SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended 6/30/2005   Commission File No. 0-15950

FIRST BUSEY CORPORATION

(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code: (217) 365-4556

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 whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act)

Yes [X] No [ ]

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 July 28, 2005
Common Stock, $.001 par value	20,590,411

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2005 AND DECEMBER 31, 2004
(UNAUDITED)

	June 30, 2005	December 31, 2004
	(Dollars in thousands)	
ASSETS		
Cash and due from banks	$ 55,611	$ 47,991
Federal funds sold	1,600	3,100
Securities available for sale (amortized cost 2005, $293,138; 2004, $337,037)	305,991	352,256
Loans	1,575,742	1,475,900
Allowance for loan losses	(21,119)	(19,217)
Net loans	$ 1,554,623	$ 1,456,683
Premises and equipment	27,635	26,295
Cash surrender value of bank owned life insurance	18,025	17,634
Goodwill	31,785	31,785
Other intangible assets	3,462	3,852
Other assets	29,130	24,845
Total assets	$ 2,027,862	$ 1,964,441
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing	$ 205,212	$ 213,921
Interest bearing	1,427,502	1,344,901
Total deposits	$ 1,632,714	$ 1,558,822
Securities sold under agreements to repurchase	37,532	41,558
Short-term borrowings	1,000	11,250
Long-term debt	151,801	165,374
Junior subordinated debt owed to unconsolidated trusts	50,000	40,000
Other liabilities	10,941	8,565
Total liabilities	$ 1,883,988	$ 1,825,569
STOCKHOLDERS' EQUITY		
Preferred stock	$ -	$ -
Common stock	21	6,291
Surplus	28,147	21,696
Retained earnings	121,453	114,359
Accumulated other comprehensive income	7,744	9,170
Total stockholders' equity before treasury stock, unearned ESOP shares and deferred compensation for stock grants	$ 157,365	$ 151,516
Treasury stock, at cost	(11,026)	(10,173)
Unearned ESOP shares and deferred compensation for stock grants	(2,465)	(2,471)
Total stockholders' equity	$ 143,874	$ 138,872
Total liabilities and stockholders' equity	$ 2,027,862	$ 1,964,441
Common shares outstanding at period end	20,592,251	20,608,151

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(UNAUDITED)

	2005	2004
	(Dollars in thousands, except per share amounts)	
INTEREST INCOME:		
Interest and fees on loans	$ 47,783	$ 34,716
Interest and dividends on investment securities:		
Taxable interest income	3,627	2,149
Non-taxable interest income	1,040	925
Dividends	375	350
Interest on Federal funds sold	223	28
Total interest income	$ 53,048	$ 38,168
INTEREST EXPENSE:		
Deposits	$ 14,446	$ 8,897
Federal funds purchased and securities sold under agreements to repurchase	491	117
Short-term borrowings	90	46
Long-term debt	3,052	2,231
Junior subordinated debt owed to unconsolidated trusts	1,559	1,221
Total interest expense	$ 19,638	$ 12,512
Net interest income	$ 33,410	$ 25,656
Provision for loan losses	2,115	1,080
Net interest income after provision for loan losses	$ 31,295	$ 24,576
OTHER INCOME:		
Trust	$ 2,911	$ 2,791
Commissions and brokers fees, net	1,051	1,196
Service charges on deposit accounts	3,768	3,740
Other service charges and fees	1,084	981
Security gains, net	412	688
Gain on sales of loans	1,012	1,281
Increase in cash surrender value of life insurance	391	415
Other operating income	890	636
Total other income	$ 11,519	$ 11,728
OTHER EXPENSES:		
Salaries and wages	$ 10,635	$ 9,124
Employee benefits	2,379	2,236
Net occupancy expense of premises	2,068	1,817
Furniture and equipment expenses	1,426	1,123
Data processing	1,067	888
Stationery, supplies and printing	514	454
Amortization of intangible assets	390	234
Other operating expenses	4,922	3,787
Total other expenses	$ 23,401	$ 19,663
Income before income taxes	$ 19,413	$ 16,641
Income taxes	6,601	5,740
NET INCOME	$ 12,812	$ 10,901
BASIC EARNINGS PER SHARE*	$ 0.63	$ 0.54
DILUTED EARNINGS PER SHARE*	$ 0.62	$ 0.53
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK*	$ 0.28	$ 0.25

*Per share have been retroactively adjusted to effect a three-for-two common stock split declared on July 23, 2004, as if it had occurred on January 1, 2004.

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE QUARTERS ENDED JUNE 30, 2005 AND 2004
(UNAUDITED)

	2005	2004
	(Dollars in thousands, except per share amounts)	
INTEREST INCOME:		
Interest and fees on loans	$ 24,921	$ 18,077
Interest and dividends on investment securities:		
Taxable interest income	1,762	1,118
Non-taxable interest income	547	472
Dividends	192	218
Interest on federal funds sold	63	27
Total interest income	$ 27,485	$ 19,912
INTEREST EXPENSE:		
Deposits	$ 7,671	$ 4,650
Federal funds purchased and securities sold under agreements to repurchase	315	61
Short-term borrowings	37	34
Long-term debt	1,511	1,215
Junior subordinated debt owed to unconsolidated trusts	802	658
Total interest expense	$ 10,336	$ 6,618
Net interest income	$ 17,149	$ 13,294
Provision for loan losses	1,425	655
Net interest income after provision for loan losses	$ 15,724	$ 12,639
OTHER INCOME:		
Trust	$ 1,471	$ 1,396
Commissions and brokers' fees, net	525	604
Service charges on deposit accounts	1,944	2,012
Other service charges and fees	575	513
Security gains, net	250	497
Gains on sales of loans	589	459
Increase in cash surrender value of life insurance	196	206
Other operating income	414	347
Total other income	$ 5,964	$ 6,034
OTHER EXPENSES:		
Salaries and wages	$ 5,438	$ 4,583
Employee benefits	1,175	1,213
Net occupancy expense of premises	1,121	933
Furniture and equipment expenses	743	588
Data processing	578	450
Stationary, supplies and printing	249	234
Amortization of intangible assets	195	129
Other operating expenses	2,653	2,066
Total other expenses	$ 12,152	$ 10,196
Income before income taxes	$ 9,536	$ 8,477
Income taxes	3,260	2,936
NET INCOME	$ 6,276	$ 5,541
BASIC EARNINGS PER SHARE*	$ 0.31	$ 0.27
DILUTED EARNINGS PER SHARE*	$ 0.31	$ 0.27
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK*	$ 0.14	$ 0.13

*Per share have been retroactively adjusted to effect a three-for-two common stock split declared on July 23, 2004, as if it had occurred on January 1, 2004.

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(UNAUDITED)

	2005	2004
	(Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 12,812	$ 10,901
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	6	13
Depreciation and amortization	2,020	1,599
Provision for loan losses	2,115	1,080
Provision for deferred income taxes	(1,012)	(163)
Stock dividends	(231)	(201)
Amortization of investment security discounts	(353)	(41)
Gain on sales of investment securities, net	(412)	(688)
Gain on sales of loans	(1,012)	(1,281)
(Gain) loss on sale and disposition of premises and equipment	(25)	20
Increase in deferred compensation	69	3
Change in assets and liabilities:		
(Increase) decrease in other assets	(2,894)	427
Increase in accrued expenses	1,515	506
Increase in interest payable	485	372
Decrease (increase) in income taxes receivable	550	(476)
Increase in income taxes payable	873	-
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE LOAN ORIGINATIONS AND SALES	$ 14,506	$ 12,071
Loans originated for sale	(72,573)	(86,104)
Proceeds from sales of loans	68,178	91,992
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 10,111	$ 17,959
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of securities classified available for sale	4,295	8,638
Proceeds from maturities of securities classified available for sale	60,991	36,397
Purchase of securities classified available for sale	(20,392)	(57,024)
Decrease (increase) in federal funds sold	1,500	(4,257)
Increase in loans	(95,203)	(113,055)
Proceeds from sale of premises and equipment	70	2
Purchases of premises and equipment	(3,014)	(1,909)
Increase in cash surrender value of bank owned life insurance	(391)	(415)
Purchase of subsidiary, net of cash and due from banks acquired	-	(35,990)
NET CASH USED IN INVESTING ACTIVITIES	$ (52,144)	$ (167,613)

(continued on next page)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(UNAUDITED)

