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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2001

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

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

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

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

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

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

As of February 25, 2002, the aggregate market value of the Common Stock held by non-affiliates was $144,451,394. The market value of the Common Stock is based on the closing price for such stock as reported on the Nasdaq National Market on that date. Affiliates include all directors, executive officers and beneficial holders owning 5% or more of the shares.

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

Class	Outstanding at February 25, 2002
Common Stock, without par value	13,667,888

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement dated March 15, 2002 for First Busey Corporation's Annual Meeting of Stockholders to be held April 15, 2002, (the "2002 Proxy Statement") are incorporated by reference into Part III.

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FIRST BUSEY CORPORATION
Form 10-K Annual Report

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PART I

ITEM 1. BUSINESS

INTRODUCTION

First Busey Corporation ("First Busey"), a Nevada Corporation, is a $1.3 billion financial holding company which was organized as a bank holding company in 1980. First Busey conducts a broad range of financial services through its banking and non-banking subsidiaries at 21 locations. First Busey is headquartered in Urbana, Illinois and its stock is traded on the Nasdaq National Market under the symbol "BUSE."

BANKING AND NON-BANKING SUBSIDIARIES

First Busey currently has two wholly owned banking subsidiaries located in three states (the "Banks"). Busey Bank, a state-chartered bank organized in 1868, is a full service commercial bank offering a wide variety of services to individual, business, institutional and governmental customers, including retail products and services. Busey Bank has 18 locations in Illinois and one in Indianapolis, Indiana.

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

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

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

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

First Busey Capital Trust I ("Capital Trust I"), a statutory business trust organized under the Delaware Business Trust Act, was formed in June, 2001. First Busey owns all of the Common Securities of Capital Trust I. First Busey and Capital Trust I jointly filed a registration statement reflecting the registration of $22 million of 9.00% Cumulative Trust Preferred Securities issued by Capital Trust I and guaranteed by First Busey. The entire $22 million issue, as well as a $3 million over-allotment, were sold in June, 2001.

COMPETITION

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

Based on information obtained from FDIC/OTS Summary of Deposits dated June, 2001, First Busey ranked first in total deposits in the combined markets of Champaign, McLean and Ford Counties. Customers for banking services are generally influenced by convenience, quality of service, personal contacts, price of services and availability of products. Although the market share of First Busey varies in different markets, First Busey believes that its affiliates effectively compete with other banks, thrifts and financial institutions in their relevant market areas.

SUPERVISION, REGULATION AND OTHER FACTORS

GENERAL

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

RECENT LEGISLATION

On November 12, 1999, former President Clinton signed into law legislation that allows bank holding companies to engage in a wider range of non-banking activities, including greater authority to engage in securities and insurance activities. Under the Gramm-Leach-Bliley Act (the "Act"), a bank holding company that elects to become a financial holding company may engage in any activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is: (1) financial in nature; (2) incidental to any such financial activity; or (3) complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. This Act makes significant changes in U.S. banking law, principally by repealing certain restrictive provisions of the 1933 Glass-Steagall Act. The Act specifies certain activities that are deemed to be financial in nature, including lending, exchanging, transferring, investing for others, or safeguarding money or securities; underwriting and selling insurance; providing financial, investment, or economic advisory services; underwriting, dealing in or making a market in, securities; and any activity currently permitted for bank holding companies by the Federal Reserve under Section 4(c)(8) of the BHCA. The Act does not authorize banks or their affiliates to engage in commercial activities that are not financial in nature. A bank holding company may elect to be treated as a financial holding company only if all depository institution subsidiaries of the holding company are well-capitalized, well-managed and have at least a satisfactory rating under the Community Reinvestment Act. First Busey became a financial holding company in May, 2000.

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

DIVIDENDS

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

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

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

CAPITAL REQUIREMENTS

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

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

PROMPT CORRECTIVE ACTION

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

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

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

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Critically undercapitalized depository institutions are subject to appointment of a receiver or conservator.

EMPLOYEES

As of December 31, 2001, First Busey and its subsidiaries had a total of 498 employees (full-time equivalents).

ITEM 2. PROPERTIES

The location and general character of the materially important physical properties of First Busey and its subsidiaries are as follows: First Busey, where corporate management and administration operate, is headquartered at 201 West Main Street, Urbana, Illinois. Busey Bank has properties located at 201 West Main Street, Urbana, Illinois, 909 West Kirby Avenue, Champaign, Illinois, and 301 Fairway Drive, Bloomington, Illinois. These facilities offer commercial banking services, including commercial, financial, agricultural and real estate loans, and retail banking services, including accepting customary types of demand and savings deposits, making individual, consumer, installment, first mortgage and second mortgage loans. Busey Bank Florida, located at 7980 Summerlin Lakes Drive, Fort Myers, Florida, offers similar services as Busey Bank. Busey Investment Group, Inc., located at 502 West Windsor Road, Champaign, Illinois, through its subsidiaries, provides a full range of trust and investment management services, execution of securities transactions as a full-service broker/dealer and provide individual investment advice on equity and other securities as well as insurance agency services. First Busey Resources, Inc., located at 102 East Main Street, Urbana, Illinois, owns and manages Busey Plaza, which is fully leased to unaffiliated tenants.

