash flows based on current market rates of interest and current expected future prepayment rates. For purposes of measuring impairment, the rights must be stratified by one or more predominant risk characteristics of the underlying loans. The Corporation stratifies its capitalized mortgage servicing rights based on the origination date of the underlying loans. The amount of impairment recognized is the amount, if any, by which the amortized cost of the rights for each stratum exceeds its fair value.

Premises and equipment

Land is stated at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets. The estimated useful lives for premises and equipment are:

Asset Description	Estimated Useful Life
Buildings	20 - 40 years
Furniture and equipment	3 - 10 years
Data processing equipment	3 - 5 years
Software	2 - 3 years
Leasehold improvements	3 - 10 years

Management periodically reviews the carrying value of its long-lived assets to determine if an impairment has occurred or whether changes in circumstances have occurred that would require a revision to the remaining useful lives of those assets. In making such determination, management evaluates the performance, on an undiscounted basis, of the underlying operations or assets which give rise to such amount.

Other real estate owned

Other real estate owned (OREO) represents properties acquired through foreclosure or other proceedings in settlement of loans. OREO is held for sale and is recorded at the date of foreclosure at the fair value of the properties less estimated costs of disposal, which establishes a new cost. Any write-down to fair value at the time of transfer to OREO is charged to the allowance for loan losses. Property is evaluated regularly to ensure the recorded amount is supported by its current fair value, and valuation allowances to reduce the carrying amount to fair value less estimated costs to dispose are recorded as necessary. Revenue and expense from the operations of foreclosed assets and changes in the valuation allowance are included in operations. Other real estate owned included in other assets was approximately $4,781,000 and $5,724,000 as of December 31, 2003, and 2002 respectively.

Goodwill and other intangible assets

Costs in excess of the estimated fair value of identifiable net assets acquired consist primarily of goodwill, core deposit intangible and other identifiable intangible assets. Goodwill was originally amortized into expense on a straight-line basis over periods not to exceed 25 years. Effective January 1, 2002, the Corporation ceased amortization in accordance with newly adopted accounting standards generally accepted in the United States of America. The Corporation performed an initial impairment assessment as of January 1, 2002, and annual impairment assessments as of December 31, 2003 and 2002.

Core deposit and other identifiable intangible assets are amortized on an accelerated basis over the estimated period benefited up to 10 years.

Total amortization expense was approximately $414,000, $660,000, and $1,751,000 for the years ended December 31, 2003, 2002, and 2001, respectively.

Intangible assets are reviewed for possible impairment when events or changed circumstances may affect the underlying basis of the net assets. Such reviews include an analysis of current results and take into consideration the discounted value of projected operating cash flows.

Income taxes

The Corporation and its subsidiaries file consolidated Federal and State income tax returns with each organization computing its taxes on a separate entity basis. The provision for income taxes is based on income as reported in the financial statements.

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future. The deferred tax assets and liabilities are computed based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to an amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Reclassifications

Certain reclassifications have been made to the balances, with no effect on net income or stockholders' equity, as of and for the years ended December 31, 2002 and 2001, to be consistent with the classifications adopted as of and for the year ended December 31, 2003.

Stock-based employee compensation

The Corporation has two stock-based employee compensation plans which have been in existence for all periods presented, and which are more fully described in Note 15. As permitted under accounting principles generally accepted in the United States of America, grants of options under the plans are accounted for under the recognition and measurement principles of APB No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Because options granted under the plans had an exercise price equal to market value of the underlying common stock on the date of grant, no stock-based employee compensation cost is included in determining net income. The following table illustrates the effect on net income and earnings per share if the Corporation had applied the fair value recognition provisions of Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation.

	2003	2002	2001
	(in thousands, except per share data)		
Net income:			
As reported	$ 19,864	$ 17,904	$ 15,653
Deduct total stock-based compensation expense determined under the fair value method for all awards, net of related tax effects	257	242	303
Pro forma	$ 19,607	$ 17,662	$ 15,350
Basic earnings per share:			
As reported	$ 1.46	$ 1.32	$ 1.16
Pro forma	$ 1.45	$ 1.30	$ 1.14
Diluted earnings per share:			
As reported	$ 1.45	$ 1.31	$ 1.15
Pro forma	$ 1.43	$ 1.30	$ 1.13

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions. In addition, such models require the use of subjective assumptions, including expected stock price volatility. In management's opinion, such valuation models may not necessarily provide the best single measure of option value.

The fair value of the stock options granted has been estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

	2002	2001		
		Block 1	Block 2	Block 3
Number of options granted	229,000	61,500	2,250	1,000
Risk-free interest rate	3.51%	4.04%	4.39%	3.54%
Expected life, in years	3	4	5	3
Expected volatility	19.27%	19.89%	19.89%	19.89%
Expected dividend yield	2.60%	2.42%	2.42%	2.44%
Estimated fair value per option	$4.92	$5.35	$5.10	$3.50

The Corporation awarded no stock options during 2003.

Earnings per share

Basic earnings per share are computed by dividing net income for the year by the weighted average number of shares outstanding.

Diluted earnings per share are determined by dividing net income for the year by the weighted average number of shares of common stock and common stock equivalents outstanding. Common stock equivalents assume exercise of stock options and use of proceeds to purchase treasury stock at the average market price for the period.

The following reflects net income per share calculations for basic and diluted methods:

	For the Years Ended December 31,		
	2003	2002	2001
Net income available to common shareholders	$ 19,864,000	$ 17,904,000	$ 15,653,000
Basic average common shares outstanding	13,562,120	13,535,918	13,486,688
Dilutive potential due to stock options	127,440	81,329	135,300
Average number of common shares and dilutive potential common shares outstanding	13,689,560	13,617,247	13,621,988
Basic net income per share	$ 1.46	$ 1.32	$ 1.16
Diluted net income per share	$ 1.45	$ 1.31	$ 1.15

Impact of new financial accounting standards

The Financial Accounting Standards Board has issued Statement 149, "Amendment of Statement 133 on Derivative Instruments and Hedging". This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under Statement 133. The Statement was effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. Implementation of the Statement on July 1, 2003 did not have a significant impact on the consolidated financial statements.

FIN No. 46 "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51." FIN 46 establishes accounting guidance for consolidation of variable interest entities (VIE) that function to support the activities of the primary beneficiary. The primary beneficiary of a VIE entity is the entity that absorbs a majority of the VIE's expected losses, receives a majority of the VIE's expected residual returns, or both, as a result of ownership, controlling interest, contractual relationship or other business relationship with a VIE. Prior to the implementation of FIN 46, VIE's were generally consolidated by an enterprise when the enterprise had a controlling financial interest through ownership of a majority of voting interest in the entity. The provisions of FIN 46 were effective immediately for all arrangements entered into after January 31, 2003. If a VIE existed prior to February 1, 2003, FIN 46 was effective at the beginning of the first interim period beginning after June 15, 2003. However, on October 8, 2003, the Financial Accounting Standards Board (FASB) deferred the implementation date of FIN 46 until the first period ending after December 15, 2003.