	2005	2004
	(Dollars in thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in certificates of deposit	$ 27,874	$ 48,172
Net increase in demand, money market and saving deposits	46,018	31,346
Cash dividends paid	(5,718)	(5,153)
Purchase of treasury stock	(2,065)	(1,886)
Proceeds from sale of treasury stock	1,393	1,005
Net decrease in Federal funds purchased and securities sold under agreement to repurchase	(4,026)	(5,977)
Proceeds from short-term borrowings	1,000	15,250
Principal payments on short-term borrowings	(11,250)	(2,250)
Proceeds from issuance of long-term debt	18,000	61,000
Principal payments on long-term borrowings	(31,573)	(12,008)
Proceeds from issuance of junior subordinated debt owed to unconsolidated Trusts	10,000	15,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 49,653	$ 144,499
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	$ 7,620	$ (5,155)
Cash and due from banks, beginning	47,991	$ 52,397
Cash and due from banks, ending	$ 55,611	$ 47,242
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
OTHER REAL ESTATE ACQUIRED IN SETTLEMENT OF LOANS	$ 555	$ -
PURCHASE OF SUBSIDIARY:		
Purchase price	$ -	$ 42,072
Assets acquired:		
Cash and due from other banks	$ -	6,082
Federal funds sold	-	1,593
Securities available for sale	-	49,285
Loans held for sale	-	1,853
Loans (net of allowance for loan losses)	-	147,758
Premises and equipment	-	3,483
Goodwill	-	24,405
Other intangible assets	-	2,383
Other assets	-	4,392
Liabilities assumed:		
Deposits	-	(147,084)
Securities sold under agreements to repurchase	-	(25,457)
Short-term borrowings	-	(1,250)
Long-term debt	-	(23,322)
Other liabilities	-	(2,049)
	$ -	$ 42,072

See accompanying notes to unaudited consolidated financial statements

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(UNAUDITED)

	2005	2004
	(Dollars in thousands)	
Net income	$ 12,812	$ 10,901
Other comprehensive income, before tax:		
Unrealized losses on securities:		
Unrealized holding losses arising during period	$ (1,955)	$ (1,716)
Less reclassification adjustment for gains included in net income	(412)	(688)
Other comprehensive loss, before tax	$ (2,367)	$ (2,404)
Income tax benefit related to items of other comprehensive loss	(941)	(970)
Other comprehensive loss, net of tax	$ (1,426)	$ (1,434)
Comprehensive income	$ 11,386	$ 9,467

See accompanying notes to unaudited consolidated financial statements

FIRST BUSEY CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements of First Busey Corporation and Subsidiaries are unaudited, but in the opinion of management reflect all necessary adjustments, consisting only of normal recurring accruals, for a fair presentation of results as of the dates and for the periods covered by the financial statements. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted within the United States of America for interim financial data and with the instructions to Form 10-Q and Article 10 of Regulation S-X. The results for the interim periods are not necessarily indicative of the results of operations that may be expected for the fiscal year. These unaudited consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2004.

In preparing the 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.

NOTE 2: UNREALIZED LOSSES ON INVESTMENT SECURITIES

Information pertaining to securities with gross unrealized losses as of June 30, 2005, aggregated by investment category and length of time that individual securities have been in continuous loss position follows:

	Continuous unrealized losses existing for less than 12 months		Continuous unrealized losses existing for greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
June 30, 2005:						
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 140,125	$ 1,234	$ 51,266	$ 515	$ 191,391	$ 1,749
Obligations of states and political subdivisions	11,939	55	1,916	27	13,855	82
Mortgage-backed securities	8,966	139	-	-	8,966	139
Corporate securities	697	7	201	5	898	12
Subtotal, debt securities	$ 161,727	$ 1,435	$ 53,383	547	$ 215,110	$ 1,982
Mutual funds and other equity securities	155	10	-	-	155	10
Total temporarily impaired securities	$ 161,882	$ 1,445	$ 53,383	$ 547	$ 215,265	$ 1,992

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

NOTE 3: LOANS

The major classifications of loans as of June 30, 2005 and December 31, 2004 were as follows:

	June 30, 2005	December 31, 2004
	(Dollars in thousands)	
Commercial	$ 198,917	$ 216,290
Real estate construction	298,815	235,547
Real estate - farmland	10,904	11,750
Real estate - 1-4 family residential mortgage	489,764	452,894
Real estate - multifamily mortgage	104,663	106,163
Real estate - non-farm nonresidential mortgage	402,772	363,993
Installment	47,943	63,315
Agricultural	21,267	25,224
	$ 1,575,045	$ 1,475,176
Plus net deferred loan costs	697	724
	1,575,742	1,475,900
Less:		
Allowance for loan losses	(21,119)	(19,217)
Net loans	$ 1,554,623	$ 1,456,683

The real estate- 1-4 family residential mortgage category includes loans held for sale with carrying values of $14,981,000 at June 30, 2005 and $9,574,000 at December 31, 2004; these loans had fair market values of $15,190,000 and $9,717,000 respectively.

Changes in the allowance for loan losses were as follows:

	2005	2004
	(Dollars in thousands)	
Balance, beginning of year	$ 19,217	$ 16,228
Addition due to acquisition	-	2,069
Provision of loan losses	2,115	1,080
Recoveries applicable to loan balances previously charged off	153	72
Loan balances charged off	(366)	(1,136)
Balance, June 30	$ 21,119	$ 18,313

NOTE 4: EARNINGS PER SHARE*

Net income per common share has been computed as follows:

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
Net income	$ 6,276,000	$ 5,541,000	$ 12,812,000	$ 10,901,000
Shares:				
Weighted average common shares outstanding	20,419,361	20,334,312	20,427,663	20,345,961
Dilutive effect of outstanding options, as determined by the application of the treasury stock method	94,910	143,809	121,695	144,420
Weighted average common shares outstanding, as adjusted for diluted earnings per share calculation	20,514,271	20,478,121	20,549,358	20,490,381
Basic earnings per share	$ 0.31	$ 0.27	$ 0.63	$ 0.54
Diluted earnings per share	$ 0.31	$ 0.27	$ 0.62	$ 0.53

* Share and per share data have been retroactively adjusted to effect a three-for-two stock split declared on July 23, 2004, as if it had occurred on January 1, 2004.

NOTE 5: STOCK-BASED COMPENSATION

First Busey Corporation applies Accounting Principles Board Opinion No. 25 in accounting for stock options and discloses the fair value of options granted as permitted by SFAS No. 123. The Corporation has recorded no compensation expense associated with stock options as all options granted under its plan had an exercise price equal to the market value of the common stock when granted.

The following summarizes the pro-forma effects assuming compensation expense had been recorded based upon the estimated fair value:

	Three Months Ended June 30,		Six Months Ended June 30,	
	(dollars in thousands except per share data)			
	2005	2004	2005	2004
NET INCOME AS REPORTED	$ 6,276	$ 5,541	$ 12,812	$ 10,901
Less compensation expense determined under fair value method for all options granted, net of related tax effects	69	88	120	145
Pro-forma net income	$ 6,207	$ 5,453	$ 12,692	$ 10,756
BASIC EARNINGS PER SHARE				
Reported net income	$ 0.31	$ 0.27	$ 0.63	$ 0.54
Less compensation expense	0.01	-	0.01	0.01
Pro-forma net income	$ 0.30	$ 0.27	$ 0.62	$ 0.53
DILUTED EARNINGS PER SHARE				
Reported net income	$ 0.31	$ 0.27	$ .62	$ 0.53
Less compensation expense	0.01	-	-	0.01
Pro-forma net income	$ 0.30	$ 0.27	$ 0.62	$ 0.52

In April, 2005, the Corporation granted 54,000 stock options to individuals serving as directors on the boards of First Busey Corporation, Busey Bank, Busey Bank Florida, and Busey Investment Group, Inc.. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

Number of options granted	54,000
Risk-free interest rate	3.28%
Expected life, in years	4.64
Expected volatility	18.02%
Expected dividend yield	2.82%
Estimated fair value per option	$ 2.82

NOTE 6: JUNIOR SUBORDINATED DEBT OWED TO UNCONSOLIDATED TRUSTS

In June 2001, First Busey Corporation issued $25 million in cumulative trust preferred securities through a newly formed Delaware business trust, First Busey Capital Trust I. 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 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. Interest expense on the trust preferred securities was $1,125,000 for the six-month periods ended June 30, 2005 and June 30, 2004. Prior redemption is permitted under certain circumstances such as changes in tax and investment company regulations. 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, and are callable beginning June 18, 2006.

