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, 2002

[ ] 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 $201,795,237 based on the closing price for the stock as reported on the Nasdaq National Market as of June 30, 2002 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 21, 2003
Common Stock, without par value	13,635,620

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement dated March 19, 2003 for First Busey Corporation's Annual Meeting of Stockholders to be held April 22, 2003, (the "2003 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 $1.4 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 21 locations. First Busey is headquartered in Urbana, Illinois and its common stock is traded on the Nasdaq National Market under the symbol "BUSE."

First Busey's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are currently made available free of charge via the Corporation's internet website (www.busey.com) as soon as practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission.

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 into 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.

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, and formed in February, 1999, is the parent company of: (1) First Busey Trust & Investment Co., organized in January, 1987, which is exclusively dedicated to providing a full range of trust and investment management services, including farm management, estate and financial planning, tax preparation, custody services and philanthropic advisory services; (2) First Busey Securities, Inc., organized in April, 1991, which is a full service broker/dealer and provides individual investment advice; and (3) Busey Insurance Services, Inc., organized in October, 1997, which offers a variety of insurance products.

First Busey Resources, Inc., a wholly owned non-banking subsidiary, located in Urbana, Illinois, owns and manages Busey Plaza, a professional office building that is fully leased to unaffiliated tenants.

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, 2002, First Busey ranked first in total deposits in the Champaign and Ford County markets and fifth 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, 2002, First Busey and its subsidiaries had a total of 491 employees (full-time and equivalents).

EXECUTIVE OFFICERS (as of January 1, 2003)

NAME	AGE	POSITION HELD
Douglas C. Mills	62	Chairman of the Board and CEO - First Busey Corp.
P. David Kuhl	53	Chairman of the Board and CEO - Busey Bank
Barbara J. Kuhl	52	President and COO of First Busey Corp.
Barbara J. Jones	43	CFO of First Busey Corp.
David D. Mills	32	President and COO of Busey Bank
Edwin A. Scharlau II	58	Chairman of the Board of Busey Investment Group Vice Chairman of the Board of First Busey Corp.

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 102 East Main Street, Urbana, Illinois, owns and manages Busey Plaza, which is fully leased to unaffiliated tenants.

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

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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.

Market Prices of Common Stock	2002 High	2002 Low	2001 High	2001 Low
First Quarter	21.75	19.55	$20.50	$17.81
Second Quarter	22.61	20.30	$21.50	$19.69
Third Quarter	23.00	21.00	$22.00	$18.50
Fourth Quarter	23.57	22.14	$22.00	$19.00

During 2002 and 2001, First Busey declared cash dividends per share of common stock as follows:

2002	COMMON STOCK
January	$ .15
April	$ .15
July	$ .15
October	$ .15
2001	
January	$ .13
April	$ .13
July	$ .13
October	$ .13

For a discussion of restrictions on dividends, please see the discussion of dividend restrictions under Item 1, Business, Dividends on page 6.

As of February 21, 2003, there were approximately 939 holders of common stock.

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, 2002, have been derived from First Busey's annual consolidated financial statements and the results of operations for each of the three years in the period ended December 31, 2002, appears elsewhere in this report. This financial data should be read in conjunction with the financial statements and the related notes thereto appearing in this report.

	2002	2001	2000	1999	1998
	(dollars in thousands, except per share data)				
BALANCE SHEET ITEMS					
Securities	$ 233,830	$ 210,869	$ 228,597	$ 225,046	$ 217,991
Loans	1,101,043	978,106	984,369	886,684	662,281
Allowance for loan losses	15,460	13,688	12,268	10,403	7,101
Total assets	1,435,578	1,300,689	1,355,044	1,247,123	951,531
Total deposits	1,213,605	1,105,999	1,148,787	1,027,981	826,704
Long-term debt	71,759	47,021	55,259	55,849	25,000
Company obligated mandatorily redeemable preferred securities	25,000	25,000	-	-	-
Stockholders' equity	115,163	105,790	92,325	82,284	87,103
RESULTS OF OPERATIONS					
Interest income	$ 76,085	$ 89,985	$ 93,242	$ 72,311	$ 67,048
Interest expense	30,494	46,435	50,476	34,920	32,975
Net interest income	45,591	43,550	42,766	37,391	34,073
Provision for loan losses	3,125	2,020	2,515	2,570	700
Net income(1)	17,904	15,653	14,053	12,548	11,398
PER SHARE DATA					
Diluted earnings	$ 1.31	$ 1.15	$ 1.03	$ .90	$ .81
Cash dividends	.60	.52	.48	.44	.39
Book value	8.49	7.73	6.86	6.08	6.36
Closing price	23.06	21.48	19.9375	22.625	18.25
OTHER INFORMATION					
Return on average assets	1.33%	1.19%	1.12%	1.22%	1.22%
Return on average equity	16.31%	15.80%	16.56%	14.68%	14.02%
Net interest margin(2)	3.74%	3.64%	3.74%	4.02%	4.10%
Stockholders' equity to assets	8.02%	8.13%	6.81%	6.60%	9.15%

(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.

A reconcilation of First Busey's Consolidated Statements of Income for each of the five years ending December 31, 2002, from amounts reported to amounts exclusive of goodwill amortization is shown below:

FINANCIAL ACCOUNTING STANDARDS NO. 142 DISCLOSURE

Net income as reported	$ 17,904	$ 15,653	$ 14,053	$ 12,548	$ 11,398
Goodwill amortization, after tax	-	651	677	322	300
Net income as adjusted	$ 17,904	$ 16,304	$ 14,730	$ 12,870	$ 11,698
Diluted earnings per share of common stock:					
As reported	$ 1.31	$ 1.15	$ 1.03	$ .90	$ .81
Goodwill amortization	-	.05	.05	.02	.02
Earnings per share as adjusted	$ 1.31	$ 1.20	$ 1.08	$ .92	$ .83

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

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, 2002, 2001, and 2000. 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.

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, 2000, 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	2002		2001		2000	
		(dollars in thousands)					
Busey Bank(1)	3/20/80	$ 18,541	91.9%	$ 13,574	79.2%	$ 13,094	82.6%
Busey Bank Florida(2)	10/29/99	24	0.1%	1,984	11.6%	937	5.9%
First Busey Trust & Investment Co.(3)	-	1,419	7.0%	1,391	8.1%	1,459	9.2%
First Busey Securities, Inc.(4)	-	258	1.3%	(40)	-0.2%	357	2.3%
First Busey Resources, Inc.(5)	-	149	0.7%	130	0.8%	154	1.0%
Busey Insurance Services, Inc.(6)	-	39	0.2%	10	0.0%	(38)	-0.2%
BAT, Inc.(7)	-	(282)	-1.4%	81	0.5%	20	0.1%
Busey Travel, Inc.(8)	1/1/98	33	0.2%	(6)	0.0%	(153)	-1.0%
FFS Investments(9)	10/29/99	-	0.0%	-	0.0%	19	0.1%
Total		$ 20,214	100.0%	$ 17,124	100.0%	$ 15,849	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.

(9) Acquired as a subsidiary of First Federal Savings and Loan Association of Bloomington as of October 29, 1999; liquidated December 7, 2000.

Busey Bank, Busey Bank Florida and First Busey Trust & Investment Co. are the three subsidiaries which have each contributed 10% of the Corporation's consolidated net income in at least one of the last three years.

RESULTS OF OPERATIONS-THREE YEARS ENDED DECEMBER 31, 2002

SUMMARY

The Corporation reported net income of $17,904,000 in 2002, up 14.4% from $15,653,000 in 2001, which had increased 11.4% from $14,053,000 in 2000. Diluted earnings per share in 2002 increased 13.9% to $1.31 from $1.15 in 2001, which was a 11.7% increase from $1.03 in 2000. The main factors contributing to the increase in net income in 2002 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 $17,445,000 or $1.28 per share for 2002; $14,878,000, or $1.09 per share for 2001; and $13,608,000, or $1.00 per share for 2000.

Security gains after the related tax expense were $459,000 or 2.6% of net income in 2002; $775,000 or 5.0% of net income in 2001; and $445,000 or 3.2% of net income in 2000. First Busey Corporation owns a position in a bank-qualified equity security (SLM Corp.) 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 1.33%, 1.19% and 1.12% for 2002, 2001, and 2000, respectively, and return on average equity was 16.31%, 15.80%, and 16.56% for 2002, 2001, and 2000, respectively. On an operating earnings basis, return on average assets was 1.30%, 1.13%, and 1.08% for 2002, 2001, and 2000, respectively, and return on average equity was 15.89%, 15.02% and 16.03% for 2002, 2001, and 2000, respectively.

EARNING ASSETS, SOURCES OF FUNDS, AND NET INTEREST MARGIN

Average earning assets increased 1.6% or $20,304,000 to $1,253,193,000 during 2002 from the 2001 average balance of $1,232,889,000. The average balance of loans increased 5.5% or $53,294,000 to $1,015,073,000 for 2002 from 2001 average balance of $961,779,000. The increase in loans was partially offset by decreases in the average balances of interest-bearing bank deposits, Federal funds sold and U.S. Treasuries and Agencies.

The balance of interest bearing liabilities averaged $1,091,587,000 for 2002, an increase of $7,401,000 or .7% from the 2001 average balance of $1,084,186,000. Growth in the average balances of savings deposits, money market deposits and long-term debt was offset by declines in the average balances of interest-bearing transaction deposits, time deposits and short-term borrowings.

The Corporation's net interest margin expressed as a percentage of average earning assets, stated on a fully taxable equivalent basis, was 3.74% for 2002, an increase of 10 basis points from the 3.64% for 2001. The net interest margin expressed as a percentage of average total assets, also on a fully taxable equivalent basis, was 3.50% for 2002, an improvement of 8 basis points from the 3.42% net interest margin for 2001.

Interest income on a tax equivalent basis decreased $13,925,000 or 15.2% to $77,393,000 for 2002 as compared to the interest income of $91,318,000 for 2001. The decrease in interest income is primarily attributable to the decline in average rates paid on all categories of interest-earning assets. The average yield on interest-earning assets fell 123 basis points to 6.18% for 2002 as compared to 7.41% for 2001. Growth in the average balance of loans partially offset the impact of the decline in interest rates.

Interest expense decreased $15,941,000 or 34.3% to $30,494,000 during 2002 as compared to interest expense of $46,435,000 for 2001. This decline resulted partially from changes in the mix of funding sources but primarily is the result of the decline in rates paid on all categories of deposits, short-term borrowings and long-term debt.

Net interest income on a tax equivalent basis increased 4.5% in 2002 to $46,899,000 from $44,883,000 in 2001, which reflected a 1.8% increase from $44,083,000 in 2000. The decrease in interest rates throughout 2002 led to declines in the amount of income earned on interest-earning assets as well as the amount of expense recognized on interest-bearing liabilities. The average yield on interest-earning assets decreased 123 basis points from 7.41% in 2001 to 6.18% in 2002. The change in the mix of interest-earning assets partially offset the decline in the yield on interest-earning assets as growth occurred in higher-yielding loans. The low interest rate environment also had significant impact on the rates paid on interest-bearing liabilities with the average rate falling 149 basis points from 4.28% in 2001 to 2.79% in 2002.

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 increased $1,105,000 to $3,125,000 in 2002 from $2,020,000 in 2001 which had decreased from $2,515,000 in 2000. Net charge-offs increased to $1,353,000 in 2002 from $600,000 in 2001, and total non-performing loans increased slightly to $2,228,000 as of December 31, 2002, compared to $2,224,000 as of December 31, 2001. Net charge-offs were $650,000 in 2000, and non-performing loans totaled $5,434,000 as of December 31, 2000.

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 5.0% in 2002 to $22,537,000 from $21,460,000 in 2001, which reflected a 17.3% increase from $18,288,000 in 2000. The increases in 2002 and 2001 are due primarily to increases in service charges on deposit accounts and gains on the sale of loans. As a percentage of total income, other income was 22.9%, 19.3%, and 16.4% in 2002, 2001, and 2000, respectively. Gains on the sale of securities, as a component of other income, totaled $762,000 (3.4%) in 2002, $1,285,000 (6.0%) in 2001, and $737,000 (4.0%) in 2000. Gains on sales of loans, as a component of other income totaled $3,995,000 (17.7%), $2,296,000 (10.7%), and $1,112,000 (6.1%) in 2002, 2001, and 2000, respectively.