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

ITEM 3. LEGAL PROCEEDINGS

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

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

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

None.

PART II

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

Effective October 1, 1998, First Busey Common Stock began trading on the Nasdaq National Market under the symbol "BUSE". Although a limited trading market for shares of First Busey Common Stock has developed recently, there can be no assurance that it will continue.

The following table presents for the periods indicated the high and low closing price for First Busey common stock as provided by the Corporation's market maker Stephens, Inc., Little Rock, Arkansas, and reported on the Nasdaq National Market.

	2001		2000	
Market Prices of Common Stock	High	Low	High	Low
First Quarter	$20.50	$17.81	$23.00	$18.50
Second Quarter	$21.50	$19.69	$21.44	$16.38
Third Quarter	$22.00	$18.50	$22.50	$16.75
Fourth Quarter	$22.00	$19.00	$20.44	$16.75

During 2001 and 2000, First Busey, declared cash dividends per share of common stock as follows:

2001	COMMON STOCK
January	$ .13
April	$ .13
July	$ .13
October	$ .13
2000	
January	$ .12
April	$ .12
July	$ .12
October	$ .12

All issued and outstanding shares of Class B Common Stock were converted to Class A Common Stock on December 31, 1997. A three-for-two stock split on both Class A and Class B Common Stock occurred on May 7, 1996. In April, 1998, shareholders approved Restated Articles of Incorporation which authorized just one class of stock to be referred to only as "Common Stock," thus eliminating the "Class A" designation. A two-for-one stock split on Common Stock occurred on August 3, 1998.

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

As of February 25, 2002, there were approximately 945 holders of First Busey Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial data for each of the five years in the period ended December 31, 2001, have been derived from First Busey's annual consolidated financial statements audited by McGladrey & Pullen, LLP, independent certified public accountants, whose report on the financial position as of December 31, 2001 and December 31, 2000, and the results of operations for each of the three years in the period ended December 31, 2001, appears elsewhere in this report. This financial data should be read in conjunction with the financial statements and the related notes thereto appearing in this report.

	2001	2000	1999	1998	1997
	(dollars in thousands, except per share data)				
BALANCE SHEET ITEMS					
Securities	$ 210,869	$ 228,597	$ 225,046	$217,991	$215,514
Loans	978,106	984,369	886,684	662,281	602,937
Allowance for loan losses	13,688	12,268	10,403	7,101	6,860
Total assets	1,300,689	1,355,044	1,247,123	951,531	915,540
Total deposits	1,105,999	1,148,787	1,027,981	826,704	811,453
Long-term debt	47,021	55,259	55,849	25,000	10,000
Company obligated mandatorily redeemable preferred securities	25,000	-	-	-	-
Stockholders' equity	105,790	92,325	82,284	87,103	81,279
RESULTS OF OPERATIONS					
Interest income	$ 89,985	$ 93,242	$ 72,311	$ 67,048	$ 63,831
Interest expense	46,435	50,476	34,920	32,975	31,119
Net interest income	43,550	42,766	37,391	34,073	32,712
Provision for loan losses	2,020	2,515	2,570	700	1,075
Net income	15,653	14,053	12,548	11,398	10,371
PER SHARE DATA(1)					
Diluted earnings	$ 1.15	$ 1.03	$ .90	$ .81	$ .74
Cash dividends (Class A)	.52	.48	.44	.39	.35
Book value	7.73	6.86	6.08	6.36	5.92
Closing price	21.48	19.9375	22.625	18.25	13.75
OTHER INFORMATION					
Return on average assets	1.19%	1.12%	1.22%	1.22%	1.18%
Return on average equity	15.80%	16.56%	14.68%	14.02%	13.42%
Net interest margin(2)	3.64%	3.74%	4.02%	4.10%	4.20%
Stockholders' equity to assets	8.13%	6.81%	6.60%	9.15%	8.88%

(1) Per share amounts have been restated to give retroactive effect to the two-for-one stock split which occurred August 3, 1998.

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

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

The following is management's discussion and analysis of the financial condition and results of operations of First Busey Corporation and Subsidiaries (the "Corporation") for the years ended December 31, 2001, 2000, and 1999. It should be read in conjunction with "Business," "Selected Financial Data," the consolidated financial statements and the related notes to the consolidated financial statements and other data included in this Annual Report.