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

Prior to the implementation of a new accounting standard in the first quarter of 2004, the financial statements of the Trust were included in the consolidated financial statements of the Corporation because First Busey owns all of the outstanding common equity securities of the Trust. However, because First Busey is not the primary beneficiary of the Trust, in accordance with the new accounting standard the financial statements of the Trust are no longer included in the consolidated financial statements of the Corporation. The Corporation's prior financial statements have been reclassified to de-consolidate the Corporation's investment in the Trust. There was no cumulative effect on stockholders'equity as a result of this adoption.

In April 2004, First Busey Corporation, through First Busey Statutory Trust II, issued $15 million of trust preferred securities in a private placement. The Securities were issued at an initial coupon rate of 3.82875%, pay cumulative cash distributions quarterly, and are subject to repricing on a quarterly basis (3-month LIBOR plus 2.65%). The proceeds of the offering were invested by First Busey Statutory Trust II in junior subordinated deferrable interest debentures of First Busey Corporation which represent all of the assets of the Trust. The Securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated debentures at the stated maturity or their earlier redemption, in each case at a redemption price equal to the aggregate liquidation preference of the Securities plus any accumulated and unpaid distributions thereon to the date of redemption. Prior redemption is permitted under certain circumstances, such as changes in tax and investment company regulations, and is subject to payment of a premium above par value if made within five years of issuance. 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.

First Busey Corporation used the proceeds of these debentures for general corporate purposes and to partially fund the acquisition of First Capital Bankshares, Inc. On January 6, 2004, the Board of Directors of First Busey Corporation entered into an agreement with the Board of Directors of First Capital Bankshares, Inc. to acquire all of the issued and outstanding stock of First Capital for approximately $42 million or $5,750 per share. The acquisition closed on June 1, 2004.

In June, 2005, First Busey Corporation, through First Busey Statutory Trust III, issued $10 million of trust preferred securities in a private placement. The Securities were issued at an initial coupon rate of 5.12%, pay cumulative cash distributions quarterly, and are subject to repricing on a quarterly basis (3-month LIBOR plus 1.75%). The proceeds of the offering were invested by First Busey Statutory Trust III in junior subordinated deferrable interest debentures of First Busey Corporation which represent all of the assets of the Trust. These securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated debentures at the stated maturity or their earlier redemption, in each case at a redemption price equal to the aggregate liquidation preference of the Securities plus any accumulated and unpaid distributions thereon to the date of redemption. Prior redemption is permitted under certain circumstances, such as a change in tax and investment company regulations, and is subject to payment of a premium above par value if made within five years of issuance. 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.

First Busey Corporation used the proceeds of these debentures for general corporate purposes and to partially fund the acquisition of Tarpon Coast Bancorp, Inc. (see note 10).

NOTE 7: RECENT ACCOUNTING PRONOUNCEMENTS

In December, 2004, the Financial Accounting Standards Board ("FASB") issued Statement 123 (Revised 2004), "Share-Based Payment" ("SFAS 123(R)"). SFAS 123(R) requires that the cost resulting from all share-based payment transactions be recognized in the financial statements over the period during which an employee is required to provide service in exchange for the award. SFAS 123(R) establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value based method in accounting for share-based transactions with employees. SFAS 123(R) also amends FASB Statement No. 95, "Statement of Cash Flows", to require that excess tax benefits be reported as a financial cash inflow rather than as a reduction of taxes paid. SFAS 123(R) is effective as of the beginning of the first interim reporting period that begins after June 15, 2005. On April 14, 2005, the Securities and Exchange Commission amended the effective date of this statement. As a result, SFAS 123(R) is now effective for most public companies for annual (rather than interim) periods that begin after June 15, 2005. SFAS 123(R) is not expected to have a material effect on the Corporation's consolidated financial position or results of operations.

In September, 2004, the FASB issued FASB Staff Position (FSP) Emerging Issues Task Force (EITF) Issue No. 03-1-1 delaying the effective date of paragraphs 10-20 of EITF 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. On June 30, 2005, the FASB decided not to provide additional guidance on the meaning of other-than-temporary impairment, but directed its staff to issue proposed FSP (FAS 115-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"). This FSP will replace the guidance set forth in paragraphs 10-18 of Issue 03-1 with references to existing other-than-temporary impairment guidance and clarify that an investor should recognize an impairment loss no later than when the impairment is deemed other-than-temporary, even if a decision to sell has not been made. FSP FAS 115-1 will be effective for other-than-temporary impairment analysis conducted in periods beginning after September 15, 2005. Management believes this guidance will not have a material impact on the Corporation.

OUTSTANDING COMMITMENTS

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers in the way of commitments to extend credit. They involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as they do for on-balance-sheet instruments.

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

	June 30, 2005	December 31, 2004
	(Dollars in thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 473,036	$ 413,679
Standby letters of credit	11,879	12,507

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. As of June 30, 2005, and December 31, 2004, no amounts have been recorded as liabilities for the Corporation's potential obligations under these guarantees.

BUSINESS COMBINATIONS

On June 1, 2004, First Busey Corporation acquired all the outstanding common stock of First Capital Bankshares, Inc. and its subsidiary First Capital Bank, a $239 million bank headquartered in Peoria, Illinois. This acquisition expands the Corporation's banking presence in central Illinois into Peoria and surrounding communities. The transaction has been accounted for as a purchase and the results of operations of both entities since the acquisition date have been included in the consolidated financial statements. The purchase price of $42,072,000 was allocated based upon the fair value of the assets acquired and liabilities assumed. The excess of the total acquisition cost over the fair value of the net assets acquired has been allocated to core deposit intangible and goodwill. The core deposit intangible of $2,383,000 is being amortized over periods ranging from three to ten years.

On May 20, 2005, First Capital Bank merged into Busey Bank bringing all Illinois banking locations under one state bank charter. Following the merger, Busey Bank has 21 banking centers located in Illinois.

On February 24, 2005, the Board of Directors of First Busey Corporation entered into an agreement with the

Board of Directors of Tarpon Coast Bancorp, Inc. to acquire all of the issued and outstanding stock of Tarpon Coast for $27.00 per share or approximately $35.6 million. On June 20, 2005, at a special meeting of their shareholders, Tarpon Coast Bancorp, Inc. approved the merger agreement, and the transaction closed on July 29, 2005. Tarpon shareholders received $27.00 per share in a combination of First Busey common shares and cash, while option and warrant holders received $27.00 per share less exercise price. First Busey Corporation issued 850,000 shares of common stock and paid cash of $18,797,000 to the Tarpon shareholders, which was funded through the issuance of long-term debt and $10 million in additional trust preferred securities.

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 First Busey 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 of geographic regions served by the Corporation, and the retention of key individuals in the Corporation's management structure.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of the financial condition of First Busey Corporation and Subsidiaries ("Corporation") at June 30, 2005 (unaudited), as compared with December 31, 2004 and the results of operations for the six months ended June 30, 2005 and 2004 (unaudited), and the results of operations for the three months ended June 30, 2005 and 2004 (unaudited). This discussion and analysis should be read in conjunction with the Corporation's consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

Certain reclassifications have been made to the balances, with no effect on net income, as of and for the three and six months ending June 30, 2004, to be consistent with the classifications adopted as of and for the three and six months ending June 30, 2005. Share and per share data have been retroactively adjusted to effect a three-for-two common stock split declared on July 23, 2004, as if it had occurred on January 1, 2004.

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.

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 consolidated 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 evaluation, on a monthly basis, of all impaired loans (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.

FINANCIAL CONDITION AT JUNE 30, 2005 AS COMPARED TO DECEMBER 31, 2004

Total assets increased $63,421,000 or 3.2%, to $2,027,862,000 at June 30, 2005 from $1,964,441,000 at December 31, 2004. Most of the balance sheet growth occurred in loans which increased $99,842,000 or 6.8% to $1,575,742,000 as of June 30, 2005, compared to $1,475,900,000 as of December 31, 2004. This growth in loans is primarily attributable to growth in real estate construction, 1-4 family residential mortgages, and non-farm nonresidential mortgages offset partially by a decrease in commercial loan balances. Real estate construction loans grew $63,268,000 or 26.9% to $298,815,000 as of June 30, 2005, compared to $235,547,000 on December 31, 2004. The primary reason for the significant growth in the real estate construction loans category was the increase in such loans at Busey Bank Florida, under that bank's short-term residential construction lending program, instituted in March, 2003. The lending program was developed at Busey Bank Florida And was meant to capitalize on the tremendous growth in the Southwest Florida real estate market. As a result of some concern regarding the accelerated growth rate of loans made pursuant to this program, the Corporation has terminated activity under the program. However, management believes the loans provided under such program do not contain excessive risk and otherwise meet the underwriting standards of Busey Bank Florida. While the growth rate in real estate construction loans will not be as significant as that recorded over the past year, management believes growth will nonetheless continue in this category of loans, as long as the real estate market remains strong particularly in the Southwest Florida region.