Additional components of other income were fee income and trust fees. Service charges and other fee income increased 10.3% to $10,976,000 in 2002 from $9,950,000 in 2001, which was a 6.8% increase from $9,317,000 in 2000. The growth in fee income in 2002 and 2001 is due primarily to increases in service charges on deposit accounts. Despite the poor equity market in 2002 and 2001, trust fees declined just 0.9% in 2002 and increased 5.6% in 2001. Trust revenues were $4,567,000 in 2002, $4,607,000 in 2001, and $4,364,000 in 2000. Trust revenues in each year were directly related to the total trust assets under care. Remaining other income decreased 32.7% to $2,237,000 in 2002 from $3,322,000 in 2001 which was a 20.5% increase from $2,758,000 in 2000. 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 2002. The Corporation recognized $655,000 on the increase in the cash surrender value of bank owned life insurance during 2002 compared to $111,000 during 2001.

OTHER EXPENSES

Other expenses decreased slightly in 2002 to $38,926,000 from $38,974,000 in 2001, which reflected an increase from $37,249,000 in 2000. As a percentage of total income, other expenses were 39.5%, 35.0%, and 33.4% in 2002, 2001, and 2000, respectively. Employee related expenses, including salaries and wages and employee benefits, decreased slightly in 2002 to $21,003,000, as compared to $21,066,000 in 2001, which was a 10.4% increase from $19,080,000 in 2000. As a percent of average assets, employee related expenses were 1.57%, 1.61%, and 1.51% in 2002, 2001, and 2000, respectively. The Corporation had 491, 498, and 484 full-time equivalent employees at December 31, 2002, 2001, and 2000, respectively. The declines 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 5.9% in 2002 to $6,545,000 as compared from $6,957,000 in 2001 and $6,729,000 in 2000.

Remaining other expenses increased $427,000 or 3.9% to $11,378,000 in 2002 from $10,951,000 in 2001, which was a 4.3% decrease from $11,440,000 in 2000. Data processing expenses increased 11.1% to $888,000 for the year ended December 31, 2002, compared to $799,000 for the year ended December 31, 2001, and $1,142,000 for the year ended December 31, 2000. Data processing expenses were higher in 2000 due to one-time conversion and setup expenses. Amortization and impairment expenses declined in 2002 as compared to 2001 due to the adoption of Statement of Financial Accounting standards No. 142. Amortization and impairment expenses also declined in 2001 as compared to 2000. 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. During the year ended December 31, 2000, the Corporation recognized an impairment write-down of $600,000 on the core deposit intangible associated with the acquisition of Busey Bank Florida (formerly First Federal and Busey Bank fsb).

Remaining other expenses increased $1,435,000 or 19.4% to $8,820,000 during the year ended December 31, 2002, as compared to the year ended December 31, 2001. Of this increase, $1,036,000 is related to increase in expenses associated with other real estate owned. On June 28, 2002 Busey Bank became mortgagee in possession of a hotel property in McLean County. Busey Bank will remain mortgagee in possession of this property pending completion of foreclosure proceedings which are expected to be completed during the second quarter of 2003. The other expense line includes $700,000 in fair market valuation adjustments on the carrying value of this property and a net OREO expense of $282,000 associated with operating this property during 2002. Busey Bank operates this hotel through an operating agreement with its fully-owned subsidiary BAT, Inc.

INCOME TAXES

Income tax expense in 2002 was $8,173,000 as compared to $8,363,000 in 2001 and $7,237,000 in 2000. The provision for income taxes as a percent of income before income taxes was 31.3%, 34.8%, and 34.0%, for 2002, 2001, and 2000, respectively. The provision for income taxes as a percentage of income before income taxes decreased 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, 2002 AND DECEMBER 31, 2001

Total assets on December 31, 2002, were $1,435,578,000, an increase of 10.4% from $1,300,689,000 on December 31, 2001. Total loans, net of unearned interest, increased 12.6% to $1,101,043,000 on December 31, 2002, as compared to $978,106,000 on December 31, 2001. Total deposits increased 9.7% to $1,213,605,000 on December 31, 2002 as compared to $1,105,999,000 on December 31, 2001. Non-interest bearing deposits increased $12,420,000 or 9.0% during 2002. Interest-bearing deposits increased $95,186,000 or 9.8% during 2002.

Total stockholders' equity increased 8.9% to $115,163,000 on December 31, 2002, as compared to $105,790,000 on December 31, 2001. Growth in equity is due primarily to $9,778,000 earnings retained in the Corporation combined with a net increase of $2,148,000 in unrealized gains on available for sale securities and a $2,411,000 increase in Treasury stock. Treasury shares will be reissued in future years as participants exercise outstanding options under the Corporation's stock option plan which is discussed in Note 16 to the Corporation's consolidated financial statements.

A. EARNING ASSETS

The average interest-earning assets of the Corporation were 93.4%, 94.0%, and 93.6%, of average total assets for the years ended December 31, 2002, 2001, and 2000, 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, 2002, the fair value of these securities was $233,830,000 and the amortized cost was $216,801,000. There were $17,040,000 of gross unrealized gains and $11,000 of gross unrealized losses for a net unrealized gain of $17,029,000. The after-tax effect ($10,276,000) of this unrealized gain has been included in stockholders' equity. The increase in market value for the debt securities in this classification was a result of declining interest rates. The fair value increase in the equity securities was primarily due to a $1,831,000 increase in the value of 92,280 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,				
	2002	2001	2000	1999	1998
	(dollars in thousands)				
U.S. Treasuries and Agencies	$ 158,324	$ 143,490	$ 162,886	$ 164,565	$ 159,261
Equity securities	20,326	18,058	15,479	13,079	12,550
States and political subdivisions	51,434	43,767	43,197	41,554	37,398
Other	3,746	5,554	7,035	5,848	8,782
Fair value of securities available for sale	$ 233,830	$ 210,869	$ 228,597	$ 225,046	$ 217,991
Amortized cost	$ 216,801	$ 197,398	$ 218,790	$ 221,601	$ 207,531
Fair value as a percentage of amortized cost	107.85%	106.82%	104.48%	101.55%	105.04%

The maturities, fair values and weighted average yields of debt securities available for sale as of December 31, 2002, are:

Investment Securities(1)	Due in 1 year or less Fair Value	Due in 1 year or less Weighted Average Yield	Due after 1 year through 5 years Fair Value	Due after 1 year through 5 years Weighted Average Yield	Due after 5 years through 10 years Fair Value	Due after 5 years through 10 years Weighted Average Yield	Due after 10 years Fair Value	Due after 10 years Weighted Average Yield
	(dollars in thousands)							
U.S. Treasuries and Agencies	$ 83,242	4.09%	$ 74,969	3.47%	$ 113	5.28%	$ -	0.00%
States and political subdivisions(2)	5,563	5.88%	17,311	6.49%	25,997	6.82%	2,563	7.11%
Other	103	5.57%	1,998	6.19%	270	6.24%	1,375	9.72%
Total	$ 88,908	4.20%	$ 94,278	4.08%	$ 26,380	6.81%	$ 3,938	8.02%

(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, 2002)

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 67.7% at December 31, 2002, from 68.0% at December 31, 2001, while obligations of state and political subdivisions (tax-exempt obligations) as a percentage of total securities increased to 22.0% at December 31, 2002, from 20.8% at December 31, 2001.

LOAN PORTFOLIO

Loans, including loans held for sale, before allowance for loan losses, increased 12.6% to $1,101,043,000 in 2002 from $978,106,000 in 2001. Non-farm non-residential real estate mortgage loans increased $20,221,000, or 8.0%, to $274,153,000 in 2002 from $253,932,000 in 2001. 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 $20,158,000, or 5.8%, to $369,428,000 in 2002 from $349,270,000 in 2001. In 2002'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 $235,545,000 as of December 31, 2002.

The loan portfolio includes a concentration of loans for commercial real estate amounting to approximately $331,712,000 and $308,197,000 as of December 31, 2002 and 2001, 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,				
	2002	2001	2000	1999	1998
	(dollars in thousands)				
Commercial and financial	$ 118,004	$ 121,694	$ 124,052	$ 119,800	$ 80,958
Agricultural	22,034	21,022	20,844	20,126	19,072
Real estate-farmland	13,421	14,414	15,411	15,841	14,184
Real estate-construction	129,872	83,701	75,672	52,479	44,713
Real estate-mortgage	761,901	679,351	697,410	622,075	467,435
Installment loans to individuals	55,811	57,924	50,980	56,363	35,919
Loans	$ 1,101,043	$ 978,106	$ 984,369	$ 886,684	$ 662,281

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, 2002:

	1 Year or Less	1 to 5 Years	Over 5 Years	Total
	(dollars in thousands)			
Commercial, financial and agricultural	$ 83,033	$ 35,926	$ 21,079	$ 140,038
Real estate-construction	78,726	44,276	6,870	129,872
Total	$ 161,759	$ 80,202	$ 27,949	$ 269,910
Interest rate sensitivity of selected loans				
Fixed rate	$ 45,777	$ 21,106	$ 3,385	$ 70,268
Adjustable rate	115,982	59,096	24,564	199,642
Total	$ 161,759	$ 80,202	$ 27,949	$ 269,910

ALLOWANCE FOR LOAN LOSSES

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

	Years ended December 31				
	2002	2001	2000	1999	1998
	(dollars in thousands)				
Average loans outstanding during period	$ 1,015,073	$ 961,779	$ 937,239	$ 731,491	$ 621,475
Allowance for loan losses:					
Balance at beginning of period	$ 13,688	$ 12,268	$ 10,403	$ 7,101	$ 6,860
Loans charged-off:					
Commercial, financial and agricultural	$ 775	$ 103	$ 70	$ 40	$ 62
Real estate-construction	76	-	-	-	-
Real estate-mortgage	659	408	290	145	282
Installment loans to individuals	319	265	414	366	260
Total charge-offs	$ 1,829	$ 776	$ 774	$ 551	$ 604
Recoveries:					
Commercial, financial and agricultural	$ 349	$ 15	$ 22	$ 16	$ 12
Real estate-construction	-	-	-	-	-
Real estate-mortgage	26	42	4	67	49
Installment loans to individuals	101	119	98	99	84
Total recoveries	$ 476	$ 176	$ 124	$ 182	$ 145
Net loans charged-off	$ 1,353	$ 600	$ 650	$ 369	$ 459
Provision for loan losses	$ 3,125	$ 2,020	$ 2,515	$ 2,570	$ 700
Net additions due to acquisition	-	-	-	1,101	-
Balance at end of period	$ 15,460	$ 13,688	$ 12,268	$ 10,403	$ 7,101
Ratios:					
Net charge-offs to average loans	0.13%	0.06%	0.07%	0.05%	0.07%
Allowance for loan losses to total loans at period end	1.40%	1.40%	1.25%	1.17%	1.07%

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

	2002		2001		2000		1999		1998	
	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, agricultural and real estate-farmland	$ 2,143	13.9%	$ 1,880	16.1%	$ 1,854	16.3%	$ 3,391	17.6%	$ 1,757	17.2%
Real estate-construction	-	11.8%	-	8.6%	-	7.7%	-	5.9%	-	6.8%
Real estate-mortgage	12,451	69.2%	10,880	69.4%	9,051	70.8%	5,708	70.1%	4,380	70.6%
Installment loans to individuals	779	5.1%	811	5.9%	708	5.2%	1,293	6.4%	964	5.4%
Unallocated	87	N/A	117	N/A	655	N/A	11	N/A	-	N/A
Total	$ 15,460	100.0%	$13,688	100.0%	$ 12,268	100.0%	$10,403	100.0%	$ 7,101	100.0%

This table indicates growth in the allowance for loan losses for real estate mortgages as of December 31, 2002 as compared to December 31, 2001. The increase in the allowance allocated to real estate mortgages is due primarily to growth in the outstanding balances of these loan categories.