GENERAL

The Corporation's consolidated income is generated primarily by the financial services activities of its subsidiaries. Since January 1, 1982, the Corporation has acquired eleven banks and sold two; acquired six savings and loan branches and two bank branches; acquired a bank branch in an FDIC assisted acquisition of a failed bank; acquired a thrift holding company and federal savings and loan; formed a trust company subsidiary; formed an insurance agency subsidiary; formed a non-bank ATM subsidiary and acquired a travel agency. The following table illustrates the amounts of net income contributed by each subsidiary (on a pre-consolidation basis) since January 1, 1999, less purchase accounting adjustments (net income for Busey Bank in following table excludes income from Bank subsidiaries and includes deduction for amortization expense recorded on parent company statements).

Subsidiary	Acquired	2001		2000		1999	
				(dollars in thousands)			
Busey Bank(1)	3/20/80	$13,574	79.2%	$13,094	82.6%	$11,256	83.5%
Busey Bank Florida(2)	10/29/99	1,984	11.6%	937	5.9%	392	2.9%
First Busey Trust & Investment Co.(3)	-	1,391	8.1%	1,459	9.2%	1,304	9.6%
First Busey Securities, Inc.(4)	-	(40)	-0.2%	357	2.3%	352	2.6%
First Busey Resources, Inc.(5)	-	130	0.8%	154	1.0%	159	1.2%
Busey Insurance Services, Inc.(6)	-	10	0.0%	(38)	-0.2%	6	0.0%
BAT, Inc.(7)	-	81	0.5%	20	0.1%	14	0.1%
Busey Travel, Inc.(8)	1/1/98	(6)	0.0%	(153)	-1.0%	9	0.1%
FFS Investments(9)	10/29/99	-	0.0%	19	0.1%	(7)	0.0%
Total		$17,124	100.0%	$15,849	100.0%	$13,485	100.0%

(1) City Bank of Champaign and Champaign County Bank & Trust were merged into Busey Bank as of January 1, 1987. First National Bank of Thomasboro was merged into Busey Bank as of January 1,1988. State Bank of St. Joseph was merged into Busey Bank as of November 3, 1989. The Bank of Urbana, Citizens Bank of Tolono, and the assets of Community Bank of Mahomet subject to its liabilities were merged into Busey Bank as of November 16, 1991. Busey Bank of McLean County was merged into Busey Bank as of January 1, 1996. Busey Business Bank was formed on January 12, 1998, and merged into Busey Bank as of October 30, 1998.
(2) Acquired as a subsidiary of Eagle BancGroup, Inc. as of October 29, 1999.
(3) Formed as a subsidiary of the Corporation as of January 1, 1987 as a successor to the combined trust departments of Busey Bank and Champaign County Bank & Trust; transferred to Busey Investment Group on January 1, 2001.
(4) Formed as a subsidiary of Busey Bank as of April 1, 1991; transferred to Busey Investment Group on January 1, 2001.
(5) Reactivated as a subsidiary of First Busey Corporation as of January 1, 1997. Real estate and certain other assets previously carried on the parent company's balance sheet were transferred to subsidiary as of that date.
(6) Formed as a subsidiary of Busey Bank as of October 1, 1997; transferred to Busey Investment Group on January 1, 2001.
(7) Reactivated as a subsidiary of Busey Bank as of July 1, 1997.
(8) Acquired as a subsidiary of Busey Bank as of January 1, 1998.
(9) Acquired as a subsidiary of First Federal Savings and Loan Association of Bloomington as of October 29, 1999; liquidated December 7, 2000.

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

RESULTS OF OPERATIONS-THREE YEARS ENDED DECEMBER 31, 2001

SUMMARY

The Corporation reported net income of $15,653,000 in 2001, up 11.4% from $14,053,000 in 2000, which had increased 12.0% from $12,548,000 in 1999. Diluted earnings per share in 2001 increased 11.7% to $1.15 from $1.03 in 2000, which was a 14.4% increase from $.90 in 1999. The main factors contributing to the increase in net income in 2001 were increases in net interest income, service charges on deposit accounts, and gains on the sale of pooled mortgage loans. Operating earnings, which exclude security gains and the related tax expense, were $14,878,000 or $1.09 per share for 2001; $13,608,000, or $1.00 per share for 2000; and $11,924,000, or $.86 per share for 1999.

Security gains after the related tax expense were $775,000 or 5.0% of net income in 2001; $445,000 or 3.2% of net income in 2000; and $624,000 or 5.0% of net income in 1999. First Busey Corporation owns a position in a qualified equity security with substantial appreciated value. First Busey's Board authorized an orderly liquidation of this asset over a ten-year period.

The Corporation's return on average assets was 1.19%, 1.12% and 1.22% for 2001, 2000, and 1999, respectively, and return on average equity was 15.80%, 16.56%, and 14.68% for 2001, 2000, and 1999, respectively. On an operating earnings basis, return on average assets was 1.13%, 1.08%, and 1.16% for 2001, 2000, and 1999, respectively, and return on average equity was 15.02%, 16.03% and 13.95% for 2001, 2000, and 1999, respectively.