Total deposits increased $73,892,000, or 4.7%, to $1,632,714,000 at June 30, 2005 from $1,558,822,000 at December 31, 2004. Noninterest-bearing deposits decreased 4.1% to $205,212,000 at June 30, 2005 from $213,921,000 at December 31, 2004. Interest-bearing deposits increased 6.1% to $1,427,502,000 at June 30, 2005, from $1,344,901,000 at December 31, 2004. Busey Bank Florida's deposit growth accounts for most of this deposit growth as its deposits grew $58,420,000 or 38.6% to $209,840,000 at June 30, 2005, from $151,420,000 at December 31, 2004.

During the first six months of 2005, the Corporation repurchased 100,000 shares of its common stock at an aggregate cost of $2,065,000. Following the purchase of these shares the Corporation has repurchased all shares under its 2001 Stock Repurchase Plan. On February 27, 2004, First Busey's Board of Directors approved a stock repurchase plan for the repurchase of 750,000 shares of common stock. Of the shares repurchased during the first six months of 2005, 10,889 were repurchased under the 2001 Stock Repurchase Plan, and the remaining 89,111 were repurchased under the 2004 Plan. The Corporation is purchasing shares for the treasury as they become available in order to meet future issuance requirements of previously granted non-qualified stock options. As of June 30, 2005, there were 398,325 options currently exercisable. There were an additional 347,900 stock options outstanding but not currently exercisable.

ASSET QUALITY

The following table sets forth the components of non-performing assets and past due loans.

	June 30, 2005	December 31, 2004
	(Dollars in thousands)	
Non-accrual loans	$ 1,880	$ 1,523
Loans 90 days past due, still accruing	1,270	2,141
Restructured loans	-	-
Other real estate owned	3,801	4,212
Non-performing other assets	10	23
Total non-performing assets	$ 6,961	$ 7,899
Total non-performing assets as a percentage of total assets	0.34%	0.40%
Total non-performing assets as a percentage of loans plus non-performing assets	0.44%	0.53%

Total non-performing assets decreased $938,000 or 11.9% to $6,961,000 as of June 30, 2005, from $7,899,000 as of December 31, 2004, due to decreases in the balances of loans 90 days past due and still accruing and other real estate owned which were partially offset by an increase in non-accrual loans. The balance of other real estate owned decreased $411,000 during the six-month period due to the sale of properties held in inventory and as depreciation expense was recognized on a hotel property which has been held in the Corporation's inventory of other real estate owned for more than one year.

In September, 2003, upon completion of foreclosure proceedings, Busey Bank became owner of a hotel property in Bloomington, Illinois. In December, 2003, ownership of this property was transferred to First Busey Resources, Inc., a nonbank subsidiary of First Busey Corporation. The Corporation has marketed this property for sale, and expects to close on the sale of the hotel by the end of this year. After holding title for one year, in September, 2004, the Corporation began to depreciate the property and its contents for book purposes. Depreciation expense of $99,000 for the six months ended June 30, 2005, has been included in other operating expenses as were all other expenses associated with holding and maintaining properties held in other real estate owned. The carrying value of this hotel property, included in other real estate owned, was $3,148,000 as of June 30, 2005 and $3,247,000 as of December 31, 2004.

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 loan losses. Potential problem loans totaled $10,346,000 at June 30, 2005, as compared to $3,245,000 as of December 31, 2004.

Of the increase in potential problem loans, $6,322,000 is related to two large commercial credits. $2,876,000 is related to an operating line to a commercial customer that experiences seasonal cash flow deficiencies, and $3,545,000 is related to a non-farm nonresidential mortgage loan.

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.

RESULTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2005, AS COMPARED TO JUNE 30, 2004

SUMMARY

Net income for the six months ended June 30, 2005, increased 17.5% to $12,812,000 compared to $10,901,000 for the comparable six-month period in 2004. Year-to-date diluted earnings per share increased 17.0% to $0.62 for the six months ending June 30, 2005, compared to $0.53 for the comparable period in 2004. The Corporation's return on average assets was 1.29% for the six months ended June 30, 2005, compared to 1.38% for the comparable period in 2004. The Corporation's return on average shareholders' equity was 18.51% for the six months ended June 30, 2005, compared to 17.26% for the same period in 2004.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
AVERAGE BALANCE SHEETS AND INTEREST RATES
SIX MONTHS ENDED JUNE 30, 2005 AND 2004

	2005			2004		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
ASSETS						
Interest-bearing bank deposits	$ 1,232	$ 16	2.62%	$ 1,009	$ 10	1.99%
Federal funds sold	22,308	$ 223	2.02%	5,631	28	1.00%
Investment securities						
U.S. Government obligations	216,716	3,006	2.80%	142,304	1,890	2.67%
Obligations of states and political subdivisions (1)	53,342	1,600	6.05%	47,392	1,423	6.04%
Other securities	49,291	980	4.01%	31,657	599	3.81%
Loans (net of unearned interest) (1) (2)	1,522,930	47,939	6.35%	1,256,235	34,824	5.57%
Total interest earning assets	$ 1,865,819	$ 53,764	5.81%	$ 1,484,228	$ 38,774	5.25%
Cash and due from banks	47,316			43,237		
Premises and equipment	27,230			23,166		
Allowance for loan losses	(19,819)			(16,897)		
Other assets	79,683			50,604		
Total Assets	$ 2,000,229			$ 1,584,338		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing transaction deposits	$ 38,912	$ 163	0.84%	$ 22,519	$ 54	0.48%
Savings deposits	112,830	374	0.67%	111,669	320	0.58%
Money market deposits	568,587	3,714	1.32%	475,380	1,546	0.65%
Time deposits	665,741	10,195	3.09%	503,290	6,977	2.79%
Short-term borrowings:						
Federal funds purchased	11,524	118	2.06%	9,074	55	1.22%
Repurchase agreements	44,269	373	1.70%	14,374	62	0.87%
Other	7,740	90	2.34%	6,391	46	1.45%
Long-term debt	153,532	3,052	4.01%	108,970	2,231	4.12%
Junior subordinated debt owed to unconsolidated trusts	41,429	1,559	7.59%	31,429	1,221	7.81%
Total interest-bearing liabilities	$ 1,644,564	$ 19,638	2.41%	$ 1,283,096	$ 12,512	1.96%
Net interest spread			3.40%			3.29%
Demand deposits	204,347			165,565		
Other liabilities	11,731			8,636		
Stockholders' equity	139,587			127,041		
Total Liabilities and Stockholders' Equity	$ 2,000,229			$ 1,584,338		
Interest income / earning assets (1)	$ 1,865,819	$ 53,764	5.81%	$ 1,484,228	$ 38,774	5.25%
Interest expense / earning assets	$ 1,865,819	$ 19,638	2.12%	$ 1,484,228	$ 12,512	1.69%
Net interest margin (1)		$ 34,126	3.69%		$ 26,262	3.56%

(1) On a tax-equivalent basis, assuming a federal income tax rate of 35% for 2005 and 2004.

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

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CHANGES IN NET INTEREST INCOME
SIX MONTHS ENDED JUNE 30, 2005 AND 2004

	Change due to(1)		
	Average Volume	Average Yield/Rate	Total Change
	(Dollars in thousands)		
Increase in interest income:			
Interest-bearing bank deposits	$ 2	$ 4	$ 6
Federal funds sold	145	50	195
Investment securities:			
U.S. Government obligations	1,023	93	1,116
Obligations of states and political subdivisions (2)	175	2	177
Other securities	348	33	381
Loans (2)	7,933	5,182	13,115
Change in interest income (2)	$ 9,626	$ 5,364	$ 14,990
Increase (decrease) in interest expense:			
Interest-bearing transaction deposits	$ 54	$ 55	$ 109
Savings deposits	3	51	54
Money market deposits	351	1,817	2,168
Time deposits	2,412	806	3,218
Short-term borrowings:			
Federal funds purchased	18	45	63
Repurchase agreements	213	98	311
Other	15	29	44
Long-term debt	878	(57)	821
Junior subordinated debt owed to unconsolidated trust	371	(33)	338
Change in interest expense	$ 4,315	$ 2,811	$ 7,126
Increase in net interest income (2)	$ 5,311	$ 2,553	$ 7,864

(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% for 2005 and 2004.