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,				
	2002	2001	2000	1999	1998
	(dollars in thousands)				
Non-accrual loans	$ 1,265	$ 1,265	$ 767	$ 1,220	$ 526
Loans 90 days past due and still accruing	963	959	4,667	897	1,052
Restructured loans	-	-	-	-	-
Total non-performing loans	$ 2,228	$ 2,224	$ 5,434	$ 2,117	$ 1,578
Repossessed assets	$ 5,724	$ 30	$ 230	$ 459	$ 320
Other assets acquired in satisfaction of debts previously contracted	1	1	11	5	14
Total non-performing other assets	$ 5,725	$ 31	$ 241	$ 464	$ 334
Total non-performing loans and non-performing other assets	$ 7,953	$ 2,255	$ 5,675	$ 2,581	$ 1,912
Non-performing loans to loans, before allowance for loan losses	0.20%	0.23%	0.55%	0.24%	0.24%
Non-performing loans and non-performing other assets to loans, before allowance for loan losses	0.72%	0.23%	0.58%	0.29%	0.29%

The ratio of non-performing loans and non-performing other assets to loans, before allowance to loan losses, increased from 0.23% as of December 31, 2001, to 0.72% as of December 31, 2002 due primarily to the addition of one large commercial credit in the hotel industry. Busey Bank became mortgagee in possession on June 28, 2002, and will remain so pending completion of foreclosure proceedings which are expected to be completed during the second quarter of 2003. After recording the costs to complete the renovation of the hotel and recording a $700,000 reduction in its carrying value, the balance associated with this property in repossessed assets is $4.3 million as of December 31, 2002.

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. For the years ended December 31, 2002, 2001, and 2000, $14,000, $9,000 and $0 were recognized from impaired loans, respectively.

The gross interest income that would have been recorded in the years ended December 31, 2002, 2001 and 2000 if the non-accrual and restructured loans had been current in accordance with their original terms was $211,000, $84,000, and $41,000, respectively. The amount of interest collected on those loans that was included in interest income was $0 for the year ended December 31, 2002, $17,000 for the year ended December 31, 2001, and $2,000 for the year ended December 31, 2000.

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 $1,053,000 at December 31, 2002. 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 88.4% for the year ended December 31, 2002, from 89.3% for the year ended December 31, 2001, which was a decrease from 89.6% for the year ended December 31, 2000.

	December 31,								
	2002			2001			2000		
	(dollars in thousands)								
	Average Balance	% Total	Average Rate	Average Balance	% Total	Average Rate	Average Balance	% Total	Average Rate
Non-interest bearing demand deposits	$ 129,766	11.6%	-%	$ 119,274	10.7%	-%	$ 107,882	10.4%	-%
Interest bearing demand deposits	11,477	1.0%	1.15%	34,199	3.1%	2.15%	28,976	2.8%	2.86%
Savings/Money Market	507,931	45.3%	1.19%	449,874	40.5%	2.59%	411,262	39.6%	3.37%
Time deposits	472,000	42.1%	3.90%	508,400	45.7%	5.55%	489,779	47.2%	5.63%
Total	$ 1,121,174	100.0%	2.19%	$ 1,111,747	100.0%	3.65%	$ 1,037,899	100.0%	4.07%

Certificates of deposit of $100,000 and over and other time deposits of $100,000 and over at December 31, 2002, had the following maturities (dollars in thousands):

Under 3 months	$ 48,857
3 to 6 months	17,652
6 to 12 months	12,841
Over 12 months	30,808
Total	$ 110,158

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)	
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%
2000		
Balance, December 31, 2000	$ 18,890	$ 30,000
Weighted average interest rate at end of period	5.68%	8.29%
Maximum outstanding at any month end	$ 24,064	$ 82,120
Average daily balance	$ 29,504	$ 44,961
Weighted average interest rate during period(1)	5.94%	7.76%

(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, 2002	2001	2000
	(dollars in thousands)		
Cash and due from banks	$ 33,633	$ 31,690	$ 28,772
Interest-bearing bank deposits	1,039	13,721	8,714
Federal funds sold	16,633	30,142	10,310
Total	$ 51,305	$ 75,553	$ 47,796
Percent of average total assets	3.8%	5.8%	3.8%

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, 2002.

On December 31, 2002, the Corporation held $47,645,000 in liquid assets as compared to $61,580,000 as of December 31, 2001. The reduction in liquid assets is offset by growth in the increase 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 2002 and 2001 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 $257,220,000 in mortgage loans during 2002 and $260,797,000 during 2001. As of December 31, 2002, the Corporation held $60,761,000 in loans held for sale. Management intends to sell these loans during the first quarter of 2003.

The Corporation also realized significant growth in loans held for investment during 2002. This loan growth was funded primarily through deposit growth and growth in the outstanding balances of advances from the Federal Home Loan Bank of Chicago. 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.

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 inter into commitments to extend credit in the normal course of their business. As of December 31, 2002 and 2001, the Corporation had outstanding loan commitments including lines of credit of $222,407,000 and $226,651,000, 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, 2002 and 2001 certificates of deposit which are scheduled to mature within one year were $323,580,000 and $332,229,000, respectively.

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, 2002:

	Certificates of Deposit	Short- and Long-term Borrowing	Leases	Company Obligated Mandatorily Redeemable Preferred Securities	Total
	(dollars in thousands)				
2003	$ 323,580	$ 262	$ 761	$ -	$ 324,603
2004	73,793	5,262	764	-	79,819
2005	50,383	13,262	713	-	64,358
2006	22,067	15,262	702	-	38,031
2007	44,768	12,237	642	-	57,647
Thereafter	119	25,474	868	25,000	51,461
Total	$ 514,710	$ 71,759	$ 4,450	$ 25,000	$ 615,919
Commitments to extend credit					$ 222,407

RATE SENSITIVE ASSETS AND LIABILITIES

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, 2002:

	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	$ 110	$ -	$ -	$ -	$ -	$ 110
Federal funds sold	-	-	-	-	-	-
Investment securities						
U.S. Treasuries and Agencies	9,002	16,076	21,399	36,766	75,081	158,324
States and political subdivisions	2,986	992	645	3,746	43,065	51,434
Other securities	10,741	-	-	104	13,226	24,071
Loans (net of unearned interest)	467,919	69,704	97,964	109,540	355,916	1,101,043
Total rate-sensitive assets	$ 490,758	$ 86,772	$ 120,008	$150,156	$ 487,288	$1,334,982
Interest bearing transaction deposits	$ 42,894	$ -	$ -	$ -	$ -	$ 42,894
Savings deposits	98,274	-	-	-	-	98,274
Money market deposits	406,622	-	-	-	-	406,622
Time deposits	71,515	64,043	86,263	105,698	187,191	514,710
Fed funds purchased and repurchase agreements	2,467	-	-	-	-	2,467
Long-term debt	1,759	-	1,500	-	68,500	71,759
Company obligated mandatorily redeemable preferred securities	-	-	- -	-	25,000	25,000
Total rate-sensitive liabilities	$ 623,531	$ 64,043	$ 87,763	$105,698	$ 280,691	$1,161,726
Rate-sensitive assets less rate-sensitive liabilities	$ (132,773)	$ 22,729	$ 32,245	$ 44,458	$ 206,597	$ 173,256
Cumulative Gap	$ (132,773)	$ (110,044)	$ (77,799)	$(33,341)	$ 173,256	
Cumulative amounts as a percentage of total rate-sensitive assets	-9.95%	-8.24%	-5.83%	-2.50%	12.98%	
Cumulative Ratio	0.79	0.84	0.90	0.96	1.15	

The forgoing table shows a negative (Liability-sensitive) rate-sensitivity gap of $132.8 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, 2002, will benefit the Corporation more if interest rates decrease during the next year by allowing the net interest margin to grow as liability rates would reprice more quickly than the rates on rate-sensitive assets. After one year, a rate increase would benefit the Corporation because the volume of rate-sensitive assets subject to repricing would exceed the volume of rate-sensitive liabilities subject to repricing.

The funds management policies of Busey Bank and Busey Bank Florida require the banks to maintain a cumulative rate-sensitivity ratio of .75 - 1.25 in the 90-day, 180-day, and 1-year time periods. As of December 31, 2002, the banks and the Corporation, on a consolidated basis, are within those guidelines.

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, 2001, the Corporation earned $17,904,000 and paid dividends of $8,126,000 to stockholders, resulting in a retention of current earnings of $9,778,000.

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, 2002, the Corporation had a total capital to total risk-weighted asset ratio of 13.31%, a Tier 1 capital to risk-weighted asset ratio of 11.58% and a Tier 1 leverage ratio of 8.66%; the Corporation's bank subsidiary, Busey Bank, had ratios of 11.13%, 9.44%, and 7.03%, respectively; the Corporation's thrift subsidiary, Busey Bank Florida, had ratios of 25.47%, 24.34%, and 16.50%, 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.

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.

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."

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,								
	2002			2001			2000		
	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	$ 1,039	$ 12	1.15%	$ 13,721	$ 513	3.74%	$ 8,714	$ 228	2.62%
Federal funds sold	16,633	260	1.56%	30,142	1,179	3.91%	10,310	627	6.08%
Investment securities:									
U.S. Treasuries and Agencies	149,670	6,387	4.27%	159,969	8,726	5.45%	162,526	9,434	5.80%
Obligations of states and political subdivisions(1)	46,577	3,140	6.74%	43,896	3,169	7.22%	40,833	3,129	7.66%
Other securities	24,201	800	3.31%	23,382	889	3.80%	19,623	995	5.07%
Loans (net of unearned discount)(1,2)	1,015,073	66,794	6.58%	961,779	76,842	7.99%	937,239	80,146	8.55%
Total interest-earning assets(1)	$1,253,193	$77,393	6.18%	$1,232,889	$91,318	7.41%	$1,179,245	$ 94,559	8.02%
Cash and due from banks	33,633			31,690			28,772		
Premises and equipment	28,375			30,283			30,399		
Allowance for loan losses	(14,001)			(12,774)			(11,077)		
Other assets	40,209			30,173			32,777		
Total assets	$1,341,409			$1,312,261			$1,260,116		
Liabilities and Stockholders' Equity									
Interest bearing transaction deposits	$ 11,477	$ 132	1.15%	$ 34,199	$ 734	2.15%	$ 28,976	$ 830	2.86%
Savings deposits	96,495	1,059	1.10%	90,544	2,059	2.27%	91,750	2,794	3.05%
Money market deposits	411,436	4,997	1.21%	359,330	9,614	2.68%	319,512	11,073	3.47%
Time deposits	472,000	18,410	3.90%	508,400	28,207	5.55%	489,779	27,589	5.63%
Short-term borrowings:									
Federal funds purchased and repurchase agreements	7,955	373	4.69%	15,692	981	6.25%	29,504	1,752	5.94%
Other	462	21	4.55%	14,985	1,108	7.39%	44,961	3,491	7.76%
Long-term debt	66,762	3,252	4.87%	47,703	2,532	5.31%	53,240	2,947	5.54%
Company obligated mandatorily redeemable preferred securities	25,000	2,250	9.00%	13,333	1,200	9.00%	-	-	
Total interest-bearing liabilities	$1,091,587	$30,494	2.79%	$1,084,186	$46,435	4.28%	$,057,722	$ 50,476	4.77%
			3.39%			3.13%		3.25%	
Demand deposits	129,766			119,274			107,882		
Other liabilities	10,286			9,746			9,628		
Stockholders' equity	109,770			99,055			84,884		
Total liabilities and stockholders' equity	$1,341,409			$1,312,261			$1,260,116		
Interest income/earning assets(1)	$1,253,193	$77,393	6.18%	$1,232,889	$91,318	7.41%	$1,179,245	$ 94,559	8.02%
Interest expense/earning assets	$1,253,193	$30,494	2.44%	$1,232,889	$46,435	3.77%	$1,179,245	$ 50,476	4.28%
Net interest margin(1)		46,899	3.74%		$44,883	3.64%		$ 44,083	3.74%

(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, 2002, 2001, and 2000					
	Year 2002 vs. 2001 Change due to(1)			Year 2001 vs. 2000 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	$ (285)	$ (216)	$ (501)	$ 163	$ 122	$ 285
Federal funds sold	(393)	(526)	(919)	678	(126)	552
Investment securities:						
U.S. Treasuries and Agencies	(534)	(1,805)	(2,339)	(147)	(561)	(708)
States and political subdivisions(2)	345	(374)	(29)	175	(135)	40
Other securities	33	(122)	(89)	346	(452)	(106)
Loans(2)	4,601	(14,649)	(10,048)	2,190	(5,494)	(3,304)
Change in interest income(2)	$ 3,767	$ (17,692)	$(13,925)	$ 3,405	$ (6,646)	$(3,241)
Increase (decrease) in interest expense:						
Interest bearing transaction deposits	$ (354)	$ (248)	$ (602)	$ 245	$ (341)	$ (96)
Savings deposits	145	(1,145)	(1,000)	(36)	(699)	(735)
Money market deposits	1,669	(6,286)	(4,617)	1,759	(3,218)	(1,459)
Time deposits	(1,903)	(7,894)	(9,797)	1,023	(405)	618
Federal funds purchased and repurchase agreements	(403)	(205)	(608)	(869)	98	(771)
Other	(779)	(308)	(1,087)	(2,223)	(160)	(2,383)
Long-term debt	907	(187)	720	(742)	327	(415)
Company obligated mandatorily redeemable preferred securities	1,050	-	1,050	1,200	-	1,200
Change in interest expense	$ 332	$ (16,273)	$(15,941)	$ 357	$ (4,398)	$(4,041)
Increase (decrease) in net interest income(2)	$ 3,435	$ (1,419)	$ 2,016	$ 3,048	$ (2,248)	$ 800
Percentage increase in net interest income over prior period			4.5%			1.8%

(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 fsb, 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 Policy 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. A summary of the Corporation's gap analysis is summarized on page 24.