The Corporation adopted FIN 46 in connection with its consolidated financial statements for the year ended December 31, 2003. In its current form, FIN 46 will require the Corporation to de-consolidate its investment in First Busey Capital Trust I in future financial statements. The de-consolidation of subsidiary trusts of bank holding companies formed in connection with the issuance of trust preferred securities, like First Busey Capital Trust I, appears to be an unintended consequence of FIN 46. Based upon its interpretation of FIN 46, the Corporation continues to consolidate its wholly-owned subsidiary trust entity involved with the issuance of its trust preferred securities, but will deconsolidate for the quarter ending March 31, 2004. It is currently unknown if, or when, the FASB will address this issue. In July 2003, the Board of Governors of the Federal Reserve System issued a supervisory letter instructing bank holding companies to continue to include the trust preferred securities in their Tier I capital for regulatory capital purposes until notice is given to the contrary. The Federal Reserve intends to review the regulatory implications of any accounting treatment changes and, if necessary or warranted, provide further appropriate guidance. There can be no assurance that the Federal Reserve will continue to permit institutions to include trust preferred securities in Tier I capital for regulatory capital purposes As of December 31, 2003, assuming the Corporation was not permitted to include the $25 million in trust preferred securities issued by First Busey Capital Trust I in its Tier 1 capital, the Corporation would also be permitted to redeem the capital securities, which bear interest at 9.00%, without penalty. In addition, the Corporation would still exceed the regulatory required minimums for capital adequacy purposes at December 31, 2003, assuming the Corporation was not permitted to include these securities in Tier 1 capital.

The interpretations of FIN 46 and its application to various transaction types and structures are evolving. Management continuously monitors emerging issues related to FIN 46, some of which could potentially impact the Corporation's financial statements.

Comprehensive income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

NOTE 2. ADOPTION OF STATEMENT NO. 142.

On January 1, 2002, the Corporation implemented Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Under the provisions of Statement No. 142, goodwill is no longer subject to amortization over its estimated useful life, but instead will be subject to at least annual assessments for impairment by applying a fair value based test. Statement No. 142 also requires that an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the asset can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so. The Corporation determined that no transitional impairment loss was required at January 1, 2002.

Among the provisions of Statement No. 142 is a requirement to disclose what reported net income would have been for all periods presented exclusive of amortization expense (net of related income tax effects) recognized in those periods related to goodwill with related per share amounts. No changes in the amortization periods for other intangible assets were made during the years ended December 31, 2003 or 2002, as a result of the adoption of this Standard.

Goodwill and intangible asset disclosures are as follows:

	As of December 31, 2003	
	Gross Carrying Amount	Accumulated Amortization
	(Dollars in thousands)	
AMORTIZED INTANGIBLE ASSETS:		
Core deposit intangibles	$ 8,006	$ 5,906
AGGREGATE AMORTIZATION EXPENSE:		
For the year ended December 31, 2003		$ 414
ESTIMATED AMORTIZATION EXPENSE:		
2004		$ 419
2005		419
2006		386
2007		220
2008		220
Thereafter		436
		2,100
GOODWILL:	$ 7,380	

	December 31, 2003	2002	2001
	(Dollars in thousands, except per share data)		
Reported net income	$ 19,864	$ 17,904	$ 15,653
Add goodwill amortization, net of tax	--	--	651
Adjusted net income	$ 19,864	$ 17,904	$ 16,304
Basic earnings per share:			
Reported net income	$ 1.46	$ 1.32	$ 1.16
Goodwill amortization, net of tax	--	--	.05
Adjusted net income	$ 1.46	$ 1.32	$ 1.21
Diluted earnings per share:			
Reported net income	$ 1.45	$ 1.31	$ 1.15
Goodwill amortization, net of tax	--	--	.05
Adjusted net income	$ 1.45	$ 1.31	$ 1.20

NOTE 3. CASH AND DUE FROM BANKS

The Corporation's banking and thrift subsidiaries are required to maintain certain cash reserve balances with the Federal Reserve Bank of Chicago, which may be offset by cash on hand. The required reserve balances as of December 31, 2003 and 2002 were approximately $10,921,000 and $8,566,000, respectively.

In October 1997, the Corporation's bank subsidiary established a clearing balance requirement of $2,000,000 with the Federal Reserve Bank of Chicago to use Federal Reserve Bank services. As of December 31, 2003 and 2002, the clearing balance requirement was $2,750,000. These deposited funds generate earnings credits at market rates which offset service charges resulting from the use of Federal Reserve Bank services. The clearing balance requirement is included in the required reserve balance referred to above and may be increased, or otherwise adjusted, on approval of the Federal Reserve Bank based on estimated service charges; however, such adjustments will be made no more frequently than once per month.

The Corporation maintains its cash in deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4. SECURITIES

The amortized cost and fair values of securities available for sale are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2003:	(Dollars in thousands)			
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 149,727	$ 1,284	$ 113	$ 150,898
Obligations of states and political subdivisions	45,813	2,433	11	48,235
Corporate securities	3,995	276	6	4,265
	199,535	3,993	130	203,398
Mutual funds and other equity securities	9,947	11,396	8	21,335
	$ 209,482	$ 15,389	$ 138	$ 224,733

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2002:	(Dollars in thousands)			
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 155,051	$ 3,273	$ --	$ 158,324
Obligations of states and political Subdivisions	48,878	2,557	1	51,434
Corporate securities	3,493	255	2	3,746
	207,422	6,085	3	213,504
Mutual funds and other equity securities	9,379	10,955	8	20,326
	$ 216,801	$ 17,040	$ 11	$ 233,830

The amortized cost and fair value of securities available for sale as of December 31, 2003, by contractual maturity, are shown below. Mutual funds and other equity securities do not have stated maturity dates and therefore are not included in the following maturity summary.

	Amortized Cost	Fair Value
	(Dollars in thousands)	
Due in one year or less	$ 73,637	$ 74,280
Due after one year through five years	103,676	105,326
Due after five years through ten years	19,963	21,336
Due after ten years	2,259	2,456
	$ 199,535	$ 203,398

Gains and losses related to sales of securities are summarized as follows (in thousands):

	For the Years Ended December 31,		
	2003	2002	2001
Gross security gains	$ 1,133	$ 762	$ 1,285
Gross security losses	(158)	--	--
NET SECURITY GAINS	$ 975	$ 762	$ 1,285

The tax provisions for these net realized gains and losses amounted to $387,000, 303,000, and $510,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

Investment securities with carrying values of $151,730,000 and $142,781,000 on December 31, 2003 and 2002, respectively, were pledged as collateral on public deposits, to secure securities sold under agreements to repurchase and for other purposes as required or permitted by law.

Management evaluates the investment portfolio on an annual basis to determine if investments have suffered a less than temporary decline in value. In addition, management monitors market trends and current events in order to identify trends and circumstances that might impact the carrying value of securities. As of December 31, 2003, no investments had continuous unrealized losses existing greater than twelve months.

	Continuous unrealized losses existing for less than 12 months		Continuous unrealized losses existing greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 21,497	$ (113)	$ --	$ --	$ 21,497	$ (113)
Obligations of states and political subdivisions	2,260	(11)	--	--	2,260	(11)
Corporate securities	401	(6)	--	--	401	(6)
Subtotal, debt securities	$ 24,158	$ (130)	$ --	$ --	$ 24,158	$ (130)
Mutual funds and other equity securities	92	(8)	--	--	92	(8)
Total temporarily impaired securities	$ 24,250	$ (138)	$ --	$ --	$ 24,250	$ (138)

For the above investment securities, the unrealized losses are generally due to changes in interest rates and, as such, are considered to be temporary by the Corporation.

NOTE 5. LOANS

The composition of loans is as follows:

	December 31, 2003	December 31, 2002
	(Dollars in thousands)	
Commercial	$ 138,272	$ 118,004
Real estate construction	168,141	129,872
Real estate - farmland	11,890	13,421
Real estate - 1 to 4 family residential mortgage	376,559	369,868
Real estate - multifamily mortgage	91,325	57,559
Real estate - non-farm nonresidential mortgage	292,169	274,153
Installment	62,085	56,137
Agricultural	22,300	22,034
	1,162,741	1,041,048
Less deferred loan fees	874	766
	1,161,867	1,040,282
Less allowance for loan losses	16,228	15,460
NET LOANS	$1,145,639	$1,024,822

The loan portfolio includes a concentration of loans for commercial real estate amounting to approximately $383,494,000 and $331,712,000 as of December 31, 2003 and 2002, respectively. Generally these loans are collateralized by assets of the borrowers. The loans are expected to be repaid from cash flows or from proceeds from the sale of selected assets of the borrowers. Credit losses arising from lending transactions for commercial real estate entities are comparable with the Corporation's credit loss experience on its loan portfolio as a whole.