EARNING ASSETS, SOURCES OF FUNDS, AND NET INTEREST MARGIN

Average earning assets increased $381,591,000 or 25.7% to $1,865,819,000 for the six months ending June 30, 2005, as compared to $1,484,228,000 for the same period last year. Average loan balances increased $266,695,000 or 21.2% to $1,522,930,000 for the six months ending June 30, 2005, compared to $1,256,235,000 during the first six months of 2004. This growth in average earning assets and loans outstanding is due primarily to growth in Busey Bank Florida and the acquisition of First Capital Bank, which occurred in June, 2004.

Interest-bearing liabilities averaged $1,644,564,000 during the first six months of 2005, an increase of $361,468,000 or 28.2% from the average balance of $1,283,096,000 for the same period in 2004. In comparing the average balance of interest-bearing liabilities for the first six months of 2005 to the same period in 2004, First Busey experienced growth in all categories of funding sources, particularly money market deposits, time deposits, repurchase agreements, and long-term debt. Again, this growth is related primarily to the addition of First Capital Bank and growth in the Florida market.

Income on interest-earning assets is accrued 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.

Net interest income, on a fully taxable equivalent basis, increased $7,864,000 or 29.9% to $34,126,000 for the six months ended June 30, 2005, compared to $26,262,000 for the comparable period in 2004. Net interest margin, the Corporation's net interest income, expressed as a percentage of average earning assets stated on a fully taxable equivalent basis, was 3.69% for the six months ended June 30, 2005, as compared to 3.56% for the comparable period in 2004. The net interest margin expressed as a percentage of average total assets, also on a fully taxable equivalent basis, was 3.44% for the six months ended June 30, 2005, compared to 3.34% for the comparable period in 2004.

Interest income, on a tax equivalent basis, for the six months ended June 30, 2005, was $53,764,000, which is $14,990,000 or 38.7% higher than the $38,774,000 earned during the comparable period in 2004. The average yield on interest-earning assets increased 56 basis points to 5.81% for the six months ended June 30, 2005, compared to 5.25% for the comparable period in 2004. Asset growth combined with higher yields on outstanding loans fueled the increase in interest income.

Interest expense for the six months ended June 30, 2005, was $19,638,000, which is $7,126,000 or 7.3% higher than the $12,512,000 recognized during comparable period in 2004. The increase in interest expense is related predominantly related to the increase in average outstanding balances of all categories of funding sources, particularly in time deposits. Growth in the average balance of time deposits, again, is related to the addition of First Capital and Busey Bank Florida's growth. The average rate paid on interest-bearing liabilities increased 45 basis points to 2.41% for the six months ended June 30, 2005, compared to 1.96% for the comparable period in 2004. The average rates paid on all categories of interest-bearing liabilities were lower during the first six months of 2005 than in the comparable period in 2004 with the exception of long-term debt and junior subordinated debt owed to unconsolidated trusts.

PROVISION FOR LOAN LOSSES

The Corporation's provision for loan losses of $2,115,000 during the six months ended June 30, 2005, is significantly higher than the $1,080,000 recorded during the comparable period in 2004 due to an increase in potential problem loans and to loan growth, specifically the loan growth under the short-term construction loan program at Busey Bank Florida. The provision and net charge-offs of $213,000 for the six-month period ending June 30, 2005, resulted in the allowance representing 1.34% of total loans and 670% of non-performing loans as of June 30, 2005, as compared to the allowance representing 1.30% of outstanding loans and 524% of non-performing loans as of December 31, 2004. Net charge-offs for the first six months of 2005 were $213,000 compared to $1,064,000 for the comparable period in 2004. The net charge-off ratio (net charge-offs as a percentage of average loans) was 0.01% for the six-month period ending June 30, 2005, reflecting an improvement from 0.08% for the same period in 2004. Of the net charge-offs recognized during the first six months of 2004, $850,000 was related to one commercial customer. Busey Bank included additional balances of $560,000 included in nonaccrual loans to this customer as of June 30, 2004, which were charged off by the end of 2004 as management determined these balances were also uncollectible. The increase in provision expense during the first six months of 2005 is related to general growth in the portfolio combined with the increase in potential problem loans during this same period. The adequacy of the allowance for loan losses is consistent with management's consideration of the composition of the portfolio, non-performing asset and potential problem loan levels, recent credit quality experience, historic charge-off trends, and prevailing economic conditions among other factors.

OTHER INCOME, OTHER EXPENSE, AND INCOME TAXES

Total other income, excluding security gains, increased $67,000 or 0.6% to $11,107,000 for the six months ended June 30, 2005, compared to $11,040,000 for the same period in 2004. Growth in trust fees, service charges and other operating income was partially offset by lower gains on the sale of mortgage loans.

During the first six months of 2005 the Corporation recognized $1,012,000 on the sale of $67,166,000 in mortgage loans compared to $1,281,000 on the sale of $90,711,000 of loans during the prior year period. The interest-rate and debt markets have strong influence on the level of mortgage loan originations and sales volumes. Management anticipates continued sales from current production. The Corporation may realize gains and/or losses on these sales dependent upon interest-rate movements and upon how receptive the debt markets are to mortgage-backed securities.

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 transaction volumes. While these estimates and assumptions may be considered complex, First Busey has implemented controls and processes to ensure the accuracy of these accruals.

During the six months ending June 30, 2005, the Corporation recognized security gains of approximately $248,000 after income taxes, representing 1.9% of net income. During the comparable period in 2004, security gains of approximately $415,000 after income taxes were recognized, representing 3.8% of net income. The Corporation owns a position in a qualified equity security with substantial appreciated value. First Busey's Board of Directors has authorized an orderly liquidation of this asset over a ten-year period.

Total other expenses increased $3,738,000 or 19.0% to $23,401,000 for the six months ending June 30, 2005, compared to $19,663,000 for the comparable period in 2004. Salary and wages, employee benefits, occupancy and furniture and equipment expenses were higher during the first half of 2005 compared to the first half of 2004 due primarily to the acquisition of First Capital.

Income taxes for the six months ended June 30, 2005, increased to $6,601,000 as compared to $5,740,000 for the comparable period in 2004. As a percentage of income before taxes, the provision for income taxes decreased slightly to 34.0% for the six months ended June 30, 2005, from 34.5% for the comparable period in 2004.

RESULTS OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2005, AS COMPARED TO JUNE 30, 2004

SUMMARY

Net income for three months ended June 30, 2005, increased $735,000 or 13.3% to $6,276,000 compared to $5,541,000 for the three months ending June 30, 2004. Fully diluted earnings per share increased $.04 or 14.8% to $0.31 for the three months ending June 30, 2005, compared to $0.27 for the comparable period in 2004. The Corporation's return on average assets was 1.25% for the three-month period ending June 30, 2005, compared to 1.35% for the comparable period in 2004. The return on average shareholders' equity was 17.89% for the three-month period ending June 30, 2005, compared to 17.40% for the comparable period in 2004.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
AVERAGE BALANCE SHEETS AND INTEREST RATES
QUARTERS ENDED JUNE 30, 2005 AND 2004