The 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. 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, -125 basis points and + 200 basis points. Management measure 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, 2002 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, 2002, was as follows:

	Basis Point Changes			
	-125	-100	+100	+200
Percentage change in net interest income due to an immediate change in interest over a one-year period	(1.90%)	(0.47%)	2.86%	4.83%

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.

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 4-6 of the 2003 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 10-12 of the 2003 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 of the 2003 Proxy Statement.

The following table discloses the number of outstanding options, warrants and rights granted by the Corporation to participants in equity compensation plans, as well as the number of securities remaining available for future issuance under these plans. The table provides this information separately for equity compensation plans that have and have not been approved by security holders.

	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders	587,942	$ 18.54	481,450
Equity compensation plans not approved by stockholders	-	-	-
Total	587,942	$ 18.54	481,450

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Incorporated by reference is the information set forth on pages 13-14 of the 2003 Proxy Statement.

ITEM 14. 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 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)	
10.3	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)	
10.4	Mortgage on County Plaza Building (filed as Exhibit 10.4 to First Busey's Registration Statement on Form S-1 (Registration No. 33-13973), and incorporated herein by reference)	
10.7	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)	
10.8	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)	
10.9	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)	
10.10	First Busey Corporation Deferred Compensation Plan for Executives	83

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 July 18, 2002, the Corporation filed a report on Form 8-K (Item 5) dated July 18, 2002, revising information contained in its press release dated and issued July 15, 2002.

FORM S-8 UNDERTAKING

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into the registrant's Registration Statement on Form S-8 File No. 33-30095.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of the expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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 19, 2002.

FIRST BUSEY CORPORATION
BY //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 19, 2002.

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

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

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 quarterly 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.

//Douglas C. Mills//

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

Date: March 19, 2003

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Barbara J. Jones, 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 quarterly 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.

// Barbara J. Jones//

Barbara J. Jones
Chief Financial Officer

Date: March 19, 2003

FIRST BUSEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2002, 2001 AND 2000

FIRST BUSEY CORPORATION AND SUBSIDIARIES

CONTENTS

[MCGLADREY & PULLEN LOGO]
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, 2002 and 2001, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. 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, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/ McGladrey & Pullen, LLP

Champaign, Illinois
February 7, 2003

McGladrey & Pullen, LLP is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2002 AND 2001

	2002	2001
	(Dollars in thousands)	
ASSETS		
Cash and due from banks	$ 47,645	$ 41,580
Federal funds sold	-	20,000
Securities available for sale	233,830	210,869
Loans held for sale (fair value 2002 $61,685; 2001 $22,069)	60,761	21,884
Loans (net of allowance for loan losses 2002 $15,460; 2001 $13,688)	1,024,822	942,534
Premises and equipment	27,359	29,081
Goodwill	7,380	7,380
Other intangible assets	2,464	3,124
Cash surrender value of bank owned life insurance	11,109	10,111
Other assets	20,208	14,126
TOTAL ASSETS	$ 1,435,578	$ 1,300,689
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest bearing	$ 151,105	$ 138,685
Interest bearing	1,062,500	967,314
TOTAL DEPOSITS	1,213,605	1,105,999
Securities sold under agreements to repurchase	2,467	9,767
Short-term borrowings	-	2,000
Long-term debt	71,759	47,021
Company obligated mandatorily redeemable preferred securities	25,000	25,000
Other liabilities	7,584	5,112
TOTAL LIABILITIES	1,320,415	1,194,899
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	20,862	21,170
Retained earnings	91,639	81,861
Accumulated other comprehensive income	10,276	8,128
TOTAL STOCKHOLDERS' EQUITY BEFORE TREASURY STOCK, UNEARNED ESOP SHARES AND DEFERRED COMPENSATION FOR RESTRICTED STOCK AWARDS	129,068	117,450
Treasury stock, at cost, 586,486 shares 2002; 477,018 shares 2001	(12,050)	(9,639)
Unearned ESOP shares and deferred compensation for restricted stock awards	(1,855)	(2,021)
TOTAL STOCKHOLDERS' EQUITY	115,163	105,790
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,435,578	$ 1,300,689

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

	2002	2001	2000
	(Dollars in thousands, except per share amounts)		
Interest income:			
Loans	$ 66,586	$ 76,618	$ 79,924
Securities			
Taxable interest income	7,094	10,011	10,531
Nontaxable interest income	2,041	2,060	2,034
Dividends	104	117	126
Federal funds sold	260	1,179	627
TOTAL INTEREST INCOME	76,085	89,985	93,242
Interest expense:			
Deposits	24,598	40,614	42,286
Short-term borrowings	394	2,089	5,243
Long-term debt	3,252	2,532	2,947
Company obligated mandatorily redeemable preferred securities	2,250	1,200	-
TOTAL INTEREST EXPENSE	30,494	46,435	50,476
NET INTEREST INCOME	45,591	43,550	42,766
Provision for loan losses	3,125	2,020	2,515
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	42,466	41,530	40,251
Other income:			
Service charges on deposit accounts	7,054	6,121	5,341
Trust fees	4,567	4,607	4,364
Commissions and brokers' fees, net	2,106	2,162	1,901
Other service charges and fees	1,816	1,667	2,075
Security gains, net	762	1,285	737
Gain on sales of loans	3,995	2,296	1,112
Net commissions from travel services	-	864	922
Other	2,237	2,458	1,836
TOTAL OTHER INCOME	22,537	21,460	18,288
Other expenses:			
Salaries and wages	17,431	17,624	16,192
Employee benefits	3,572	3,442	2,888
Net occupancy expense of premises	3,076	3,110	3,115
Furniture and equipment expenses	3,469	3,847	3,614
Data processing	888	799	1,142
Amortization and impairment of intangible assets	660	1,751	2,288
Stationery, supplies and printing	1,010	1,016	1,029
Other	8,820	7,385	6,981
TOTAL OTHER EXPENSES	38,926	38,974	37,249
INCOME BEFORE INCOME TAXES	26,077	24,016	21,290
Income taxes	8,173	8,363	7,237
NET INCOME	$ 17,904	$ 15,653	$ 14,053
Basic earnings per share	$ 1.32	$ 1.16	$ 1.05
Diluted earnings per share	$ 1.31	$ 1.15	$ 1.03

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 1999	$ 6,291	$ 21,750	$ 65,572	$ 2,074
Comprehensive Income:				
Net Income	-	-	14,053	-
Other comprehensive income, net of tax:				
Unrealized gains on securities available for sale arising during the period, net of taxes of $2,811	-	-	-	-
Reclassification adjustment, net of taxes of ($292)	-	-	-	-
Other comprehensive income, net of taxes of $2,519	-	-	-	3,843
Comprehensive Income	-	-	-	-
Purchase of 118,479 shares for the treasury	-	-	-	-
Issuance of 20,000 shares of treasury stock for customer list	-	205	-	-
Issuance of 10,150 shares of treasury stock for bonus compensation program	-	83	-	-
Issuance of 700 shares of treasury stock for restricted stock grants	-	6	-	-
Cash dividends:				
Common stock at $.48 per share	-	-	(6,410)	-
Employee stock ownership plan shares allocated	-	-	-	-
Release of restricted stock issued under restricted stock award plan	-	-	-	-
Balance, December 31, 2000	$ 6,291	$ 22,044	$ 73,215	$ 5,917

	Treasury Stock	Unearned ESOP Shares	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 1999	$ (10,773)	$ (2,620)	$ (10)	$ 82,284
Comprehensive Income:				
Net Income	-	-	-	14,053
Other comprehensive income, net of tax:				
Unrealized gains on securities available for sale arising during the period, net of taxes of $2,811	-	-	-	4,288
Reclassification adjustment, net of taxes of ($292)	-	-	-	(445)
Other comprehensive income, net of taxes of $2,519	-	-	-	3,843
Comprehensive Income	-	-	-	17,896
Purchase of 118,479 shares for the treasury	(2,385)	-	-	(2,385)
Issuance of 20,000 shares of treasury stock for customer list	195	-	-	400
Issuance of 10,150 shares of treasury stock for bonus compensation program	98	-	-	181
Issuance of 700 shares of treasury stock for restricted stock grants	7	-	(13)	-
Cash dividends:				
Common stock at $.48 per share	-	-	-	(6,410)
Employee stock ownership plan shares allocated	-	337	-	337
Release of restricted stock issued under restricted stock award plan	-	-	22	22
Balance, December 31, 2000	$ (12,858)	$ (2,283)	$ (1)	$ 92,325

(continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 2000	$ 6,291	$ 22,044	$ 73,215	$ 5,917
Comprehensive income:				
Net income	-	-	15,653	-
Other comprehensive income, net of tax:				
Unrealized gains on securities available for sale arising during period, net of tax benefit of $1,963	-	-	-	-
Reclassification adjustment, net of taxes of ($510)	-	-	-	-
Other comprehensive income, net of tax of $1,453	-	-	-	2,211
Comprehensive income	-	-	-	-
Purchase of 168,734 shares for the treasury	-	-	-	-
Issuance of 369,000 shares of treasury stock for option exercise and related tax benefit	-	(872)	-	-
Issuance of 22,756 shares of treasury stock to benefit plans	-	18	-	-
Issuance of 3,236 shares of treasury stock for bonus compensation program	-	(3)	-	-
Issuance of 250 shares of treasury stock for restricted stock grants	-	1	-	-
Cash dividends:				
Common stock at $.52 per share	-	-	(7,007)	-
Employee stock ownership plan shares allocated	-	(18)	-	-
Release of restricted stock issued under restricted stock award plan	-	-	-	-
Balance, December 31, 2001	$ 6,291	$ 21,170	$ 81,861	$ 8,128

	Treasury Stock	Unearned ESOP Shares	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 2000	$ (12,858)	$ (2,283)	$ (1)	$ 92,325
Comprehensive income:				
Net income	-	-	-	15,653
Other comprehensive income, net of tax:				
Unrealized gains on securities available for sale arising during period, net of tax benefit of $1,963	-	-	-	2,986
Reclassification adjustment, net of taxes of ($510)	-	-	-	(775)
Other comprehensive income, net of tax of $1,453	-	-	-	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	5,940	-	-	5,068
Issuance of 22,756 shares of treasury stock to benefit plans	444	-	-	462
Issuance of 3,236 shares of treasury stock for bonus compensation program	68	-	-	65
Issuance of 250 shares of treasury stock for restricted stock grants	4	-	(5)	-
Cash dividends:				
Common stock at $.52 per share	-	-	-	(7,007)
Employee stock ownership plan shares allocated	-	262	-	244
Release of restricted stock issued under restricted stock award plan	-	-	6	6
Balance, December 31, 2001	$ (9,639)	$ (2,021)	$ -	$ 105,790

(continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 2001	$ 6,291	$ 21,170	$ 81,861	$ 8,128
Comprehensive Income:				
Net Income	-	-	17,904	-
Other comprehensive income, net of tax:				
Unrealized gains on securities available for sale arising during the period, net of taxes of $1,713	-	-	-	-
Reclassification adjustment, net of taxes of ($303)	-	-	-	-
Other comprehensive income, net of tax of $1,410	-	-	-	2,148
Comprehensive Income	-	-	-	-
Purchase of 174,768 shares for the treasury	-	-	-	-
Issuance of 54,600 shares of treasury stock for option exercise and related tax benefit	-	(296)	-	-
Issuance of 750 shares of treasury stock to benefit plans	-	1	-	-
Issuance of 9,950 shares of treasury stock for restricted stock grants	-	2	-	-
Cash dividends:				
Common stock at $.60 per share	-	-	(8,126)	-
Employee stock ownership plan shares allocated	-	(15)	-	-
Amortization of restricted stock issued under restricted stock award plan	-	-	-	-
Balance, December 31, 2002	$ 6,291	$ 20,862	$ 91,639	$ 10,276