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

Loans contractually past due in excess of 90 days and loans classified as non-accrual are summarized as follows:

	December 31, 2003	December 31, 2002
	(Dollars in thousands)	
Loans 90 days past due and still accruing	$ 2,638	$ 963
Non-accrual loans	581	1,265
	3,219	2,228

The following table presents data on impaired loans:

	2003	2002	2001
	(Dollars in thousands)		
Impaired loans for which an allowance has been provided	$ --	$ --	$ --
Impaired loans for which no allowance has been provided	$ 2,214	$ 309	$ 656
Total loans determined to be impaired	$ 2,214	$ 309	$ 656
Allowance for loan loss for impaired loans included in the allowance for loan losses	$ --	$ --	$ --
Average recorded investment in impaired loans	$ 1,193	$ 1,435	$ 390
Interest income recognized from impaired loans	$ --	$ --	$ 9
Cash basis interest income recognized from impaired loans	$ --	$ --	$ 9

NOTE 6. ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses were as follows:

	Years Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Balance, beginning of year	$ 15,460	$ 13,688	$ 12,268
Provision for loan losses	3,058	3,125	2,020
Recoveries applicable to loan balances previously charged off	225	476	176
Loan balances charged off	(2,515)	(1,829)	(776)
Balance, end of year	$ 16,228	$ 15,460	$ 13,688

NOTE 7. LOAN SERVICING

The amount of loans serviced by the Corporation for the benefit of others is not included in the accompanying consolidated balance sheets. The unpaid principal balances of these loans were $531,271,000 and $368,907,000 as of December 31, 2003 and 2002, respectively. Servicing loans for others generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and collection and foreclosure processing. Loan servicing income is recorded on the accrual basis and includes servicing fees from investors and certain charges collected from borrowers, such as late payment fees and is net of amortization of capitalized mortgage servicing rights.

The balance of capitalized servicing rights included in other assets at December 31, 2003 and 2002, was $2,279,000 and $1,474,000, respectively. The following summarizes mortgage servicing rights capitalized and amortized:

	For the Years Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Mortgage servicing rights capitalized	$ 2,679	$ 1,467	$ 961
Mortgage servicing rights amortized	$ 1,874	$ 906	$ 468

NOTE 8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31, 2003	December 31, 2002
	(Dollars in thousands)	
Land	$ 6,639	$ 7,101
Buildings and improvements	21,819	31,401
Furniture and equipment	18,925	18,253
	47,383	56,755
Less accumulated depreciation	25,160	29,396
	$ 22,223	$ 27,359

Depreciation expense was $3,120,000, $3,542,000 and $3,967,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

NOTE 9. DEPOSITS

The aggregate amount of time deposits with a minimum denomination of $100,000 was approximately $105,614,000 and $110,158,000 at December 31, 2003 and 2002, respectively.

As of December 31, 2003, the scheduled maturities of certificates of deposit, in thousands, are as follows:

2004	$ 287,584
2005	85,421
2006	43,192
2007	50,632
2008	20,582
Thereafter	44
	$ 487,455

NOTE 10. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature within one to four years from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Corporation may be required to provide additional collateral based on the fair value of the underlying securities.

FIRST BUSEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT

Long-term debt is summarized as follows:

	December 31, 2003	December 31, 2002
	(Dollars in thousands)	
Notes payable, Bank One, interest payable quarterly		
$250,000 term loan, at one-year LIBOR plus 1.40% (effective rate of 2.85% at December 31, 2003), principal payment of $25,000 due annually on December 15, final payment due December 15, 2006, collateralized by unallocated shares of First Busey Corporation common stock purchased by employee stock ownership plan in August, 1997 (6,000 shares as of December 31, 2003; 8,000 shares as of December 31, 2002)	$ 75	$ 100
$2,370,000 term loan, at one-year LIBOR plus 1.40% (effective rate of 2.85% at December 31, 2003), principal payment of $237,000 due annually on December 15, final payment due December 15, 2009, collateralized by unallocated shares of First Busey Corporation common stock purchased by employee stock ownership plan in November, 1999 (60,000 shares as of December 31, 2003; 70,000 shares as of December 31, 2002)	$ 1,422	$ 1,659
$1,356,500 term loan at one-year LIBOR plus 1.40% (effective rate of 2.56% at December 31, 2003), principal payment of $135,650 due annually on December 15, final payment due December 15, 2013, collateralized by unallocated shares of First Busey Corporation common stock purchased by employee stock ownership plan in December, 2003 (50,000 shares as of December 31, 2003)	$ 1,356	-
Notes payable, Federal Home Loan Bank of Chicago, collateralized by all unpledged U.S. Treasury and U.S. Agency securities, first mortgages on 1-4 family residential real estate and Federal Home Loan Bank of Chicago stock	$ 90,000	$ 70,000
	$ 92,853	$ 71,759

Funds borrowed from the Federal Home Loan Banks of Chicago and Atlanta consisted of the following advances:

	Rate		December 31,	
	2003	2002	2003	2002
			(Dollars in thousands)	
October 8, 2004, fixed	3.95%	3.95%	$ 1,000	$ 1,000
October 18, 2004, fixed	3.95%	3.95%	2,000	2,000
October 18, 2004, fixed	3.89%	3.89%	2,000	2,000
November 15, 2004	1.54%	--	1,000	--
February 14, 2005	1.69%	--	1,000	--
March 21, 2005, fixed	4.63%	4.63%	4,000	4,000
April 22, 2005, fixed	4.22%	4.22%	1,000	1,000
May 16, 2005	1.84%	--	1,000	--
June 13, 2005, fixed	3.88%	3.88%	1,000	1,000
June 20, 2005, fixed	4.00%	4.00%	4,000	4,000
July 25, 2005, fixed	3.17%	3.17%	1,000	1,000
October 28, 2005, fixed	2.68%	2.68%	2,000	2,000
November 14, 2005, fixed	2.16%	--	1,000	--
February 27, 2006, fixed	4.44%	4.44%	3,000	3,000
March 20, 2006, fixed	4.94%	4.94%	500	500
March 20, 2006, fixed	4.94%	4.94%	675	675
March 20, 2006, fixed	4.94%	4.94%	825	825
July 24, 2006, fixed	3.87%	3.87%	5,000	5,000
September 11, 2006, fixed	4.95%	4.95%	2,000	2,000
November 24, 2006, fixed	4.75%	4.75%	3,000	3,000
February 28, 2007, fixed	4.90%	4.90%	5,000	5,000
May 16, 2007, fixed	5.00%	5.00%	500	500
May 16, 2007, variable	5.00%	4.39%	1,500	1,500
June 20, 2007, fixed	4.46%	4.46%	1,000	1,000
July 24, 2007, fixed	3.78%	3.78%	1,000	1,000
September 6, 2007, fixed	3.45%	3.45%	3,000	3,000
January 16, 2008, fixed	4.95%	4.95%	5,000	5,000
January 16, 2008, fixed	5.30%	5.30%	5,000	5,000
February 17, 2008, fixed	5.01%	5.01%	10,000	10,000
February 27, 2008, fixed	5.07%	5.07%	2,000	2,000
March 28, 2008, fixed	3.08%	--	2,500	--
March 28, 2008, fixed	3.18%	--	2,500	--
July 31, 2008, fixed	3.65%	--	5,000	--
July 31, 2008, fixed	3.74%	--	5,000	--
October 6, 2008, fixed	4.30%	4.30%	3,000	3,000
January 3, 2013, fixed	4.68%	--	1,000	--
			$ 90,000	$ 70,000

As of December 31, 2003, the scheduled maturities of long-term debt, in thousands, are as follows:

2004	$ 6,398
2005	16,397
2006	15,398
2007	12,373
2008	40,372
Thereafter	$ 1,915
	$ 92,853

The Corporation had letters of credit outstanding with the Federal Home Loan Bank of Chicago for $1,300,000 and $2,800,000 at December 31, 2003 and 2002, respectively.