	2005			2004		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
ASSETS						
Interest-bearing bank deposits	$ 1,429	$ 10	2.81%	$ 740	$ 10	5.42%
Federal funds sold	14,428	63	1.75%	10,652	27	1.02%
Investment securities						
U.S. Government obligations	207,146	1,452	2.81%	142,862	934	2.62%
Obligations of states and political subdivisions (1)	55,241	842	6.11%	48,002	726	6.07%
Other securities	48,408	492	4.08%	37,044	391	4.23%
Loans (net of unearned interest) (1)(2)	1,553,819	25,002	6.45%	1,306,537	18,141	5.57%
Total interest earning assets	$ 1,880,471	$ 27,861	5.94%	$ 1,545,837	$ 20,229	5.25%
Cash and due from banks	46,208			45,882		
Premises and equipment	27,609			23,873		
Allowance for loan losses	(20,141)			(17,410)		
Other assets	80,323			53,811		
Total Assets	$ 2,014,470			$ 1,651,993		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing transaction deposits	$ 40,807	$ 77	0.76%	$ 24,037	$ 34	0.57%
Savings deposits	111,253	189	0.68%	113,418	162	0.57%
Money market deposits	573,950	2,077	1.45%	491,086	832	0.68%
Time deposits	671,545	5,328	3.18%	528,603	3,622	2.75%
Short-term borrowings:						
Federal funds purchased	19,488	118	2.43%	5,355	16	1.20%
Repurchase agreements	41,720	197	1.89%	18,419	45	0.98%
Other	6,111	37	2.43%	9,036	34	1.51%
Long-term debt	148,242	1,511	4.09%	119,477	1,215	4.08%
Junior subordinated debt owed to unconsolidated trust	42,500	802	7.57%	36,250	658	7.28%
Total interest-bearing liabilities	$ 1,655,616	$ 10,336	2.50%	$ 1,345,681	$ 6,618	1.97%
Net interest spread			3.44%			3.28%
Demand deposits	206,170			169,587		
Other liabilities	12,000			9,003		
Stockholders' equity	140,684			127,722		
Total Liabilities and Stockholders' Equity	$ 2,014,470			$ 1,651,993		
Interest income / earning assets (1)	$ 1,880,471	$ 27,861	5.94%	$ 1,545,837	$ 20,229	5.25%
Interest expense / earning assets	$ 1,880,471	$ 10,336	2.20%	$ 1,545,837	$ 6,618	1.72%
Net interest margin (1)		$ 17,525	3.74%		$ 13,611	3.53%

(1) On a tax-equivalent basis, assuming a federal income tax rate of 35% for 2005 and 2004.

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

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CHANGES IN NET INTEREST INCOME
QUARTERS ENDED JUNE 30, 2005 AND 2004

	Change due to(1)		
	Average Volume	Average Yield/Rate	Total Change
	(Dollars in thousands)		
Increase (decrease) in interest income:			
Interest-bearing deposits	$ 6	$ (6)	$ -
Federal funds sold	12	24	36
Investment securities:			
U.S. Government obligations	446	72	518
Obligations of states and political subdivisions (2)	111	5	116
Other securities	115	(14)	101
Loans (2)	3,730	3,131	6,861
Change in interest income (2)	$ 4,420	$ 3,212	$ 7,632
Increase (decrease) in interest expense:			
Interest-bearing transaction deposits	$ 29	$ 14	$ 43
Savings deposits	(3)	30	27
Money market deposits	161	1,084	1,245
Time deposits	1,077	629	1,706
Short-term borrowings:			
Federal funds purchased	75	27	102
Repurchase agreements	88	64	152
Other	(4)	7	3
Long-term debt	293	3	296
Junior subordinated debt owed to unconsolidated trust	117	27	144
Change in interest expense	$ 1,833	$ 1,885	$ 3,718
Increase in net interest income (2)	$ 2,587	$ 1,327	$ 3,914

(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% for 2005 and 2004.

EARNING ASSETS, SOURCES OF FUNDS, AND NET INTEREST MARGIN

Average earning assets increased $334,634,000 or 21.6% to $1,880,471,000 for the three months ended June 30, 2005, compared to $1,545,837,000 for the comparable period last year. The average balance of loans outstanding, in particular, increased $247,282,000 or 18.9% to $1,553,819,000 for the second quarter of 2005 compared to $1,306,537,000 during the comparable period in 2004.

Interest-bearing liabilities averaged $1,655,616,000 during the three months ended June 30, 2004, an increase of $309,935,000 or 23.0% from the average balance of $1,345,681,000 for the comparable period in 2004. Most of this growth in funding sources occurred in money market deposits, time deposits, short-term borrowings, long-term debt, and trust preferred securities.

Net interest income on a fully taxable equivalent basis, increased $3,914,000 or 28.8% to $17,525,000 for the three months ended June 30, 2005, compared to $13,611,000 for the comparable period in 2004. Net interest margin, the Corporation's net interest income, expressed as a percentage of average earning assets stated on a fully taxable equivalent basis, was 3.74% for the three months ended June 30, 2005, compared to 3.53% for the comparable period in 2004. Net interest margin expressed as a percentage of average total assets, also on a fully taxable equivalent basis, was 3.49% for the three months ended June 30, 2005, compared to 3.30% for the comparable period in 2004.

Interest income, on a tax equivalent basis, for the three months ended June 30, 2005, was $27,861,000, which is $7,632,000 or 37.7% higher than the $20,229,000 earned during the comparable period in 2004. The average yield on interest-earning assets increased 69 basis points to 5.94% for the three months ended June 30, 2005, compared to 5.25% for the three months ended June 30, 2004. The increase in yields is due primarily to an increase in the yield on outstanding loan balances.

Interest expense for the three months ended June 30, 2005, was $10,336,000, which is $3,718,000 or 56.2% higher than the $6,618,000 during the comparable period in 2004. The average rate paid on interest-bearing liabilities increased 53 basis points to 2.50% for the three months ended June 30, 2004, compared to 1.97% during the comparable period in 2004. Growth in the average balance of money market deposits and long-term debt financing combined with increases in the average rates paid on all categories of interest-bearing liabilities, particularly in money market and time deposits, contributed to this higher cost of funds.

OTHER INCOME, OTHER EXPENSE, AND INCOME TAXES

Total other income, excluding security transactions, increased $177,000 or 3.2% to $5,714,000 for the three months ended June 30, 2005, compared to $5,537,000 for the comparable period in 2004. Moderate increases in trust fees, gains on the sales of loans, and other operating income were partially offset by the decline in commissions and brokerage fees. Gains of $589,000 were recognized on the sale of $36,132,000 of mortgage loans during the three months ending June 30, 2005, compared to gains of $459,000 on the sale of $47,029,000 in mortgage loans during the prior year period.

During the three-month period ending June 30, 2005, the Corporation recognized security gains of approximately $151,000, after income taxes, representing 2.4% of net income. During the comparable period in 2004, security gains of approximately $299,000, after income taxes, were recognized, representing 5.4% of net income.

Total other expenses increased $1,956,000 or 19.2% to $12,152,000 for the three months ending June 30, 2005, compared to $10,196,000 for the comparable period in 2004. Salaries and wage expense increased $855,000 or 18.7% to $5,438,000 for the three months ended June 30, 2005, as compared to $4,583,000 during the comparable period last year. Again, the increase in salary and wage expense is due to the addition of First Capital and Busey Bank Florida expansion.

Income taxes for the three-month period ending June 30, 2005, increased to $3,260,000 compared to $2,936,000 for the comparable period in 2004. As a percentage of income before taxes, the provision for income taxes decreased slightly to 34.2% for the three months ended June 30, 2005, from 34.6% for the comparable period in 2003.

REPORTABLE SEGMENTS AND RELATED INFORMATION

First Busey Corporation has three reportable segments, Busey Bank, Busey Bank Florida, and Busey Investment Group. Busey Bank provides a full range of banking services to individual and corporate customers through its branch network in Champaign, McLean, Peoria, Tazewell, and Ford Counties in Illinois, through its branch in Indianapolis, Indiana, and through its loan production office in Fort Myers, Florida. Busey Bank Florida provides a full range of banking services to individual and corporate customers in Fort Myers and Cape Coral, Florida.

First Capital Bank, acquired by First Busey Corporation on June 1, 2004, merged into Busey Bank on May 20, 2005. Prior to this merger, First Capital Bank was a separate reportable segment providing a full range of banking services to individual and corporate customers in Peoria and Pekin, Illinois. Following the merger, the assets and operating results of the Peoria and Pekin markets are included in Busey Bank. Segment information for the period ended June 30, 2004, has been restated to reflect the combination of Busey Bank and First Capital Bank.

Busey Investment Group is a wholly-owned subsidiary of First Busey Corporation and owns three subsidiaries: First Busey Trust & Investment Co. which provides trust and asset management services to individual and corporate customers throughout Central Illinois; First Busey Securities, Inc., a full-service broker/dealer subsidiary; and Busey Insurance Services, Inc., an insurance agency which provides personal insurance products and specializes in long-term healthcare insurance.

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 these segments are the same as those described in the summary of significant accounting policies in the annual report. The Corporation accounts for intersegment revenue and transfers at current market value.