	Treasury Stock	Unearned ESOP Shares	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 2001	$ (9,639)	$ (2,021)	$ -	$ 105,790
Comprehensive Income:				
Net Income	-	-	-	17,904
Other comprehensive income, net of tax:				
Unrealized gains on securities available for sale arising during the period, net of taxes of $1,713	-	-	-	2,607
Reclassification adjustment, net of taxes of ($303)	-	-	-	(459)
Other comprehensive income, net of tax of $1,410	-	-	-	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	1,155	-	-	859
Issuance of 750 shares of treasury stock to benefit plans	16	-	-	17
Issuance of 9,950 shares of treasury stock for restricted stock grants	210	-	(212)	-
Cash dividends:				
Common stock at $.60 per share	-	-	-	(8,126)
Employee stock ownership plan shares allocated	-	262	-	247
Amortization of restricted stock issued under restricted stock award plan	-	-	116	116
Balance, December 31, 2002	$ (12,050)	$ (1,759)	$ (96)	$ 115,163

See Accompanying Notes to Consolidated Financial Statements

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

	2002	2001	2000
	(Dollars in thousands)		
Cash Flows from Operating Activities			
Net income	$ 17,904	$ 15,653	$ 14,053
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation	116	71	203
Depreciation and amortization	4,202	5,718	6,030
Provision for loan losses	3,125	2,020	2,515
Non-cash ESOP adjustment	(15)	(18)	-
Provision for deferred income taxes	(1,367)	(407)	287
Stock dividends	(301)	(403)	-
Accretion of security discounts, net	(460)	(819)	(340)
Gain on sales of securities, net	(762)	(1,285)	(737)
Gain on sales of loans, net	(3,995)	(2,296)	(1,112)
(Gain) loss on sales and dispositions of premises and equipment	(11)	388	16
Change in assets and liabilities:			
(Increase) decrease in other assets	(105)	3,617	(22)
Increase (decrease) in other liabilities	2,429	(5,877)	341
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE LOAN ORIGINATIONS AND SALES	20,760	16,362	21,234
Loans originated for sale	(292,102)	(274,893)	(64,718)
Proceeds from sales of loans	257,220	260,797	65,828
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(14,122)	2,266	22,344
Cash Flows from Investing Activities			
Securities available for sale:			
Purchases	(118,028)	(125,173)	(68,198)
Proceeds from sales	23,358	9,105	18,157
Proceeds from maturities	76,548	139,967	53,929
Decrease (increase) in federal funds sold	20,000	14,700	(21,200)
(Increase) decrease in loans	(91,148)	22,025	(98,649)
Purchases of premises and equipment	(1,898)	(2,380)	(6,993)
Proceeds from sales of premises and equipment	89	197	732
Increase in investment in life insurance	(343)	(10,000)	-
Increase in cash surrender value of bank owned life insurance	(655)	(111)	-
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(92,077)	48,330	(122,222)

(continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

	2002	2001	2000
	(Dollars in thousands)		
Cash Flows from Financing Activities			
Net increase (decrease) in certificates of deposit	$ 64,691	$ (95,849)	$ 62,688
Net increase in demand deposits, money market and savings accounts	42,915	53,061	58,118
Net decrease in federal funds purchased and securities sold under agreements to repurchase	(7,300)	(9,123)	(4,690)
Proceeds from short-term borrowings	500	4,500	55,925
Principal payments on short-term borrowings	(2,500)	(32,500)	(71,632)
Proceeds from long-term debt	43,000	18,000	18,000
Principal payments on long-term debt	(18,000)	(25,976)	(20,873)
Proceeds from issuance of company obligated mandatorily redeemable preferred securities	-	25,000	-
Cash dividends paid	(8,126)	(7,007)	(6,410)
Purchase of treasury stock	(3,792)	(3,237)	(2,385)
Proceeds from sales of treasury stock	876	5,530	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	112,264	(67,601)	88,741
Net increase (decrease) in cash and due from banks	6,065	(17,005)	(11,137)
Cash and due from banks, beginning	41,580	58,585	69,722
Cash and due from banks, ending	$ 47,645	$ 41,580	$ 58,585

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

	2002	2001	2000
		(Dollars in thousands)	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash payments for:			
Interest	$ 30,817	$ 49,332	$ 48,546
Income taxes	$ 7,810	$ 8,297	$ 5,921
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Other real estate acquired in settlement of loans	$ 5,977	$ 30	$ 316
Employee stock ownership plan shares allocated	$ 262	$ 262	$ 337
Transfer of installment purchase debt certificate from investment portfolio to loan portfolio	$ 242	$ -	$ -
Customer list acquired in exchange for common stock	$ -	$ -	$ 400

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 nonfinancial 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 subsidiaries: Busey Travel, Inc., and 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, 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.

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.

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.

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 impaired when it is probable 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 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.

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 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, various regulatory agencies periodically review the allowance for loan losses, and may require the Bank to make additions to the allowance based on their judgment of collectibility based on information available to them at the time of their examination.

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.

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.

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

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. 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. 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 $5,724,000 and $30,000 as of December 31, 2002, and 2001 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 an annual impairment assessment as of December 31, 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 $660,000, $1,751,000 and $2,288,000 for the years ended December 31, 2002, 2001, and 2000, 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.

During the year ended December 31, 2000, the Corporation recognized an impairment write down of $600,000 on the core deposit intangible of Busey Bank Florida (formerly Busey Bank, fsb). The Corporation recognized this write down due to a significant run off of the core deposit base. This write down is included in the amortization and impairment of intangible assets line item on the income statement.

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, as of and for the year ended December 31, 2001, to be consistent with the classifications adopted as of and for the year ended December 31, 2002.

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 16. As permitted under accounting principles generally accepted in the United States of American, 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.

	2002	2001	2000
Net income (in thousands):			
As reported	$ 17,904	$ 15,653	$ 14,053
Deduct total stock-based compensation expense determined under the fair value method for all awards, net of related tax effects	242	303	244
Pro forma	$ 17,662	$ 15,350	$ 13,809
Basic earnings per share:			
As reported	$ 1.32	$ 1.16	$ 1.05
Pro forma	$ 1.30	$ 1.14	$ 1.03
Diluted earnings per share:			
As reported	$ 1.31	$ 1.15	$ 1.03
Pro forma	$ 1.30	$ 1.13	$ 1.02

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions. In additioon, 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			2000	
		Block 1	Block 2	Block 3	Block 1	Block 2
Number of options granted	229,000	61,500	2,250	1,000	57,000	5,000
Risk-free interest rate	3.51%	4.04%	4.39%	3.54%	4.90%	4.90%
Expected life, in years	3	4	5	3	4	4
Expected volatility	19.27%	19.89%	19.89%	19.89%	19.89%	19.89%
Expected dividend yield	2.60%	2.42%	2.42%	2.44%	2.41%	2.41%
Estimated fair value per option	$ 4.92	$ 5.35	$ 5.10	$ 3.50	$ 3.10	$ 4.22

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,		
	2002	2001	2000
Net income available to common shareholders	$ 17,904,000	$ 15,653,000	$ 14,053,000
Basic average common shares outstanding	13,535,918	13,486,688	13,356,197
Dilutive potential due to stock options	81,329	135,300	246,995
Average number of common shares and dilutive potential common shares outstanding	13,617,247	13,621,988	13,603,192
Basic net income per share	$ 1.32	$ 1.16	$ 1.05
Diluted net income per share	$ 1.31	$ 1.15	$ 1.03

Accounting for Acquisitions of Certain Financial Institutions In October, 2002, Statement of Financial Accounting Standards No. 147, "Acquisitions of Certain Financial Institutions - an amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9," was issued. FASB Statement No. 72, "Accounting for Certain Acquisitions of Banking or Thrift Institutions," and FASB Interpretation No.9, "Applying APB Opinions No. 16 and 17 When a Savings and Loan Association or a Similar Institution is Acquired in a Business Combination Accounted for by the Purchase Method, " provided interpretive guidance on the application of the purchase method to acquisitions of financial institutions. Except for transactions between two or more mutual enterprises, this Statement removes acquisitions of financial institutions from the scope of both Statement No. 72 and Interpretation No. 9 and requires that those transactions be accounted for in accordance with FASB Statements No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets." Thus, the requirement in paragraph 5 of Statement No. 72 to recognize (and subsequently amortize) any excess of the fair value of liabilities assumed over the fair value of tangible and identifiable intangible assets acquired as an unidentifiable intangible asset no longer applies to acquisitions within the scope of this Statement. In addition, this Statement amends FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," to include in its scope long-term customer-relationship intangible assets of financial institutions such as depositor- and borrower-relationship intangible assets and credit cardholder intangible assets. Consequently, those intangible assets are subject to the same undiscounted cash flow recoverability test and impairment loss recognition and measurement provisions that Statement No. 144 requires for other long-lived assets that are held and used. Paragraph 5 of this Statement which relates to the application of the purchase method of accounting, is effective for acquisitions for which the date of acquisition is on or after October 1, 2002. The provisions in paragraph 6 relating to accounting for the impairment or disposal of certain long-term customer-relationship intangible assets are effective on October 1, 2002. Transition provisions for previously recognized unidentifiable intangible assets in paragraphs 8-14 are effective on October 1, 2002, with earlier application permitted. The Corporation does not expect this statement will have a significant impact on the operations of the Corporation or the Banks.

Guarantor's Accounting and Disclosure Requirements for Guarantees The Financial Accounting Standards Board (FASB) has issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" - an interpretation of Statements of Financial Accounting Standards Nos. 5, 57 and 107 and rescission of FASB Interpretation No. 34. This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of the Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. Implementation of these provisions of the Interpretation is not expected to have a material impact on the Corporation's consolidated financial statements. The disclosure requirements of the Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002, and have been adopted in the consolidated financial statements for December 31, 2002.

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 year ended December 31, 2002, as the result of the adoption of this Standard.

Goodwill and intangible asset disclosures are as follows:

	As of December 31, 2002	
	Gross Carrying Amount	Accumulated Amortization
	(Dollars in thousands)	
AMORTIZED INTANGIBLE ASSETS:		
Core deposit intangibles	$ 7,956	$ 5,492
AGGREGATE AMORTIZATION EXPENSE:		
For the year ended December 31, 2002		$ 660
ESTIMATED AMORTIZATION EXPENSE:		
2003		$ 412
2004		412
2005		412
2006		378
2007		213
Thereafter		637
		2,464
GOODWILL:	$ 7,380	

	December 31, 2002	December 31, 2001	December 31, 2000
	(Dollars in thousands, except per share data)		
Reported net income	$ 17,904	$ 15,653	$ 14,053
Add goodwill amortization, net of tax	-	651	677
Adjusted net income	$ 17,904	$ 16,304	$ 14,730
Basic earnings per share:			
Reported net income	$ 1.32	$ 1.16	$ 1.05
Goodwill amortization, net of tax	-	.05	.05
Adjusted net income	$ 1.32	$ 1.21	$ 1.10
Diluted earnings per share:			
Reported net income	$ 1.31	$ 1.15	$ 1.03
Goodwill amortization, net of tax	-	.05	.05
Adjusted net income	$ 1.31	$ 1.20	$ 1.08

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, 2002 and 2001 were approximately $8,566,000 and $8,464,000, 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, 2002 and 2001, 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
	(Dollars in thousands)			
December 31, 2002:				
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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
December 31, 2001:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 140,304	$ 3,186	$ -	$ 143,490
Obligations of states and political Subdivisions	42,929	1,008	170	43,767
Corporate securities	5,407	159	12	5,554
	188,640	4,353	182	192,811
Mutual funds and other equity securities	8,758	9,300	-	18,058
	$ 197,398	$ 13,653	$ 182	$ 210,869

The amortized cost and fair value of securities available for sale as of December 31, 2002, 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	$ 87,640	$ 88,908
Due after one year through five years	91,183	94,278
Due after five years through ten years	24,852	26,380
Due after ten years	3,747	3,938
	$ 207,422	$ 213,504

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

	For the Years Ended December 31,		
	2002	2001	2000
Gross security gains	$ 762	$ 1,285	$ 973
Gross security losses	-	-	(236)
NET SECURITY GAINS	$ 762	$ 1,285	$ 737

The tax provisions for these net realized gains and losses amounted to $303,000, 510,000, and $292,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

Investment securities with carrying values of $142,781,000 and $139,120,000 on December 31, 2002 and 2001, 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.