NOTE 12. COMPANY OBLIGATED MANDATORILY REDEEMABLE TRUST PREFERRED DEBENTURES

In June, 2001, First Busey Corporation issued $25,000,000 in cumulative trust preferred debentures through a newly formed special-purpose trust, First Busey Capital Trust I, L.P. The proceeds of the offering were invested by First Busey Capital Trust I in junior subordinated deferrable interest debentures of the Corporation. The Trust is a wholly owned consolidated subsidiary of the Corporation, and its sole assets are the junior subordinated deferrable interest debentures. Distributions are cumulative and are payable quarterly at a rate of 9.00% per annum of the stated liquidation amount of $10 per preferred security. Interest expense on the trust preferred securities was $2,250,000 for the years ended December 31, 2003 and December 31, 2002 and $1,200,000 for the year ended December 31, 2001. The obligations of the trust are fully and unconditionally guaranteed, on a subordinated basis, by the Corporation. The trust preferred debentures qualify as Tier 1 capital for regulatory purposes.

The trust preferred debentures are mandatorily redeemable upon the maturity of the debentures on June 18, 2031, or to the extent of any earlier redemption of any debentures by the Corporation, and are callable beginning June 18, 2006.

Issuance costs of $1,340,000 related to the trust preferred debentures were deferred and are being amortized over the period until mandatory redemption of the debentures in June, 2031.

NOTE 13. INCOME TAXES

The components of income taxes consist of:

	Years Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Current	$ 9,681	$ 9,540	$ 8,770
Deferred	344	(1,367)	(407)
TOTAL INCOME TAX EXPENSE	$ 10,025	$ 8,173	$ 8,363

A reconciliation of federal and state income taxes at statutory rates to the income taxes included in the statements of income is as follows:

	Years Ended December 31, 2003		2002		2001	
	Amount	% of Pretax Income	Amount	% of Pretax Income	Amount	% of Pretax Income
	(Dollars in thousands)					
Income tax at statutory rate	$ 10,461	35.0%	$ 9,127	35.0%	$ 8,406	35.0%
Effect of:						
Tax-exempt interest, net	(819)	(2.7%)	(774)	(3.0%)	(758)	(3.2%)
Income on bank owned life Insurance	(287)	(1.0%)	(260)	(1.0%)	(44)	(0.2%)
Amortization of intangibles	(35)	(0.1%)	55	0.2%	437	1.8%
Other	705	2.3%	25	0.1%	322	1.4%
	$ 10,025	33.5%	$ 8,173	31.3%	$ 8,363	34.8%

Net deferred taxes, included in other liabilities in the accompanying balances sheets, includes the following amounts of deferred tax assets and liabilities:

	2003	2002
	(Dollars in thousands)	
Deferred tax assets:		
Allowance for loan losses	$ 6,441	$ 6,133
Property acquired in settlement of loans	569	240
Loans held for sale	32	366
Basis in deposit intangibles	296	350
Deferred compensation	433	254
State net operating loss carryforwards	--	31
Other	295	235
	8,066	7,609
Deferred tax liabilities:		
Investment securities		
Unrealized gains on securities held for sale	(6,060)	(6,753)
Other	(419)	(247)
Basis in premises and equipment	(1,425)	(909)
Mortgage servicing assets	(905)	(585)
Deferred loan fees	(337)	(304)
Other	--	(240)
	(9,146)	(9,038)
NET DEFERRED TAX LIABILITY	$(1,080)	$(1,429)

NOTE 14. EMPLOYEE BENEFIT PLANS

Employees' Stock Ownership Plan

The First Busey Corporation Employees' Stock Ownership Plan (ESOP) is available to all full-time employees who meet certain age and length of service requirements. The ESOP purchased common shares of the Corporation using the proceeds of bank borrowings which is secured by the stock. The borrowings are to be repaid using fully deductible contributions to the trust fund. As the ESOP makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the Internal Revenue Code. Allocations of common stock released and forfeitures are based on the eligible compensation of each participant. Dividends on allocated shares of common stock are distributed directly to the participants, and dividends on unallocated shares are used to service the bank borrowings. All shares held by the ESOP, which were acquired prior to the issuance of Statement of Position 93-6, are included in the computation of average common shares and common share equivalents. This accounting treatment is grandfathered under Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" for shares purchased prior to December 31, 1992.

In December, 2003, First Busey Corporation's Employees' Stock Ownership Plan purchased an additional 50,000 shares of the Corporation's common stock using proceeds of $1,356,000 from bank borrowings which is secured by the stock.

As permitted by AICPA Statement of Position (SOP) 93-6, compensation expense for shares released is equal to the original acquisition cost of the shares if they were acquired prior to December 31, 1992. During 2001, $303,000 of compensation expense was recognized for the ESOP, releasing 12,000 shares to participant accounts and is reflected in the chart below under "Employee Benefits". During 2002, $304,000 of compensation expense was recognized for the ESOP, releasing 12,000 shares to participant accounts and is reflected in the chart below under "Employee Benefits". During 2003, $327,000 of compensation expense was recognized for the ESOP releasing 12,000 shares to participant accounts, and is reflected in the chart below under "Employee Benefits." For such shares, compensation expense is equal to the fair market value of the shares released. Compensation expense related to the ESOP plan, including related interest expense, was $431,000, $382,000, and $459,000, in the years ended December 31, 2003, 2002 and 2001.

Shares held in the ESOP which were acquired prior to December 31, 1992 were as follows:

	2003	2002
Allocated shares	720,005	740,264
Unallocated shares	--	--
TOTAL	720,005	740,264
Fair value of allocated shares at December 31	$19,440,000	$17,070,000

Shares held in the ESOP which were acquired after December 31, 1992 and their fair values were as follows:

	2003		2002	
	Shares	Fair Value	Shares	Fair Value
Allocated shares	51,817	$ 1,399,000	37,740	$ 870,000
Unallocated shares	116,000	3,132,000	78,000	1,799,000
TOTAL	167,817	$ 4,531,000	115,740	$ 2,669,000

Profit Sharing Plan

All full-time employees who meet certain age and length of service requirements are eligible to participate in the Corporation's profit-sharing plan. The contributions, if any, are determined solely by the Boards of Directors of the Corporation and its subsidiaries and in no case may the annual contributions be greater than the amounts deductible for federal income tax purposes for that year. The rights of the participants vest ratably over a seven-year period. Contributions to the plan were $880,000, $857,000, and $676,000 for the years ended December 31, 2003, 2002, and 2001, respectively.

Expense related to the employee benefit plans are included in the statements of income as follows:

	Years Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Employee benefits	$ 1,259	$ 1,161	$ 979
Interest on employee stock ownership plan debt	52	78	156
TOTAL EMPLOYER CONTRIBUTIONS	$ 1,311	$ 1,239	$ 1,135

NOTE 15. STOCK INCENTIVE PLANS

Stock Option Plan:

In March 1989, the Corporation adopted the 1988 Stock Option Plan pursuant to which incentive stock options and nonqualified stock options for up to 900,000 shares of common stock may be granted by the Compensation Committee of the Board of Directors to certain executive officers and key personnel of First Busey Corporation and its subsidiaries. In March 1996, the Board of Directors approved an increase in the number of shares reserved for issuance as stock options from 900,000 to 1,500,000.