Following is a summary of selected financial information for the Corporation's business segments for the six-month periods ended June 30, 2005, and June 30, 2004:

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
	(dollars in thousands)	
Interest Income:		
Busey Bank	$ 45,661	$ 34,596
Busey Bank Florida	7,285	3,430
Busey Investment Group	84	72
All Other	18	70
Total Interest Income	$ 53,048	$ 38,168
Interest Expense:		
Busey Bank	$ 15,188	$ 10,063
Busey Bank Florida	2,351	1,125
Busey Investment Group	-	-
All Other	2,099	1,324
Total Interest Expense	$ 19,638	$ 12,512
Other Income:		
Busey Bank	$ 7,746	$ 7,867
Busey Bank Florida	251	222
Busey Investment Group	3,777	3,752
All Other	(255)	(113)
Total Other Income	$ 11,519	$ 11,728
Net Income:		
Busey Bank	$ 12,367	$ 10,307
Busey Bank Florida	1,226	573
Busey Investment Group	1,095	1,064
All Other	(1,876)	(1,043)
Total Net Income	$ 12,812	$ 10,901
Goodwill:		
Busey Bank	$ 30,237	$ 30,182
Busey Bank Florida	-	-
Busey Investment Group	-	-
All Other	1,548	1,548
Total Goodwill	$ 31,785	$ 31,730
Net Assets:		
Busey Bank	$1,781,061	$1,723,212
Busey Bank Florida	241,375	136,663
Busey Investment Group	6,649	5,870
All Other	(1,223)	9,313
Total Assets	$2,027,862	$1,875,058

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.

The Corporation's primary sources of funds, consists of deposits, investment maturities and sales, loan principal repayments, deposits, and capital funds. Additional liquidity is provided by brokered deposits, bank lines of credit, repurchase agreements and the ability to borrow from the Federal Reserve Bank and the Federal Home Loan Bank. The Corporation has an operating line in the amount of $10,000,000, all of which was available as of June 30, 2005. Long-term liquidity needs will be satisfied primarily through retention of capital funds.

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 the first six months of 2005 the Corporation originated $72,573,000 and sold $67,166,000 in mortgage loans for sale compared to originations of $86,104,000 and sales of $90,711,000 during the first six months of 2004. As of June 30, 2005, the Corporation held $14,981,000 in loans held for sale. Management intends to sell these loans during the third quarter of 2005.

The Corporation recently completed two acquisitions, of First Capital Bankshares, Inc. of Peoria, Illinois (June, 2004) and of Tarpon Coast Bancorp, Inc. of Port Charlotte, Florida (July, 2005). The First Capital acquisition consisted of all cash consideration, and the Tarpon Coast acquisition consideration was stock/cash transaction. Cash requirements for each acquisition ($42,070,000 for the First Capital acquisition and $18,070,000 for the Tarpon acquisition) were satisfied through both the issuance of long-term subordinated debt within a privately-placed trust preferred securities structure and commercial borrowings. An aggregate of $25,000,000 of trust preferred securities were issued by the Corporation's two trust subsidiaries formed for such issuances with the balance borrowed in the form of a long-term note payable. The note payable requires annual principal reductions of $4,000,000 beginning in January, 2007, and matures in June, 2011. The Corporation will review various alternatives for refinancing the debt associated with both of these transactions on a longer-term basis and intends to determine its course of action during the first quarter of 2006.

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 enter into commitments to extend credit in the normal course of their business. As of June 30, 2005, and 2004, the Corporation had outstanding loan commitments including lines of credit of $473,036,000 and $347,556,000, 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.

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

The following table summarizes significant contractual obligations and other commitments as of June 30, 2005:

Due Within	Certificates of Deposit	Securities Sold under Agreements to Repurchase and Short- and Long-term Borrowings	Leases	Junior Subordinated Debt Owed to Unconsolidated Trusts	Total
		(Dollars in thousands)			
1 year	$ 392,102	$ 57,794	$ 973	$ -	$ 450,869
2 years	156,866	36,878	909	-	194,653
3 years	81,325	36,373	785	-	118,483
4 years	29,442	20,623	428	-	50,493
5 years	28,916	22,123	277	-	51,316
Thereafter	613	16,542	46	50,000	67,201
Total	$ 689,264	$ 190,333	$ 3,418	$ 50,000	$ 933,015
Commitments to extend credit					$ 473,036

Net cash flows provided by operating activities totaled $10,111,000 during the six months ended June 30, 2005, compared to $17,959,000 during the prior year period. Significant items affecting the cash flows provided by operating activities are net income, depreciation and amortization expense, the provision for loan losses, and activities related to the origination and sale of loans held for sale. Operating cash flow decreased during the first six months of 2005 compared to the same period in 2004 due primarily to lower mortgage loan sale activity. During the first six months of 2005 the Corporation originated $72,573,000 in loans held for sale and generated $68,178,000 from the sale of held-for-sale loans resulting in net cash used in loan originations and sale of $4,395,000. During the comparable period in 2004, the Corporation originated $86,104,000 in held-for-sale loans and generated $91,992,000 from the sale of held-for-sale loans leading to net cash provided by loan originations and sale of $5,888,000.

Net cash used in investing activities was $52,144,000 for the six months ended June 30, 2005, compared to $167,613,000 for the comparable period in 2004. Significant activities affecting cash flows from investing activities are those activities associated with managing the Corporation's investment portfolio, loans held in the Corporation's portfolio, and subsidiary or business unit acquisition activities. During the six months ended June 30, 2005, proceeds from the sales and maturities of securities classified as available for sale totaled $65,286,000, and the Corporation purchased $20,392,000 in securities resulting in net cash generated by securities activity of $44,894,000. In the comparable period of 2004 proceeds from the sales and maturities of securities classified as available for sale totaled $45,035,000, and the Corporation purchased $57,024,000 in securities resulting in net cash used by securities activity of $11,989,000. The Corporation's loan portfolio increased $95,203,000 during the first six months of 2005, compared to an increase of $113,055,000 in the comparable period of 2004. During June, 2004, the Corporation purchased the outstanding shares of First Capital Bankshares resulting in the net use of $35,990,000.

Net cash provided by financing activities was $49,653,000 during the first six months of 2005 compared to $144,499,000 for the comparable period in 2004. Significant items affecting cash flows from financing activities are deposits, short-term borrowings, long-term debt, and proceeds from the issuance of junior subordinated debt owed to unconsolidated trusts. Deposits, which are the Corporation's primary funding source, grew $73,892,000 during the first six months of 2005, down slightly compared to the net increase of $79,518,000 during the comparable period in 2004 The Corporation has increased its use of short-term and long-term advances from the Federal Home Loan Banks of Chicago and Atlanta to partially fund loan growth. The Corporation issued $15,000,000 in long-term subordinated debt in April, 2004, to partially fund the First Capital acquisition. In

June, 2004, the Corporation issued long-term debt to fund the remainder of the purchase price of First Capital. These two issues represent a significant portion of the net cash provided by financing activities for the first six months of 2004. In June, 2005, the Corporation issued $10,000,000 in long-term subordinated debt to partially fund the cash consideration requirements related to the Tarpon acquisition.

CAPITAL RESOURCES

Other than from the issuance of common stock, the Corporation's primary source of capital is retained net income. During the six months ended June 30, 2005, the Corporation earned $12,812,000 and paid dividends of $5,718,000 to stockholders, resulting in retention of current earnings of $7,094,000. The Corporation's dividend payout for the six months ended June 30, 2005 was 44.6%.

The Corporation and the Banks are subject to regulatory capital requirements administered by federal and state banking agencies. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Banks must meet specific capital guidelines that involve the quantitative measure of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. 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 June 30, 2005, that the Corporation and the Banks meet all capital adequacy requirements to which they are subject.