NOTE 5. LOANS

The composition of loans is as follows:

	December 31,	
	2002	2001
	(Dollars in thousands)	
Commercial	$ 118,004	$ 121,694
Real estate construction	129,872	83,701
Real estate - farmland	13,421	14,414
Real estate - 1 to 4 family residential mortgage	369,428	349,270
Real estate - multifamily mortgage	57,559	54,265
Real estate - non-farm nonresidential mortgage	274,153	253,932
Installment	55,811	57,924
Agricultural	22,034	21,022
	1,040,282	956,222
Less:		
Allowance for loan losses	15,460	13,688
NET LOANS	$ 1,024,822	$ 942,534

The loan portfolio includes a concentration of loans for commercial real estate amounting to approximately $331,712,000 and $308,197,000 as of December 31, 2002 and 2001, 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.

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

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

	December 31,	
	2002	2001
	(Dollars in thousands)	
Loans 90 days past and still accruing	$ 963	$ 959
Non-accrual loans	1,265	1,265
	2,228	2,224

The following table presents data on impaired loans:

	2002	2001	2000
	(Dollars in thousands)		
Impaired loans for which an allowance has been provided	$ -	$ -	$ -
Impaired loans for which no allowance has been provided	$ 309	$ 656	$ 92
Total loans determined to be impaired	$ 309	$ 656	$ 92
Allowance for loan loss for impaired loans included in the allowance for loan losses	$ -	$ -	$ -
Average recorded investment in impaired loans	$ 1,435	$ 390	$ 170
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,		
	2002	2001	2000
	(Dollars in thousands)		
Balance, beginning of year	$ 13,688	$ 12,268	$ 10,403
Provision for loan losses	3,125	2,020	2,515
Recoveries applicable to loan balances Previously charged off	476	176	124
Loan balances charged off	(1,829)	(776)	(774)
Balance, end of year	$ 15,460	$ 13,688	$ 12,268

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 $368,907,000, $273,225,000 and $184,419,000 as of December 31, 2002, 2001 and 2000, 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, 2002 and 2001, was $1,474,000 and $913,000, respectively. The following summarizes mortgage servicing rights capitalized and amortized:

	For the Years Ended December 31,		
	2002	2001	2000
	(Dollars in thousands)		
Mortgage servicing rights capitalized	$ 1,467	$ 961	$ 133
Mortgage servicing rights amortized	$ 906	$ 468	$ 212

NOTE 8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31, 2002	December 31, 2001
	(Dollars in thousands)	
Land	$ 7,101	$ 7,101
Buildings and improvements	31,401	31,427
Furniture and equipment	18,253	18,352
	56,755	56,880
Less accumulated depreciation	29,396	27,799
	$ 27,359	$ 29,081

Depreciation expense was $3,542,000, $3,967,000 and $3,742,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

NOTE 9. DEPOSITS

The aggregate amount of time deposits with a minimum denomination of $100,000 was approximately $110,158,000 and $91,317,000 at December 31, 2002 and 2001, respectively.

As of December 31, 2002, the scheduled maturities of certificates of deposit, in thousands, are as follows:

2003	$ 323,580
2004	73,793
2005	50,383
2006	22,067
2007	44,768
Thereafter	119
	$ 514,710

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.

NOTE 11. SHORT-TERM BORROWINGS

Short-term borrowings are summarized as follows:

	December 31, 2002	December 31, 2001
	(Dollars in thousands)	
Notes payable, Bank One, interest payable quarterly:		
$10,000,000 line of credit, at one-year LIBOR plus 1.40% (effective rate of 6.72875% at December 31, 2001), due January 18, 2002, collateralized by all of the common stock of Busey Bank and Busey Bank Florida	-	1,000
$25,000,000 line of credit, at one-year LIBOR plus 1.40% (effective rate of 6.72875% at December 31, 2001), due January 18, 2002, collateralized by all of the common stock of Busey Bank and Busey Bank Florida	-	1,000
$10,000,000 line of credit, at one year LIBOR plus 1.40% (effective rate of 3.6875% at December 31, 2002), due January 24, 2003, collateralized by all of the common stock of Busey Bank and Busey Bank Florida	-	-
	$ -	$ 2,000

NOTE 12. LONG-TERM DEBT

Long-term debt is summarized as follows:

	December 31, 2002	December 31, 2001
	(Dollars in thousands)	
Notes payable, Bank One, interest payable quarterly		
$250,000 term loan, at one-year LIBOR plus 1.40% (effective rate of 3.6875% at December 31, 2002), 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 (8,000 shares as of December 31, 2002; 10,000 shares as of December 31, 2001)	$ 100	$ 125
$2,370,000 term loan, at one-year LIBOR plus 1.40% (effective rate of 3.6875% at December 31, 2002), 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 (70,000 shares as of December 31, 2002; 80,000 shares as of December 31, 2001)	$ 1,659	$ 1,896
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	$ 70,000	$ 45,000
	$ 71,759	$ 47,021

Funds borrowed from the Federal Home Loan Bank of Chicago consisted of the following advances:

	Rate		December 31,	
	2002	2001	2002	2001
		(Dollars in thousands)		
March 20, 2002, fixed	-	6.60%	$ -	$ 2,000
March 20, 2002, fixed	-	6.60%	-	2,000
March 22, 2002, fixed	-	6.54%	-	4,000
September 3, 2003, fixed	-	5.55%	-	5,000
February 19, 2004, fixed	-	5.49%	-	5,000
October 8, 2004, fixed	3.95%	-	1,000	-
October 18, 2004, fixed	3.95%	-	2,000	-
October 18, 2004, fixed	3.89%	-	2,000	-
March 21, 2005, fixed	4.63%	-	4,000	-
April 22, 2005, fixed	4.22%	-	1,000	-
June 12, 2005, fixed	3.88%	-	1,000	-
June 20, 2005, fixed	4.00%	-	4,000	-
July 23, 2005, fixed	3.17%	-	1,000	-
October 28, 2005, fixed	2.68%	-	2,000	-
February 27, 2006, fixed	4.44%	-	3,000	-
March 20, 2006, fixed	4.94%	-	500	-
March 20, 2006, fixed	4.94%	-	675	-
March 20, 2006, fixed	4.94%	-	825	-
July 24, 2006, fixed	3.87%	-	5,000	-
September 11, 2006, fixed	4.95%	4.95%	2,000	2,000
November 24, 2006, fixed	4.75%	-	3,000	-
February 28, 2007, fixed	4.90%	-	5,000	-
May 16, 2007, fixed	5.00%	-	500	-
May 16, 2007, variable	4.387%	-	1,500	-
June 20, 2007, fixed	4.46%	-	1,000	-
July 24, 2007, fixed	3.78%	-	1,000	-
September 6, 2007, fixed	3.45%	-	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
January 16, 2008, fixed	5.01%	5.01%	10,000	10,000
February 27, 2008, fixed	5.07%	5.07%	2,000	2,000
October 6, 2008, fixed	4.30%	4.30%	3,000	3,000
			$ 70,00	$ 45,000

As of December 31, 2002, the scheduled maturities of long-term debt, in thousands, are as follows:

2003	$ 262
2004	5,262
2005	13,262
2006	15,262
2007	12,237
Thereafter	25,474
	$ 71,759

The Corporation had no letters of credit outstanding at December 31, 2002. The Corporation had letters of credit outstanding with the Federal Home Loan Bank of Chicago for $51,660,000 at December 31, 2001.

NOTE 13. COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES

In June, 2001, First Busey Corporation issued $25,000,000 in cumulative trust preferred securities 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 year ended 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 securities qualify as Tier 1 capital for regulatory purposes.

The trust preferred securities 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 securities were deferred and are being amortized over the period until mandatory redemption of the securities in June, 2031.

NOTE 14. INCOME TAXES

The components of income taxes consist of:

	Years Ended December 31, 2002	2001	2000
	(Dollars in thousands)		
Current	$ 9,540	$ 8,770	$ 6,950
Deferred	(1,367)	(407)	287
TOTAL INCOME TAX EXPENSE	$ 8,173	$ 8,363	$ 7,237

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

	2002 Amount	2002 % of Pretax Income	2001 Amount	2001 % of Pretax Income	2000 Amount	2000 % of Pretax Income
	(Dollars in thousands)					
Income tax at statutory rate	$ 9,127	35.0%	$ 8,406	35.0%	$ 7,452	35.0%
Effect of:						
Benefit of income taxed at lower rates	-	-	-	-	(100)	(0.5)%
Tax-exempt interest, net	(774)	(3.0%)	(758)	(3.2%)	(759)	(3.5)%
Income on bank owned life Insurance	(260)	(1.0%)	(44)	(0.2%)	-	-
Amortization of intangibles	55	0.2%	437	1.8%	615	2.9%
Other	25	0.1%	322	1.4%	29	0.1%
	$ 8,173	31.3%	$ 8,363	34.8%	$ 7,237	34.0%

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

	2002	2001
	(Dollars in thousands)	
Deferred tax assets:		
Allowance for loan losses	$ 6,133	$ 5,440
Property acquired in settlement of loans	240	-
Loans held for sale	366	73
Basis in deposit intangibles	350	288
Deferred compensation	254	53
State net operating loss carryforwards	31	169
Other	235	154
	7,609	6,177
Deferred tax liabilities:		
Investment securities		
Unrealized gains on securities held for sale	(6,753)	(5,343)
Other	(247)	(152)
Basis in premises and equipment	(909)	(882)
Mortgage servicing assets	(585)	(363)
Deferred loan fees	(304)	(272)
Other	(240)	(551)
	(9,038)	(7,563)
NET DEFERRED TAX LIABILITY	$ (1,429)	$ (1,386)

State net operating loss carryforwards of approximately $666,000 are available to offset future taxable income. The carryforwards expire in 2011.

NOTE 15. 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.

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 2000, $337,000 of compensation expense was recognized for the ESOP, releasing 18,000 shares to participant accounts, and is reflected in the chart below under "Employee Benefits". 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". 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 $382,000, $459,000, and $488,000 in the years ended December 31, 2002, 2001 and 2000.

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

	2002	2001
Allocated shares	740,264	782,008
Unallocated shares	-	-
TOTAL	740,264	782,008
Fair value of allocated shares at December 31	$ 17,070,000	$ 16,798,000

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

	2002		2001	
	Shares	Fair Value	Shares	Fair Value
Allocated shares	37,740	$ 870,000	29,719	$ 638,000
Unallocated shares	78,000	1,799,000	90,000	1,933,000
TOTAL	115,740	$ 2,669,000	119,719	$ 2,571,000

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 $857,000, $676,000, and $361,000 for the years ended December 31, 2002, 2001, and 2000, respectively.

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

	Years Ended December 31, 2002	2001	2000
	(Dollars in thousands)		
Employee benefits	$ 1,161	$ 979	$ 698
Interest on employee stock ownership plan debt	78	156	151
TOTAL EMPLOYER CONTRIBUTIONS	$ 1,239	$ 1,135	$ 849

NOTE 16. 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, 2002, 2001 and 2000 and the changes during the years ending on those dates is as follows:

	2002		2001		2000	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	408,992	$ 16.14	719,042	$ 12.68	668,642	$ 12.23
Granted	229,000	21.84	64,750	17.95	62,000	19.88
Exercised	(54,600)	12.13	(369,000)	9.99	-	-
Terminated and reissuable	(2,400)	16.75	(5,800)	15.56	(11,600)	14.67
Outstanding at end of year	580,992	$ 18.76	408,992	$ 16.14	719,042	$ 12.68
Exercisable at end of year	230,200	$ 16.70	98,000	$ 19.25	64,000	$ 18.25
Weighted-average fair value per option of options granted during the year		$ 4.92		$ 5.31		$ 3.19

The following table summarizes information about stock options outstanding at December 31, 2002:

	Options Outstanding		Options Exercisable
Exercise Prices	Number	Weighted-Average Remaining Contractual Life	Number
$ 12.13	70,700	1.00 years	70,700
16.75	113,542	1.75 years	-
17.88	61,500	2.96 years	61,500
17.88	5,000	2.00 years	-
18.25	44,000	0.96 years	44,000
19.06	2,250	3.67 years	-
20.06	54,000	1.96 years	54,000
20.18	1,000	1.75 years	-
21.84	229,000	7.96 years	-
	580,992	4.20 years	230,200

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, 2002, there were 6,950 shares under grant.