In January of 1999, the Corporation adopted the 1999 Stock Option Plan pursuant to which nonqualified stock options for up to 500,000 shares of common stock may be granted by the Compensation Committee of the Board of Directors to certain executive officers and key personnel of First Busey Corporation and its subsidiaries.

A summary of the status of the Corporation's stock option plan for the years ended December 31, 2003, 2002, and 2001 and the changes during the years ending on those dates is as follows:

	2003		2002		2001	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	580,992	$ 18.76	408,992	$ 16.14	719,042	$ 12.68
Granted	--	--	229,000	21.84	64,750	17.95
Exercised	(176,842)	15.28	(54,600)	12.13	(369,000)	9.99
Terminated and reissuable	(6,550)	18.34	(2,400)	16.75	(5,800)	15.56
Outstanding at end of year	397,600	$ 20.31	580,992	$ 18.76	408,992	$ 16.14
Exercisable at end of year	168,400	$ 18.28	230,200	$ 16.70	98,000	$ 19.25
Weighted-average fair value per option of options granted during the year		N/A		$ 4.92		$ 5.31

The following table summarizes information about stock options outstanding at December 31, 2003:

	Options Outstanding		Options Exercisable
Exercise Prices	Number	Weighted-Average Remaining Contractual Life	Number
$ 16.75	46,900	0.75 years	46,900
17.88	61,500	1.96 years	61,500
17.88	5,000	1.00 years	5,000
19.06	2,250	2.67 years	--
20.06	54,000	0.96 years	54,000
20.18	1,000	0.75 years	1,000
21.84	226,950	6.96 years	--
	397,600	4.52 years	168,400

Restricted Stock Award Plan:

The 1993 Restricted Stock Award Plan provides for restricted stock awards of up to 450,000 shares of common stock which may be granted by the Compensation Committee of the Board of Directors to certain executive officers and key personnel of First Busey Corporation and its subsidiaries. Shares vest over a period established by the Compensation Committee at grant date and are based on the attainment of specified earnings per share and earnings growth. As of December 31, 2003, there were 4,300 shares under grant.

	Number of Shares		
	2003	2002	2001
Under restriction, beginning of year	6,950	--	100
Granted	--	9,950	250
Restrictions released	2,650	3,000	350
Forfeited and reissuable	--	--	--
Under restriction, end of year	4,300	6,950	--
Available to grant, end of year	398,200	398,200	408,150

Compensation expense is recognized for financial statement purposes over the period of performance. Compensation expense of $55,000, $116,000, and $6,000 was recognized for financial statement purposes during the years ended December 31, 2003, 2002, and 2001, respectively.

NOTE 16. TRANSACTIONS WITH DIRECTORS AND EXECUTIVE OFFICERS

The Corporation and its subsidiaries have had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, executive officers, their immediate families and affiliated companies in which they have 10% or more beneficial ownership (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

The following is an analysis of the changes in loans to related parties during the year ended December 31, 2003:

Balance at the beginning of year	$ 5,274
New loans	4,734
Repayments	5,039
Balance at end of year	$ 4,969

NOTE 17. CAPITAL

The ability of the Corporation to pay cash dividends to its stockholders and to service its debt is dependent on the receipt of cash dividends from its subsidiaries. State chartered banks have certain statutory and regulatory restrictions on the amount of cash dividends they may pay. As a practical matter, dividend payments are restricted because of the desire to maintain a strong capital position in the subsidiaries.

The Corporation and the Banks are subject to various regulatory capital requirements administered by 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 the Corporation's or the Banks' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Corporation's and the Banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation and the Banks to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2003, that the Corporation and the Banks meet all capital adequacy requirements to which they are subject.

As of December 31, 2003, the most recent notification from the federal and state regulatory agencies categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Banks must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Banks' categories.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
As of December 31, 2003:						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 150,545	13.33%	$ 90,350	8.00%	N/A	N/A
Busey Bank	$ 117,133	11.30%	$ 82,934	8.00%	$ 103,667	10.00%
Busey Bank Florida	$ 12,402	15.50%	$ 6,402	8.00%	$ 8,003	10.00%
Tier I Capital (to Risk Weighted Assets)						
Consolidated	$ 131,277	11.62%	$ 45,175	4.00%	N/A	N/A
Busey Bank	$ 99,920	9.64%	$ 41,467	4.00%	$ 62,201	6.00%
Busey Bank Florida	$ 11,514	14.39%	$ 3,201	4.00%	$ 4,802	6.00%
Tier I Capital (to Average Assets)						
Consolidated	$ 131,277	8.85%	$ 59,363	4.00%	N/A	N/A
Busey Bank	$ 99,920	7.33%	$ 54,543	4.00%	$ 68,179	5.00%
Busey Bank Florida	$ 11,514	10.16%	$ 4,533	4.00%	$ 5,666	5.00%

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of December 31, 2002:						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 137,796	13.31%	$ 82,830	8.00%	N/A	N/A
Busey Bank	$ 108,321	11.13%	$ 77,846	8.00%	$ 97,307	10.00%
Busey Bank Florida	$ 11,802	25.47%	$ 3,708	8.00%	$ 4,634	10.00%
Tier I Capital (to Risk Weighted Assets)						
Consolidated	$ 119,897	11.58%	$ 41,415	4.00%	N/A	N/A
Busey Bank	$ 91,826	9.44%	$ 38,923	4.00%	$ 58,385	6.00%
Busey Bank Florida	$ 11,280	24.34%	$ 1,854	4.00%	$ 2,781	6.00%
Tier I Capital (to Average Assets)						
Consolidated	$ 119,897	8.66%	$ 55,389	4.00%	N/A	N/A
Busey Bank	$ 91,826	7.03%	$ 52,244	4.00%	$ 65,305	5.00%
Busey Bank Florida	$ 11,280	16.50%	$ 2,736	4.00%	$ 3,420	5.00%

NOTE 18. COMMITMENTS, CONTINGENCIES AND CREDIT RISK

The Corporation and its subsidiaries are parties to legal actions which arise in the normal course of their business activities. In the opinion of management, the ultimate resolution of these matters is not expected to have a material effect on the financial position or the results of operations of the Corporation and its subsidiaries.

The Corporation and its subsidiaries are parties to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. Those instruments involve, to varying degrees, elements of credit and interest rate risk. The contract or notional amounts of those instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments.

The Corporation and its subsidiaries' exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit and financial guarantees written is represented by the contractual amount of those instruments. The Corporation and its subsidiaries use the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

A summary of the contractual amount of the Corporation's exposure to off-balance-sheet risk follows:

	December 31, 2003	December 31, 2002
	(Dollars in thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 286,037	$ 222,407
Standby letters of credit	11,682	13,138

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. These commitments are generally at variable interest rates and generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The customer's credit worthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Corporation upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including bond financing and similar transactions and primarily have terms of one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Corporation holds collateral, which may include accounts receivable, inventory, property and equipment, income producing properties, supporting those commitments if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the corporation would be required to fund the commitment.

The maximum potential amount of future payments the Corporation could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded, the Corporation would be entitled to seek recovery from the customer. At December 31, 2003 and 2002, no amounts have been recorded as liabilities for the corporation's potential obligations under these guarantees.

As of December 31, 2003, the Corporation has no futures, forwards, swaps or option contracts, or other financial instruments with similar characteristics with the exception of rate lock commitments on mortgage loans to be held for sale.

Lease Commitments

At December 31, 2003, the Corporation was obligated under noncancelable operating leases for office space and other commitments. Rent expense under operating leases, included in net occupancy expense of premises, was approximately $790,000, $699,000, and $699,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

The projected minimum rental payments under the terms of the leases at December 31, 2003, in thousands, are as follows:

2004	$ 814
2005	708
2006	679
2007	620
2008	475
Thereafter	370
	$ 3,666

NOTE 19. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Cash and cash equivalents

The carrying amounts reported in the balance sheet for cash and due from banks and federal funds sold approximate those assets' fair values.