	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 JUNE 30, 2005:						
TOTAL CAPITAL (TO RISK-WEIGHTED ASSETS)						
Consolidated	$ 174,971	11.33%	$ 123,512	8.00%	N/A	N/A
Busey Bank	$ 152,414	11.37%	$ 107,245	8.00%	$ 134,056	10.00%
Busey Bank Florida	$ 23,071	12.36%	$ 14,937	8.00%	$ 18,671	10.00%
TIER I CAPITAL (TO RISK-WEIGHTED ASSETS)						
Consolidated	$ 147,866	9.58%	$ 61,756	4.00%	$ N/A	N/A
Busey Bank	$ 130,682	9.75%	$ 53,623	4.00%	$ 80,434	6.00%
Busey Bank Florida	$ 20,726	11.10%	$ 7,469	4.00%	$ 11,203	6.00%
TIER I CAPITAL (TO AVERAGE ASSETS)						
Consolidated	$ 147,866	7.52%	$ 78,645	4.00%	N/A	N/A
Busey Bank	$ 130,682	7.53%	$ 69,434	4.00%	$ 86,792	5.00%
Busey Bank Florida	$ 20,726	9.28%	$ 8,929	4.00%	$ 11,162	5.00%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

MARKET RISK

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

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

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

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

The following table sets forth the static rate-sensitivity analysis of the Corporation as of June 30, 2005:

	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	$ 717	$ -	$ -	$ -	$ -	$ 717
Federal funds sold	1,600	-	-	-	-	1,600
Investment securities						
U.S. Governments	3,681	16,139	25,910	46,761	109,091	201,582
Obligations of states and political subdivisions	555	-	8,043	4,895	43,395	56,888
Other securities	15,411	1,068	1,402	2,058	27,582	47,521
Loans (net of unearned int.)	679,423	96,735	119,410	177,140	503,034	1,575,742
Total rate-sensitive assets	$ 701,387	$ 113,942	$ 154,765	$ 230,854	$ 683,102	$ 1,884,050
Interest bearing transaction deposits	$ 68,997	$ -	$ -	$ -	$ -	68,997
Savings deposits	107,763	-	-	-	-	107,763
Money market deposits	561,478	-	-	-	-	561,478
Time deposits	96,562	58,078	96,108	166,768	271,748	689,264
Short-term borrowings:						
Repurchase agreements	37,532	-	-	-	-	37,532
Other	-	-	-	1,000	-	1,000
Long-term debt	2,000	3,800	6,220	33,301	106,480	151,801
Junior subordinated debt owed to unconsolidated trust	-	25,000	-	-	25,000	50,000
Total rate-sensitive liabilities	$ 874,332	$ 86,878	$ 102,328	$ 201,069	$ 403,228	$ 1,667,835
Rate-sensitive assets less rate-sensitive liabilities	$ (172,945)	$ 27,064	$ 52,437	$ 29,785	$ 279,874	$ 216,215
Cumulative Gap	$ (172,945)	$ (145,881)	$ (93,444)	$ (63,659)	$ 216,215	
Cumulative amounts as a percentage of total rate-sensitive assets	-9.18%	-7.74%	-4.96%	-3.38%	11.48%	
Cumulative ratio	0.80	0.85	0.91	0.95	1.13	

The funds management policy of First Busey Corporation 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 June 30, 2005, the Banks and the Corporation, on a consolidated basis, are within those guidelines.

The foregoing table shows a negative (liability-sensitive) rate-sensitivity gap of $173 million in the 1-30 day repricing period 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 periods beyond 30 days. On a cumulative basis, however, the gap remains liability sensitive through one year. The composition of the gap structure at June 30, 2005, indicates the Corporation would benefit more if interest rates decrease during the next year by allowing the net interest margin to grow as the volume of interest-bearing liabilities subject to repricing would be greater than the volume of interest-earning assets subject to repricing during the same period.

The Corporation's asset-liability committees do not rely solely on gap analysis to manage interest-rate risk as interest rate changes do not impact all categories of assets and liabilities equally or simultaneously. 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 over a one-year period and net interest income is calculated under current market rates, and then assuming permanent instantaneous shifts of +/-100 basis points and +200 basis points. Management measures such changes assuming immediate and sustained shifts in the Federal funds rate and the corresponding shifts in other rate indices based on their historical changes relative to changes in the Federal funds rate. The model assumes asset and liability balances remain constant at June 30, 2005, 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 declining and rising 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 an immediate and sustained change in interest rates at June 30, 2005, and December 31, 2004 was as follows:

	Basis Point Changes		
	-100	+100	+200
June 30, 2005	-3.43%	1.55%	3.09%
December 31, 2004	(5.57%)	3.05%	6.06%

ITEM 4: CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Corporation conducted an evaluation, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Corporation's disclosure controls and procedures as of June 30, 2005. The Corporation's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported on a timely basis.

Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures as of June 30, 2005, are effective in timely alerting them to material information relating to First Busey Corporation, including its consolidated subsidiaries, required to be included in the Corporation's periodic filings under the Exchange Act.

CHANGES IN INTERNAL CONTROLS

During the quarter ended June 30, 2005, the Corporation did not make any significant changes in, nor take any corrective actions regarding, its internal controls or other factors that could significantly affect these controls.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in First Busey Corporation's reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, all to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

LIMITATIONS ON THE EFFECTIVENESS OF INTERNAL CONTROLS

First Busey Corporation's management does not expect that our disclosure controls or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of the control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within First Busey Corporation have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 1: Legal Proceedings

Not Applicable

ITEM 2: Unregistered Sales of Equity Securities and Use of Proceeds

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

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1,2)
January 1 - 31, 2005	25,000	$ 20.93	25,000	735,889
February 1 - 28, 2005	20,000	20.81	20,000	715,889
March 1 - 31, 2005	40,000	20.75	40,000	675,889
April 1 - 30, 2005	15,000	19.75	15,000	660,889
May 1 - 31, 2005	-	-	-	660,889
June 1 - 30, 2005	-	-	-	660,889
Total	100,000	$ 20.66	100,000	

(1) First Busey Corporation's board of directors approved a stock purchase plan on March 20, 2001, for the repurchase of up to 750,000 shares of common stock. The Corporation has repurchased all shares under the 2001 repurchase plan. First Busey Corporation's board of directors approved a stock purchase plan on February 17, 2004 for the repurchase of up to 750,000 shares of common stock. The Corporation's 2004 repurchase plan has no expiration date.

(2) Share and per share amounts have been retroactively adjusted to effect a three-for-two common stock split

declared on July 23, 2004, as if it had occurred on January 1, 2004.

ITEM 3: Defaults Upon Senior Securities

Not Applicable

ITEM 4: Submission of Matters to a Vote of Security Holders (still waiting on these numbers) The annual meeting of the stockholders of First Busey Corporation was held on April 26, 2004. The shareholders approved the election of Directors with the votes casted as follows:

	FOR	WITHHELD
ELECTION OF DIRECTORS		
DIRECTOR		
Joseph M. Ambrose	16,699,724	3,877,927
David L. Ikenberry	17,368,715	3,208,936
E. Phillips Knox	17,421,267	3,156,384
V. B. Leister, Jr.	17,428,070	3,149,581
Douglas C. Mills	17,367,954	3,209,697
Joseph E. O'Brien	17,275,104	3,302,547
Arthur R. Wyatt	17,254,789	3,322,862

The shareholders voted in favor of adopting the Amended and Restated Articles of Incorporation of the Company, which increased the par value of the Company's capital stock from no par value per share to $.001 par value per share with votes cast as follows:

For	17,327,526
Against	78,261
Abstain	606,167
Broker Non-votes	2,565,697

ITEM 5: Other Information

Not Applicable

ITEM 6: Exhibits

31.1 Certification of Principal Executive Officer

31.2 Certification of Principal Financial Officer

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, from the Corporation's Chief Executive Officer.

32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, from the Corporation's Chief Financial Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST BUSEY CORPORATION
(REGISTRANT)

By: //Douglas C. Mills//

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

By: //Barbara J. Harrington//

Barbara J. Harrington
Chief Financial Officer
(Principal financial and accounting officer)

Date: August 9, 2005

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

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

1) I have reviewed this quarterly report on Form 10-Q 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 quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly 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-15(e) and 15d-15(e)) for the registrant, and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (for registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting;

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 and material weaknesses in the design or operation of internal controls over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

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

//Douglas C. Mills//

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

Date: August 9, 2005

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

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

1) I have reviewed this quarterly report on Form 10-Q 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 quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly 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-15(e) and 15d-15(e)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (b) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (for registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

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 and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

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

// Barbara J. Harrington//

Barbara J. Harrington
Chief Financial Officer

Date: August 9, 2005

EXHIBIT 32.1

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

CERTIFICATION

I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the accompanying Report of First Busey Corporation on Form 10-Q for the quarter ended June 30, 2005, 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
Chairman of the Board and Chief Executive Officer

Date: August 9, 2005

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

EXHIBIT 32.2

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

CERTIFICATION

I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the accompanying Report of First Busey Corporation on Form 10-Q for the quarter ended June 30, 2005, 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. Harrington//

Barbara J. Harrington
Chief Financial Officer

Date: August 9, 2005

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