	Number of Shares		
	2002	2001	2000
Under restriction, beginning of year	-	100	4,000
Granted	9,950	250	700
Restrictions released	3,000	350	4,600
Forfeited and reissuable	-	-	-
Under restriction, end of year	6,950	-	100
Available to grant, end of year	398,200	408,150	408,400

Compensation expense is recognized for financial statement purposes over the period of performance. Compensation expense of $116,000, $6,000, and $22,000 was recognized for financial statement purposes during the years ended December 31, 2002, 2001, and 2000, respectively.

NOTE 17. 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, 2002:

Balance at the beginning of year	$ 5,127
New loans	2,520
Repayments	2,373
Balance at end of year	$ 5,274

NOTE 18. 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, 2002, that the Corporation and the Banks meet all capital adequacy requirements to which they are subject.

As of December 31, 2002, 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, 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%
As of December 31, 2001:						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 128,017	13.63%	$ 75,143	8.0%	N/A	N/A
Busey Bank	$ 99,927	11.14%	$ 71,747	8.0%	$ 89,683	10.0%
Busey Bank Florida	$ 11,610	41.50%	$ 2,238	8.0%	$ 2,798	10.0%
Tier I Capital (to Risk Weighted Assets)						
Consolidated	$ 112,067	11.93%	$ 37,572	4.0%	N/A	N/A
Busey Bank	$ 84,927	9.47%	$ 35,874	4.0%	$ 53,810	6.0%
Busey Bank Florida	$ 11,260	40.25%	$ 1,119	4.0%	$ 1,679	6.0%
Tier I Capital (to Average Assets)						
Consolidated	$ 112,067	8.78%	$ 51,080	4.0%	N/A	N/A
Busey Bank	$ 84,927	7.62%	$ 44,597	4.0%	$ 55,746	5.0%
Busey Bank Florida	$ 11,260	7.34%	$ 7,666	4.0%	$ 7,666	5.0%

NOTE 19. 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, 2002	December 31, 2001
	(Dollars in thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 222,407	$ 226,651
Standby letters of credit	13,138	12,636

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, 2002 and 2001, no amounts have been recorded as liabilities for the corporation's potential obligations under these guarantees.

As of December 31, 2002, the Corporation has no futures, forwards, swaps or option contracts, or other financial instruments with similar characteristics.

Lease Commitments

At December 31, 2002, 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 $699,000, $699,000, and $715,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

The projected minimum rental payments under the terms of the leases at December 31, 2002, in thousands, are as follows:

2003	$ 761
2004	764
2005	713
2006	702
2007	642
Thereafter	868
	$ 4,450

NOTE 20. 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 PREFERRED SECURITIES

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, 2002 and 2001, these items are immaterial in nature.

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

	2002		2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in thousands)			
Financial assets:				
Cash and cash equivalents	$ 47,645	$ 47,645	$ 61,580	$ 61,580
Securities	233,830	233,830	210,869	210,869
Loans, net	1,085,583	1,100,710	964,418	973,436
Accrued interest receivable	7,114	7,114	7,566	7,566
Financial liabilities:				
Deposits	1,213,605	1,221,229	1,105,999	1,110,754
Securities sold under agreements to repurchase	2,467	2,498	9,767	10,142
Short-term borrowings	-	-	2,000	2,000
Long-term debt	71,759	76,591	47,021	48,616
Company obligated mandatorily redeemable preferred securities	25,000	27,875	25,000	27,500
Accrued interest payable	3,241	3,241	3,563	3,563

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 21. 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.

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 Company's reportable segments:

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

December 31, 2000

	Busey Bank	Busey Bank Florida	First Busey Trust & Investment Co.	All Other	Totals	Eliminations	Consolidated Totals
Interest income	$ 75,634	$ 17,342	$ 179	$ 140	$ 93,295	$ (53)	$ 93,242
Interest expense	38,374	9,439	-	2,564	50,377	99	50,476
Other income	10,106	1,149	4,411	20,806	36,472	(18,184)	18,288
Total income	85,740	18,491	4,590	20,946	129,767	(18,237)	111,530
Net income	13,564	919	1,459	14,393	30,335	(16,282)	14,053
Total assets	1,051,969	297,803	3,485	134,222	1,487,479	(132,435)	1,355,044

FIRST BUSEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22. PARENT COMPANY ONLY FINANCIAL INFORMATION

Condensed financial data for First Busey Corporation is presented below.

BALANCE SHEETS

	December 31, 2002	December 31, 2001
	(Dollars in thousands)	
ASSETS		
Cash and due from subsidiary bank	$ 1,869	$ 1,690
Securities available for sale	2,598	1,671
Loans	2,138	1,825
Investments in subsidiaries:		
Bank	120,880	112,751
Non-bank	11,697	11,971
Premises and equipment, net	128	45
Goodwill	1,548	1,548
Other assets	1,870	3,634
TOTAL ASSETS	$ 142,728	$ 135,135
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Short-term corporate borrowings	$ -	$ 2,000
Long-term ESOP borrowings	1,759	2,021
Long-term debt	25,000	25,000
Other liabilities	806	324
TOTAL LIABILITIES	27,565	29,345
Stockholders' equity before unearned ESOP shares and deferred Compensation for restricted stock awards	117,018	107,811
Unearned ESOP shares and deferred compensation for restricted stock awards	(1,855)	(2,021)
TOTAL STOCKHOLDERS' EQUITY	115,163	105,790
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 142,728	$ 135,135

STATEMENTS OF INCOME

	Years Ended December 31,		
	2002	2001	2000
	(Dollars in thousands)		
Operating income:			
Dividends from subsidiaries:			
Bank	$ 12,000	$ 28,983	$ 14,138
Non-bank	2,050	3,190	2,825
Interest and dividend income	141	137	52
Other income	928	950	1,115
TOTAL OPERATING INCOME	15,119	33,260	18,130
Expenses:			
Salaries and employee benefits	1,503	1,096	1,040
Interest expense	2,325	2,308	2,563
Operating expense	1,475	1,340	1,096
TOTAL EXPENSES	5,303	4,744	4,699
INCOME BEFORE INCOME TAX BENEFIT AND EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	9,816	28,516	13,431
Income tax benefit	2,007	1,806	1,378
INCOME BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	11,823	30,322	14,809
Equity in undistributed income of subsidiaries:			
Bank	6,316	(12,958)	(574)
Non-bank	(235)	(1,711)	(182)
NET INCOME	$ 17,904	$ 15,653	$ 14,053

NOTE 23. UNAUDITED INTERIM FINANCIAL DATA

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

	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

	2001			
	December 31	September 30	June 30	March 31
Interest income	$ 20,357	$ 21,991	$ 23,288	$ 24,349
Interest expense	9,191	11,239	12,424	13,581
Net interest income	11,166	10,752	10,864	10,768
Provision for loan losses	875	250	495	400
Noninterest income	4,866	5,490	5,712	5,392
Noninterest expense	10,049	9,795	9,802	9,328
Income before income taxes	5,108	6,197	6,279	6,432
Income taxes	1,441	2,336	2,252	2,334
Net income	$ 3,667	$ 3,861	$ 4,027	$ 4,098
Basic earnings per share	$ 0.27	$ 0.29	$ 0.30	$ 0.30
Diluted earnings per share	$ 0.27	$ 0.28	$ 0.30	$ 0.30

[BUSEY(R) LOGO]

MANAGEMENT REPORT
BUSEY BANK
AS OF DECEMBER 31, 2002

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, 2002, 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 CONTROL 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 system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an 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 reports instructions as of December 31, 2002. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued 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 reports instructions as of December 31, 2002.

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 our 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, 2002.

/s/ Douglas C. Mills

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

/s/ David Kuhl

P. David Kuhl, President
Busey Bank

BUSEY BANK URBANA

201 W. Main, P.O. Box 17430, Urbana, IL 61803-7430 217.365.4500 fax 217.365.4070
www.busey.com

[MCGLADREY & PULLEN LOGO]
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

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, 2002, included in the accompanying Report of Management insofar as management's assertion relates to internal control over the annual financial reporting in the 2002 consolidated financial statements of First Busey Corporation and Busey Bank's December 31, 2002 Call Report.

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 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, 2002, insofar as management's assertion relates to internal control over the annual financial reporting of Busey Bank, included in the 2002 consolidated financial statements of First Busey Corporation and Busey Bank's December 31, 2002 Call Report is fairly stated, in all material respects, based upon criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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 7, 2003

McGladrey & Pullen, LLP is an independent member firm of
RSM International, an affiliation of independent accounting
and consulting firms.

EXHIBIT 10.10 FIRST BUSEY CORPORATION DEFERRED COMPENSATION PLAN FOR EXECUTIVES

FIRST BUSEY CORPORATION

DEFERRED COMPENSATION PLAN FOR EXECUTIVES

ARTICLE I

PURPOSE

The purpose of this First Busey Corporation Deferred Compensation Plan for Executives (hereinafter referred to as the "Plan") is to provide current retirement or death benefits for selected officers of First Busey Corporation (hereinafter referred to as FBC). It is intended that the Plan will aid in retaining and attracting employees of exceptional ability by providing them with these benefits. This Plan shall be effective as of October 15, 2002.

ARTICLE II

DEFINITIONS

For the purpose of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

"Account" means the Account as maintained by the Employer in accordance with Article IV with respect to any deferral of Compensation pursuant to this Plan. A Participant's Account shall be utilized solely as a device for the determination and measurement of the amounts to be paid to the Participant pursuant to the Plan. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

"Board" means the Board of Directors of FBC.

"Committee" means the Compensation Committee appointed to administer the Plan pursuant to Article VII.

"Compensation" means the bonus payable to a Participant during the calendar year, before reduction for amounts deferred under this Plan or salary reduction contributions under IRC Section 401(k). Compensation does not include base salary, expense reimbursement, any form of non-cash compensation or benefits, Employer contributions to qualified retirement plans, group life insurance premiums, or any other payments or benefits other than bonuses.

"Deferral Commitment" means an election to defer Compensation made by a Participant pursuant to Article III and for which a separate Participation Agreement has been submitted by the Participant to the Plan Administrator.

"Deferral Period" means the period over which a Participant has elected to defer a portion of his Compensation. Each calendar year shall be a separate Deferral Period, provided that the Deferral Period may be modified pursuant to paragraph 3.3. In no event shall a new deferral period commence after December 31, 2005.

"Determination Date" means the last day of each calendar month.

"Disability" means a physical or mental condition which, in the opinion of the Committee, permanently prevents an employee from satisfactorily performing employees' usual duties for Employer. The Committee's decision as to Disability will be based upon medical reports and/or other evidence satisfactory to the Committee. In no event shall a Disability be deemed to occur or to continue after a Participant's Retirement Date.

"Employer" means FBC or any successor to the business thereof, and any affiliated or subsidiary corporations designated by the Board.

"Interest Yield" shall mean, for calendar years ending prior to January 1, 2006, with respect to any calendar year, the five (5) year treasury note rate as published in the Wall Street Journal for the last business day of the previous calendar year plus five hundred (500) basis points. For calendar years commencing after December 31, 2005, "Interest Yield" shall mean, with respect to any calendar year, the five (5) year treasury note rate as published in the Wall Street Journal for the last business day of the previous calendar year; provided however, "Interest Yield," for calendar years commencing after December 31, 2005, shall not be lower than five percent (5%). Interest Yield shall be calculated on a 365 day basis.

"Participant" means any individual who is participating or has participated in this Plan as provided in Article III.

"Participation Agreement" means the agreement filed by a Participant which acknowledges assent to the terms of the Plan and in which the Participant elects to defer the receipt of Compensation during a Deferral Period. The Participation Agreement must be filed with the Plan Administrator prior to the beginning of the Deferral Period. A new Participation Agreement shall be submitted by the Participant for each Deferral Commitment.

"Plan Administrator" means the Compensation Committee of FBC.

"Plan Benefit" means the benefit payable to a Participant as calculated in Article V.

"Retirement Date" shall mean the later of (i) the first day of the month following a Participant's fifty-fifth (55th) birthday or (ii) twelve (12) months after the Participant's initial deferral.

"Spouse" means a Participant's wife or husband who is lawfully married to the Participant at the time of the Participant's death.

ARTICLE III

PARTICIPATION AND DEFERRAL COMMITMENTS

3.1. Eligibility and Participation.

(a) Eligibility. Eligibility to participate in the Plan shall be limited to those employees of the Employer who have been designated as members of the executive officer group by the Board.