Securities

For securities available for sale, fair values are based on quoted market prices or dealer quotes, where available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. The carrying amount of accrued interest receivable approximates fair value.

Loans

For certain homogeneous categories of loans, such as some residential mortgages, fair value is estimated using the quoted market prices for similar loans or securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The carrying amount of accrued interest receivable approximates fair value.

Deposits and securities sold under agreements to repurchase

The fair value of demand deposits, savings accounts, interest-bearing transaction accounts, and certain money market deposits is defined as the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit and securities sold under agreements to repurchase is estimated using the rates currently offered for deposits of similar remaining maturities. The carrying amount of accrued interest payable approximates fair value.

Short-term borrowings and long-term debt

Rates currently available to the Corporation for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. The carrying amount of accrued interest payable approximates fair value.

Company obligated mandatorily redeemable trust preferred debentures

Fair values are based upon quoted market prices or dealer quotes. The carrying amount of accrued interest payable approximates fair value.

Commitments to extend credit and standby letters of credit

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date. As of December 31, 2003 and 2002, these items are immaterial in nature.

The estimated fair values of the Corporation's financial instruments are as follows:

	2003		2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in thousands)			
Financial assets:				
Cash and cash equivalents	$ 52,397	$ 52,397	$ 47,645	$ 47,645
Securities	224,733	224,733	233,830	233,830
Loans, net	1,176,168	1,184,532	1,085,583	1,100,710
Accrued interest receivable	6,606	6,606	7,114	7,114
Financial liabilities:				
Deposits	1,256,595	1,263,205	1,213,605	1,221,229
Federal funds purchased and securities sold under agreements to repurchase	16,000	16,000	2,467	2,498
Long-term debt	92,853	95,740	71,759	76,591
Company obligated mandatorily redeemable preferred securities	25,000	28,275	25,000	27,875
Accrued interest payable	2,465	2,465	3,241	3,241

In addition, other assets and liabilities of the Corporation that are not defined as financial instruments are not included in the above disclosures, such as property and equipment. Also, nonfinancial instruments typically not recognized in financial statements nevertheless may have value but are not included in the above disclosures. These include, among other items, the estimated earnings power of core deposit accounts, the earnings potential of loan servicing rights, the earnings potential of the trust operations, the trained work force, customer goodwill and similar items.

NOTE 20. REPORTABLE SEGMENTS AND RELATED INFORMATION

First Busey Corporation has three reportable segments, Busey Bank, First Busey Trust & Investment Co., and Busey Bank Florida. Busey Bank provides a full range of banking services to individual and corporate customers through its branch network in central Illinois, through its branch in Indianapolis, Indiana, and through its loan production office in Fort Myers, Florida. First Busey Trust & Investment Co. provides trust and asset management services to individual and corporate customers throughout central Illinois. Busey Bank Florida provides a full range of banking services to individuals and corporate customers in Fort Myers, Florida and the surrounding communities.

In November of 2001, Busey Bank Florida transferred banking assets in McLean County, Illinois to Busey Bank. At year-end, Busey Bank Florida had one banking location in Fort Myers, Florida and two banking locations in Cape Coral, Florida.

The Corporation's three reportable segments are strategic business units that are separately managed as they offer different products and services and have different marketing strategies.

The segment financial information provided below has been derived from the internal profitability reporting system used by management to monitor and manage the financial performance of the Corporation. The accounting policies of the three segments are the same as those described in the summary of significant accounting policies. The Corporation accounts for intersegment revenue and transfers at current market value.

The following summarized information relates to the Corporation's reportable segments:

December 31, 2003	Busey Bank	Busey Bank Florida	First Busey Trust & Investment Co.	All Other	Totals	Eliminations	Consolidated Totals
Interest income	$ 68,869	$ 4,716	$ 141	$ 2,413	$ 76,139	$ (2,290)	$ 73,849
Interest expense	21,229	2,126	--	4,555	27,910	(2,292)	25,618
Other income	17,996	552	4,285	26,710	49,543	(24,858)	24,685
Total income	86,865	5,268	4,426	29,123	125,682	(27,148)	98,534
Net income	19,758	287	1,296	23,481	44,822	(24,958)	19,864
Total assets	1,394,354	113,441	3,298	193,047	1,704,140	(182,056)	1,522,084

December 31, 2002	Busey Bank	Busey Bank Florida	First Busey Trust & Investment Co.	All Other	Totals	Eliminations	Consolidated Totals
Interest income	$ 72,841	$ 2,981	$ 156	$ 2,412	$ 78,390	$ (2,305)	$ 76,085
Interest expense	26,599	1,588	--	4,587	32,774	(2,280)	30,494
Other income	15,841	434	4,610	25,084	45,969	(23,432)	22,537
Total income	88,682	3,415	4,766	27,496	124,359	(25,737)	98,622
Net income	18,292	24	1,419	20,016	39,751	(21,847)	17,904
Total assets	1,346,062	73,193	3,232	181,750	1,604,237	(168,659)	1,435,578

December 31, 2001	Busey Bank	Busey Bank Florida	First Busey Trust & Investment Co.	All Other	Totals	Eliminations	Consolidated Totals
Interest income	$ 70,740	$ 18,948	$ 178	$ 1,402	$ 91,268	$ (1,283)	$ 89,985
Interest expense	33,284	10,823	--	3,508	47,615	(1,180)	46,435
Other income	12,519	2,281	4,664	23,298	42,762	(21,302)	21,460
Total income	83,259	21,229	4,842	24,700	134,030	(22,585)	111,445
Net income	14,029	1,997	1,391	17,175	34,592	(18,939)	15,653
Total assets	1,238,377	50,935	3,339	174,322	1,466,973	(166,284)	1,300,689

FIRST BUSEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21. PARENT COMPANY ONLY FINANCIAL INFORMATION

Condensed financial data for First Busey Corporation is presented below.

BALANCE SHEETS

	December 31, 2003	December 31, 2002
ASSETS	(Dollars in thousands)	
Cash and due from subsidiary bank	$ 5,498	$ 1,869
Securities available for sale	3,241	2,598
Loans	2,473	2,138
Investments in subsidiaries:		
Bank	127,498	120,880
Non-bank	11,837	11,697
Premises and equipment, net	101	128
Goodwill	1,548	1,548
Other assets	1,824	1,870
TOTAL ASSETS	$ 154,020	$ 142,728
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Short-term corporate borrowings	$ --	$ --
Long-term ESOP borrowings	2,853	1,759
Junior subordinated debentures due to First Busey Capital Trust I	25,000	25,000
Other liabilities	990	806
TOTAL LIABILITIES	28,843	27,565
Stockholders' equity before unearned ESOP shares and deferred Compensation for restricted stock awards	128,071	117,018
Unearned ESOP shares and deferred compensation for restricted stock awards	(2,894)	(1,855)
TOTAL STOCKHOLDERS' EQUITY	125,177	115,163
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 154,020	$ 142,728

STATEMENTS OF INCOME

	Years Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Operating income:			
Dividends from subsidiaries:			
Bank	$12,000	$ 12,000	$ 28,983
Non-bank	1,500	2,050	3,190
Interest and dividend income	154	141	137
Other income	1,101	928	950
TOTAL OPERATING INCOME	14,755	15,119	33,260
Expenses:			
Salaries and employee benefits	1,633	1,503	1,096
Interest expense	2,303	2,325	2,308
Operating expense	882	1,475	1,340
TOTAL EXPENSES	4,818	5,303	4,744
INCOME BEFORE INCOME TAX BENEFIT AND EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	9,937	9,816	28,516
Income tax benefit	1,723	2,007	1,806
INCOME BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	11,660	11,823	30,322
Equity in undistributed income of subsidiaries:			
Bank	8,044	6,316	(12,958)
Non-bank	160	(235)	(1,711)
NET INCOME	$19,864	$ 17,904	$ 15,653

STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Cash Flows from Operating Activities			
Net income	$ 19,864	$ 17,904	$ 15,653
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	63	35	399
Equity in undistributed net income of subsidiaries	(8,204)	(6,081)	14,669
Non-cash dividends from subsidiaries	--	--	(1,130)
Stock-based compensation	55	116	6
Non-cash ESOP adjustment	59	(15)	(18)
Security (gains) losses, net	(93)	(1)	357
Gain on disposal of premises and equipment	--	(22)	--
Changes in assets and liabilities:			
Increase in other assets	46	2,232	(1,511)
Increase in other liabilities	(57)	(73)	51
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,733	14,095	28,476
Cash Flows from Investing Activities			
Proceeds from sales of securities available for sale	3,770	67	224
Purchases of securities available for sale	(3,718)	(532)	(364)
Increase in loans	(335)	(313)	(1,825)
Proceeds from sales of premises and equipment	--	32	--
Purchases of premises and equipment	(36)	(128)	(36)
Capital contribution to subsidiary	--	--	(18,260)
Non-cash capital contributions to subsidiary	--	--	883
NET CASH USED IN INVESTING ACTIVITIES	(319)	(874)	(19,378)
Cash Flows from Financing Activities			
Proceeds from short-term borrowings	--	500	4,500
Principal payments on short-term borrowings	--	(2,500)	(32,500)
Proceeds from issuance of junior subordinated debentures due to First Busey Capital Trust I	--	--	25,000
Purchases of treasury stock	(4,079)	(3,792)	(3,237)
Proceeds from sales of treasury stock	5,509	876	5,595
Cash dividends paid	(9,215)	(8,126)	(7,007)
NET CASH USED IN FINANCING ACTIVITIES	(7,785)	(13,042)	(7,649)
NET INCREASE IN CASH AND DUE FROM SUBSIDIARY BANKS	3,629	179	1,449
Cash and due from subsidiary banks, beginning	1,869	1,690	241
Cash and due from subsidiary banks, ending	$ 5,498	$ 1,869	$ 1,690

NOTE 22. UNAUDITED INTERIM FINANCIAL DATA

The following table reflects summarized quarterly data for the periods described (unaudited), in thousands, except per share data:

	2003			
	December 31	September 30	June 30	March 31
Interest income	$18,260	$18,417	$18,504	$18,668
Interest expense	6,007	6,118	6,650	6,843
Net interest income	12,253	12,299	11,854	11,825
Provision for loan losses	1,680	448	330	600
Noninterest income	5,621	5,718	6,871	6,475
Noninterest expense	9,580	10,023	9,984	10,382
Income before income taxes	6,614	7,546	8,411	7,318
Income taxes	2,258	2,236	3,055	2,476
Net income	$ 4,356	$ 5,310	$ 5,356	$ 4,842
Basic earnings per share	$ 0.32	$ 0.39	$ 0.39	$ 0.36
Diluted earnings per share	$ 0.32	$ 0.38	$ 0.39	$ 0.35

	2002			
	December 31	September 30	June 30	March 31
Interest income	$19,313	$19,352	$18,657	$18,763
Interest expense	7,596	7,737	7,539	7,622
Net interest income	11,717	11,615	11,118	11,141
Provision for loan losses	1,070	575	915	565
Noninterest income	6,051	5,436	5,586	5,464
Noninterest expense	10,958	9,573	9,400	8,995
Income before income taxes	5,740	6,903	6,389	7,045
Income taxes	1,385	2,331	2,102	2,355
Net income	$ 4,355	$ 4,572	$ 4,287	$ 4,690
Basic earnings per share	$ 0.32	$ 0.34	$ 0.32	$ 0.34
Diluted earnings per share	$ 0.32	$ 0.33	$ 0.32	$ 0.34

NOTE 23. SUBSEQUENT EVENT

On January 6, 2004, the Board of Directors of First Busey Corporation entered into an agreement with the Board of Directors of First Capital Bankshares, Inc. to acquire all of the issued and outstanding stock of First Capital for approximately $42 million or $5,750 per share. The agreement is subject to approval by the shareholders of First Capital and the receipt of the required regulatory approvals. The acquisition is expected to close on or before June 30, 2004.

MANAGEMENT REPORT
BUSEY BANK
AS OF DECEMBER 31, 2003

FINANCIAL STATEMENTS

Busey Bank, a wholly owned subsidiary of First Busey Corporation, is responsible for the preparation, integrity and fair presentation of its published financial statements as of December 31, 2003, and for the year then ended. The consolidated financial statements of First Busey Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America and, as such, include some amounts that are based on judgments and estimates of management.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining effective internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America and the Federal Financial Institutions Examination Council Instructions for Consolidated Reports of Condition and Income (call report instructions). The system contains monitoring mechanisms and actions are taken to correct deficiencies identified.

There are inherent limitations in the effectiveness of any internal control including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

Management assessed Busey Bank's internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America and call report instructions as of December 31, 2003. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that Busey Bank maintained effective internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America and call report instructions as of December 31, 2003.

COMPLIANCE WITH LAWS AND REGULATION

Management is responsible for compliance with the federal and state laws and regulations concerning dividend restrictions and federal laws and regulations concerning loans to insiders designated by the FDIC as safety and soundness laws and regulations.

Management assessed compliance by Busey Bank with the designated laws and regulations relating to safety and soundness. Based on this assessment, management believes Busey Bank complied, in all significant respects, with the designated laws and regulations related to safety and soundness for the year ended December 31, 2003.

/s/ Douglas C. Mills

Douglas C. Mills, Chairman of the Board
First Busey Corporation (Holding Company)

/s/ P. David Kuhl

P. David Kuhl, Chairman of the Board
Busey Bank

/s/ Barbara J. Harrington

Barbara J. Harrington, Chief Financial Officer
First Busey Corporation (Holding Company)

MCGLADREY & PULLEN
Certified Public Accountants

TO THE BOARD OF DIRECTORS
BUSEY BANK
URBANA, ILLINOIS

We have examined management's assertion that BUSEY BANK, a wholly owned subsidiary of FIRST BUSEY CORPORATION, maintained effective internal control over financial reporting as of December 31, 2003, included in the accompanying Management Report insofar as management's assertion relates to internal control over the annual financial reporting in the 2003 consolidated financial statements of First Busey Corporation and Busey Bank's December 31, 2003 Call Report. Busey Bank's management is responsible for maintaining effective internal control over financial reporting. Our responsibility is to express an opinion on the effectiveness of internal control based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of internal control over financial reporting, testing and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertions that BUSEY BANK maintained effective internal control over financial reporting as of December 31, 2003, insofar as management's assertion relates to internal control over the annual financial reporting in the 2003 consolidated financial statements of First Busey Corporation and Busey Bank's December 31, 2003 Call Report, is fairly stated, in all material respects, based upon the criteria established in "Internal Control - - Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission.

We were not engaged to, and we have not performed any procedures with respect to management's assertion regarding compliance with laws and regulations included in the accompanying Report of Management. Accordingly, we do not express any opinion, or any other form of assurance, on management's assertion regarding compliance with laws and regulations.

/s/ MCGLADREY & PULLEN, LLP

Champaign, Illinois
February 6, 2004

McGladrey & Pullen, LLP is a member firm of RSM International - an affiliation of separate and independent legal entities.

FIRST BUSEY CORPORATION CODE OF ETHICS

1. COMPLYING WITH LAW

All employees, officers and directors of the Corporation should respect and comply with all of the laws, rules and regulations of the U.S. and other countries, and the states, countries, cities and other jurisdictions, in which the Corporation conducts its business or the laws, rules and regulations of which are applicable to the Corporation.