(b) Participation. An eligible executive officer may elect to participate in the Plan with respect to any Deferral Period by submitting a Participation Agreement to the Plan Administrator by December 15 of the calendar year immediately preceding the Deferral Period, provided that employees making bonus deferrals must do so prior to the Board meeting in which a provisional or full payment of such bonus is authorized. In the event that an employee first becomes eligible to participate during a calendar year, a Participation Agreement must be submitted to the Plan Administrator no later than thirty (30) days following notification to the employee of eligibility to participate, and prior to the Board meeting in which a provisional or full payment of a bonus is authorized. A Participation Agreement shall be effective only with regard to Compensation earned or payable following the submission of the Participation Agreement to the Plan Administrator.

3.2. Form of Deferral. A Participant may elect in the Participation Agreement to defer a portion or all of his bonus compensation for the calendar year following the calendar year in which the Participation Agreement is submitted. The amount to be deferred shall be stated as a specific dollar amount, not to exceed one hundred percent (100%) of Compensation.

3.3. Modification of Deferral Commitment. A Deferral Commitment shall be irrevocable except that the Committee may permit a Participant to reduce the amount to be deferred, or waive the remainder of the Deferral Commitment upon a finding by the Committee that the Participant has suffered a financial hardship to the extent permitted under applicable laws and Internal Revenue Service guidance.

ARTICLE IV

DEFERRED COMPENSATION ACCOUNTS

4.1. Accounts. For record keeping purposes only, an Account shall be maintained for each Participant. Separate sub-accounts shall be maintained to the extent necessary to properly reflect the Participant's total Account balance.

4.2. Elective Deferred Compensation. The amount of Compensation that a Participant elects to defer shall be withheld from the bonus payment and credited to the Participant's Account as the non-deferred portion of the Compensation becomes or would have become payable (the "Elective Deferred Compensation").

4.3. Non-elective Matching Deferred Compensation. FBC shall match the amount of Compensation that a Participant elects to defer each year up to a maximum of $50,000 (the

"Non-elective Matching Deferred Compensation"). The amount of Non-elective Matching Deferred Compensation shall be credited to the Participant's Account at the time that the Elective Deferred Compensation is credited to the Participant's Account.

4.4. Interest. The Accounts shall be credited monthly with an amount equal to the Interest Yield. Interest earned shall be calculated as of each Determination Date based upon the average daily balance of the account since the preceding Determination Date and shall be credited to the Participant's Account at that time.

4.5. Determination of Accounts. Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation and Non-elective Matching Deferred Compensation credited, and any interest earned, minus the amount of any distributions made since the immediately preceding Determination Date.

4.5. Statement of Accounts. The Committee shall submit to each Participant, within sixty (60) days after the close of each calendar year and at such other time as determined by the Committee, a statement setting forth the balance to the credit of the Account maintained for a Participant.

ARTICLE V

PLAN BENEFITS

5.1. Retirement Benefits. Upon a Participant's termination of service on or after reaching his Retirement Date, for reasons other than death or disability, FBC shall pay to the Participant, in sixty (60) equal monthly installments commencing within sixty (60) days following such termination, a benefit equal to the amount of his Account determined as of the Determination Date coincident with or next following the date of his termination of service. The unpaid installments shall be credited with interest by applying the Interest Yield to the mean average of the balances of the Account on each Determination Date (including contributions or distributions to be credited or deducted on such date) and the last preceding Determination Date.

5.2. Benefits Upon Other Termination of Service. Upon a Participant's termination of service prior to reaching his Retirement Date, for reasons other than death or Disability, FBC shall pay to the Participant, in sixty (60) equal monthly installments commencing within sixty (60) days following such termination, a benefit equal to the amount of his Account determined as of the Determination Date coincident with or next following the date of termination of service. The unpaid installments shall be credited with interest by applying the Interest Yield to the mean average of the balances of the Account on each Determination Date (including contributions or distributions to be credited or deducted on such date) and the last preceding Determination Date.

5.3. Benefits Upon Reduction of Duties and Compensation. Upon either (a) the assignment by FBC to the Participant of any duties or responsibilities which results in the diminution of the Participant's position, authority, duties or responsibilities or (b) the reduction of the Participant's base salary, for reasons other than death or Disability, FBC shall pay to the Participant, in sixty (60) equal monthly installments commencing within sixty (60) days following such event, a benefit equal to the total amount of his Account determined as of the Determination Date coincident with or next following such event. The unpaid installments shall be credited with interest by applying the Interest Yield to the mean of the balances of the

Account on each Determination Date (including contributions or distributions to be credited or deducted on such date) and the last preceding Determination Date.

5.4. Benefit Upon Disability. Upon a Participant's Disability prior to his Retirement Date, and upon the continuation of the Participant's Disability for a period of ninety (90) consecutive days (the "Ninety Day Period"), FBC shall pay to the Participant in a single sum payment within sixty (60) days after the Ninety Day Period, a Disability benefit equal to the amount of his Account determined as of the Determination Date coincident with or next following the last day of the Ninety Day Period.

5.5. Survivorship Benefits.

(a) Prior to Commencement of Retirement Date. If a Participant dies prior to commencement of benefit payments under the Plan, FBC shall pay to the Participant's Beneficiary a survivor's benefit equal to the amount of the Participant's Account determined as of the Determination Date coincident with or next following the Participant's death which amount shall be paid in a single sum payment within sixty (60) days after the Participant's death. Payment of the survivor's benefit shall relieve FBC of the obligation to pay any other benefits which the Participant would have otherwise received under this Plan.

(b) After Commencement of Benefits. If a Participant dies after benefit payments have commenced hereunder, but prior to receiving all of the scheduled monthly payments, FBC shall pay to the Participant's beneficiary the remaining value of the Participant's Account in a single sum payment within sixty (60) days after the Participant's death.

5.6. Restrictive Covenant. (a) In consideration of the Participant's ability to participate in the Plan and receive a distribution of the Non-elective Matching Deferred Compensation upon the Participant's retirement, termination of service, reduction in duties and responsibilities or reduction in base salary pursuant to Sections 5.1, 5.2 or 5.3, the Participant must agree not to, for the duration of his employment with the Employer and for one (1) year after his termination of service with the Employer directly or indirectly, in any geographical area in which the Employer operates, engage in, be employed by or have an interest in any business or enterprise that competes with the Employer. During the limitation period described in this Section 5.3(a), the Participant shall not, nor shall he permit his employees, agents or others under his control, directly or indirectly on behalf of himself or any other person, to solicit, recruit or otherwise induce any person who is an employee of the Employer or is otherwise engaged by the Employer to terminate employment or any other relationship with the Employer.

(b) If the Participant breaches Section 5.3(a), the remaining value of his Account will be immediately reduced by an amount equal to the total Non-elective Matching Contributions made by FBC under Section 4.3 hereof. If the remaining value of his Account is less than the total Non-elective Matching Contributions made by FBC, the Participant shall pay to FBC an amount equal to the total Non-elective Matching Contributions made by FBC less the remaining value of the Account. Nothing contained herein shall be construed as prohibiting FBC from pursuing any other remedies available to it for such breach, including having Section 5.3(a) specifically enforced by any court having equity jurisdiction.

5.7. Form of Payment of Benefits Upon Termination of Service. A Participant will receive benefit payments of the amount specified herein. Notwithstanding anything in this Plan to the contrary, the Administrative Committee, in its sole discretion, may modify the form of payment stated herein.

5.8. Withholding Payroll Taxes. The Employer shall have the right to require Participants or their beneificiaries or legal representatives to remit to the Employer an amount sufficient to satisfy applicable tax withholding requirements, or to deduct from a Participant's Account or payments under this Plan amounts sufficient to satisfy all withholding requirements.

5.9. Payment to Guardian. If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Committee and the Employer from all liability with respect to such benefit.

ARTICLE VI

BENEFICIARY DESIGNATION

6.1. Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (both principal as well as contingent) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Committee and will be effective only when filed with the Plan Administrator during the Participant's lifetime.

6.2. Beneficiary Changes. Any Beneficiary designation may be changed by a Participant without the consent of any designated Beneficiary by the filing of a new Beneficiary designation with the Plan Administrator. The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

6.3. No Participant Beneficiary Designation. If any Participant fails to designate a Beneficiary in the manner provided above, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's designated Beneficiary shall be deemed to be the person in the first of the following classes in which there is a survivor:

(a) the surviving Spouse;

(b) the Participant's children, except that if any of the children predeceases the Participant but leave issue surviving, then such issue shall take by right of representation the share the parent would have taken if living;

(c) the Participant's estate.

6.4. Effect of Payment. The payment to the deemed beneficiary shall completely discharge Employer's obligation under this Plan.

ARTICLE VII

ADMINISTRATION

7.1. Committee Duties. This Plan shall be supervised by the Compensation Committee of FBC. The Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of the Plan, as may arise in connection with the Plan. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under this Plan.

7.2. Plan Administrator. The Compensation Committee of FBC shall be the Administrator of the Plan. The Plan Administrator shall direct the day-to-day administration of the Plan and shall act as agent of the committee in the operation of the Plan.

7.3. Agents. The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.4. Binding Effect of Decisions. The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

7.5. Indemnity of Committee. The Employer shall indemnify and hold harmless the members of the Committee and the Plan Administrator against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII

CLAIMS PROCEDURE

8.1. Claims. Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee which shall respond in writing within thirty (30) days.

8.2. Denial of Claim. If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provision on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3. Review of Claim. Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing,

8.4. Final Decision. The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

9.1. Amendment. The Board may at any time amend the Plan in whole or in part, provided, however, that no amendment shall be effective to decrease or restrict the amount accrued to the date of Amendment in any account maintained under the Plan. Any change in the Interest yield shall not become effective until the first day of the calendar year which follows the adoption of the amendment and providing at least thirty (30) days written notice of the amendment to the Participant.

9.2. Employer's Right to Terminate. The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting, or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interest of the Employer.

(a) Partial Termination. The Board may partially terminate the Plan by instructing the Plan Administrator not to accept any additional Deferral Commitments. In the event of such a Partial Termination, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such Partial Termination.

(b) Complete Termination. The Board may completely terminate the Plan by instructing the Plan Administrator not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of complete termination, the Plan shall cease to operate and the Employer shall pay out to each Participant the total amount of each Participant's Account in a single sum payment as soon as practical after such termination of the Plan. In no event shall Section 5.6 above apply to such payment.

ARTICLE X

MISCELLANEOUS

10.1. Unfunded Plan. The Plan is intended to be an unfunded plan maintained primarily to provide deferred Compensation benefits for a select group of management or highly compensated employees. This Plan is not intended to create an investment contract, but to provide tax planning opportunities and retirement benefits to eligible individuals who have elected to participate in the Plan. Eligible individuals are select members of management who, by virtue of their position with the Employer, are uniquely informed as to the Employer's operations and have the ability to materially affect the Employer's profitability and operations.

10.2. Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. Such policies or other assets of Employer shall not be held under any trusts for the benefit of Participants, their Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Employer under this Plan. Any and all of Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Employer. Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of Employer to pay money in the future.

10.3. Non-Assignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferrable. No part of the amounts payable shall, prior to the actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.4. Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his Beneficiary) shall have no rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge him at any time.

10.5. Protective Provisions. A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer.

10.6. Terms. Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.7. Captions. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.8. Governing Law. The provisions of this Plan shall be construed and interpreted according to the laws of the state of Illinois.

10.9. Validity. In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.10. Notice. Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee, the Plan Administrator, or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.11. Successors. The provisions of this Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Employer and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, the Employer has caused this instrument to be executed by its duly authorized officers on October 15, 2002.

FIRST BUSEY CORPORATION

By : //Douglas C. Mills//

Its Authorized Representative

EXHIBIT 21.1 LIST OF SUBSIDIARIES

DIRECT:

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

INDIRECT:

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

EXHIBIT 23.1

[MCGLADREY & PULLEN LOGO]
Certified Public Accountants

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in this Registration Statement of First Busey Corporation on Form S-8 of our report, dated February 7, 2003, included in and incorporated by reference in the Annual Report on Form 10-K of First Busey Corporation for the year ended December 31, 2002.

/s/ McGladrey & Pullen, LLP

Champaign, Illinois
March 12, 2003

McGladrey & Pullen, LLP is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

EXHIBIT 99.1

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, 2002, 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.

//Douglas C. Mills//

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

Date: March 19, 2003

EXHIBIT 99.2

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, 2002, 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.

//Barbara J. Jones//

Barbara J. Jones
Chief Financial Officer

Date: March 19, 2003