Such legal compliance should include, without limitation, compliance with the "insider trading" prohibitions applicable to the Corporation and its employees, officers and directors. Generally, employees, officers and directors who have access to or knowledge of confidential or non-public information from or about the Corporation are not permitted to buy, sell or otherwise trade in the Corporation's securities, whether or not they are using or relying upon that information. This restriction extends to sharing or tipping others about such information, especially since the individuals receiving such information might utilize such information to trade in the Corporation's securities. In addition, the Corporation has implemented trading restrictions to reduce the risk, or appearance, of insider trading. Corporation employees, officers and directors are directed to the Corporation's Insider Trading Policy or to Barbara J. Kuhl if they have questions regarding the applicability of such insider trading prohibitions.

This Code of Ethics does not summarize all laws, rules and regulations applicable to the Corporation and its employees, officers and directors.

2. CONFLICTS OF INTEREST

All employees, officers and directors of the Corporation should be scrupulous in avoiding a conflict of interest with regard to the Corporation's interests. A "conflict of interest" exists whenever an individual's private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of the Corporation. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Corporation, whether received from the Corporation or a third party. Loans to, or guarantees of obligations of, employees, officers and directors and their respective family members may create conflicts of interest. Federal law prohibits loans by the Corporation to directors and executive officers, except under limited circumstances.

It is almost always a conflict of interest for an employee to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with the Corporation's customers, suppliers or competitors, except on our behalf.

Conflicts of interest are prohibited as a matter of policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with Barbara J. Kuhl. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel.

3. CORPORATE OPPORTUNITY

Employees, officers and directors are prohibited from (a) taking for themselves personally opportunities that properly belong to the Corporation or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Corporation. Employees, officers and directors owe a duty to the Corporation to advance its legitimate interests when the opportunity to do so arises.

4. CONFIDENTIALITY

Employees, officers and directors must maintain the confidentiality of confidential information entrusted to them by the Corporation or its suppliers or customers, except when disclosure is authorized by the Board of Directors or required by laws, regulations or legal proceedings. Whenever feasible, employees, officers and directors should consult Barbara J. Kuhl if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors of the Corporation, or harmful to the Corporation or its customers if disclosed.

5. FAIR DEALING

Each employee, officer and director should endeavor to deal fairly with the Corporation's customers, suppliers, competitors, officers and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

6. PROTECTION AND PROPER USE OF CORPORATION ASSETS

All employees, officers and directors should protect the Corporation's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Corporation's profitability. All assets of the Corporation should be used for legitimate business purposes.

7. MAINTENANCE OF BOOKS AND RECORDS

All of the Corporation's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Corporation's transactions and must conform both to applicable legal requirements and to the Corporation's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation. Records should always be retained or destroyed according to the Corporation's record retention policies.

8. ACCOUNTING COMPLAINTS

The Corporation's policy is to comply with all applicable financial reporting and accounting regulations. If any employee, officer or director of the Corporation has concerns or complaints regarding questionable accounting or auditing matters of the Corporation, then he or she is encouraged to submit those concerns or complaints (anonymously, confidentially or otherwise) to the Audit Committee of the Board of Directors (which will, subject to its duties arising under applicable law, regulations and legal proceedings, treat such submissions confidentially). Such submissions may be directed to the attention of the Chairperson of the Audit Committee, or any director who is a member of the Audit Committee, at the principal executive offices of the Corporation.

9. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and, when in doubt, about the best course of action in a particular situation. Employees, officers and directors who are concerned that violation of this Code or that other illegal or unethical conduct by employees, officers or directors of the Corporation have occurred or may occur should either contact their supervisor or superiors. If they do not believe it appropriate or are not comfortable approaching their supervisors or superiors about their concerns or complaints, then they may contact either the Audit Committee or Nominating & Governance Committee of the Board of Directors of the Corporation. If their concerns or complaints require confidentiality, including keeping their identity anonymous, then this confidentiality will be protected, subject to applicable law, regulation or legal proceedings.

10. NO RETALIATION

The Corporation will not permit retaliation of any kind by or on behalf of the Corporation and its employees, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

11. PUBLIC CORPORATION REPORTING

As a public corporation, it is of critical importance that the Corporation's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with the Corporation, an employee, officer or director may be called upon to provide necessary information to assure that the Corporation's public reports are complete, fair and understandable. The Corporation expects employees, officers and directors to take this responsibility very seriously and to provide prompt accurate answers to inquires related to the Corporation's public disclosure requirements.

12. COMPLIANCE AND ACCOUNTABILITY

The Audit Committee will assess compliance with this Code, report material violations to the Board of Directors, and recommend to the Board appropriate action. Any request for waiver of any provision of this Code must be in writing and addressed to the Audit Committee.

13. AMENDMENT, MODIFICATION AND WAIVER

This Code may be amended, modified or waived by the Board of Directors, subject to the disclosure and other provisions of the Securities Exchange Act of 1934, and the rules thereunder and the applicable rules of The Nasdaq National Market.

EXHIBIT 21.1.

LIST OF SUBSIDIARIES:

DIRECT:

Busey Bank
Busey Bank Florida
Busey Investment Group, Inc.
First Busey Resources, Inc.
First Busey Capital Trust I

INDIRECT:

First Busey Trust & Investment Co.
First Busey Securities, Inc.
Busey Insurance Services, Inc.
B.A.T., Inc.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

McGLADREY & PULLEN
Certified Public Accountants

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-30095) of our report, dated February 6, 2004, with respect to the financial statements of First Busey Corporation and Subsidiaries, appearing in this Annual Report on Form 10-K for the year ended December 31, 2003.

/s/ McGLADREY & PULLEN, LLP

Champaign, Illinois
March 9, 2004

McGLADREY & PULLEN, LLP

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Douglas C. Mills, Chairman of the Board and Chief Executive Officer of First Busey Corporation, certify that:

1) I have reviewed this annual report on Form 10-K of First Busey Corporation;

2) Based on my knowledge, this annual 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 quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this annual 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 quarterly report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Douglas C. Mills

Douglas C. Mills
Chairman of the Board and Chief Executive Officer

Date: March 12, 2004

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Barbara J. Harrington, Chief Financial Officer of First Busey Corporation, certify that:

1) I have reviewed this annual report on Form 10-K of First Busey Corporation;

2) Based on my knowledge, this quarterly 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 annual report;

3) Based on my knowledge, the financial statements, and other financial information included in this annual 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 quarterly report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   d) designed such disclosure controls and procedures 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 annual report is being prepared;

   e) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   f) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   c) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   d) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Barbara J. Harrington

Barbara J. Harrington
Chief Financial Officer

Date: March 12, 2004

EXHIBIT 32.1

The following certification is provided by the undersigned Chief Executive Officer of First Busey Corporation on the basis of such officer's knowledge and belief for the sole purpose of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION

I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the accompanying Report of First Busey Corporation on Form 10-K for the year ended December 31, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of First Busey Corporation as of and for the periods covered by the Report.

/s/ Douglas C. Mills

Douglas C. Mills
Chairman of the Board and Chief Executive Officer

Date: March 12, 2004

A signed original of this written statement required by Section 906 has been provided to First Busey Corporation and will be retained by First Busey Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

The following certification is provided by the undersigned Chief Financial Officer of First Busey Corporation on the basis of such officer's knowledge and belief for the sole purpose of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION

I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the accompanying Report of First Busey Corporation on Form 10-K for the year ended December 31, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of First Busey Corporation as of and for the periods covered by the Report.

/s/ Barbara J. Harrington

Barbara J. Harrington
Chief Financial Officer

Date: March 12, 2004

A signed original of this written statement required by Section 906 has been provided to First Busey Corporation and will be retained by First Busey Corporation and furnished to the Securities and Exchange Commission or its staff upon request.