NET INTEREST INCOME

Net interest income on a tax equivalent basis increased 1.8% in 2001 to $44,883,000 in 2000, which reflected a 14.0% increase from $38,668,000 in 1999. The decrease in interest rates initiated by the Federal Reserve Bank throughout 2001 led to declines in the amount of income earned on interest-earning assets as well as the amount of expense recognized on interest-bearing liabilities. The falling rate environment had greater impact on the yields earned on interest-earning assets, particularly in the average balance of loans outstanding, more than offset the decline due to the falling rate environment and led to the increase in net interest income.

Average interest-earning assets increased to $1,232,889,000 in 2001 from $1,179,245,000 and $963,641,000 in 2000 and 1999. The net interest margin, expressed as a percentage of interest-earning assets, was 3.64% in 2001, 3.74% in 2000, and 4.02% in 1999. The yield on interest-earning assets dropped from 8.03% in 2000 to 7.41% in 2001. Similarly, the rate paid on interest-bearing liabilities fell from 4.77% in 2000 to 4.28% in 2001. Interest rates increase during 2000 and led to increased in both the yield earned on interest-earning assets and rates paid on interest-bearing liabilities as compared to 1999.

PROVISION FOR LOAN LOSSES

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

The provision for loan losses decreased $495,000 to $2,020,000 in 2001 from $2,515,000 in 2000 which had decreased from $2,570,000 in 1999. The decrease in 2001 is due primarily to management's assessment of improved credit quality within the loan portfolio. Net charge-offs decreased to $600,000 in 2001 from $650,000 in 2000, and total non-performing loans decreased to $2,224,000 as of December 31, 2001, compared to $5,434,000 as of December 31, 2000. Net charge-offs were $369,000 in 1999, and non-performing loans totaled $2,117,000 as of December 31, 1999.

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

OTHER INCOME

Other income increased 17.3% in 2001 to $21,460,000 from $18,288,000 in 2000, which reflected a 12.9% increase from $16,192,000 in 1999. The increases in 2001 and 2000 are due primarily to increases in service charges on deposit accounts, trust fee income, commissions and brokers' fees, and gains on the sale of loans. As a percentage of total income, other income was 19.3%, 16.4%, and 18.3% in 2001, 2000, and 1999, respectively. Gains on the sale of securities, as a component of other income, totaled $1,285,000 (6.0%) in 2001, $737,000 (4.0%) in 2000, and $1,035,000 (6.4%) in 1999. Other income also includes gains on sales of loans, as a component of other income, of $2,296,000 (10.7%), $1,112,000 (6.1%), and $895,000 (5.5%) in 2001, 2000, and 1999, respectively.

Additional components of other income were fee income and trust fees. Service charges and other fee income increased 6.8% to $9,950,000 in 2001 from $9,317,000 in 2000, which was a 23.0% increase from $7,572,000 in 1999. The growth in fee income in 2001 and 2000 is due primarily to increases in service charges on deposit accounts. Despite the poor equity market in 2001, trust fees increased 5.6% in 2001. Trust revenues were $4,607,000 in 2001, $4,364,000 in 2000, and $4,013,000 in 1999. Increases in trust department revenues in each year were primarily due to increases in assets under care to $1,178,483,000 at December 31, 2001, from $1,066,723,000 at December 31, 2000, which is an increase from $971,554,000 from December 31, 1999. Remaining other income increased 20.5% to $3,322,000 in 2001 from $2,758,000 in 2000 which was a 3.0% increase from $2,677,000 in 1999.

OTHER EXPENSES

Other expenses increased 4.6% in 2001 to $38,974,000 from $37,249,000 in 2000, which reflected an increase from $33,063,000 in 1999. As a percentage of total income, other expenses were 35.0%, 33.4%, and 37.4% in 2001, 2000, and 1999, respectively. Employee related expenses, including salaries and wages and employee benefits, increased 10.4% in 2001 to $21,066,000, as compared to $19,080,000 in 2000, which was a 8.6% increase from $17,565,000 in 1999. As a percent of average assets, employee related expenses were 1.61%, 1.51%, and 1.70% in 2001, 2000, and 1999, respectively. The Corporation had 498, 484, and 494 full-time equivalent employees at December 31, 2001, 2000, and 1999, respectively. Net occupancy expense of bank premises and furniture and equipment expenses increased 3.4% in 2001 to $6,957,000 as compared to $6,729,000 in 2000 and $6,010,000 in 1999.

Remaining other expenses decreased $489,000 or 4.3% to $10,951,000 in 2001 from $11,440,000 in 2000, which was a 20.6% increase from $9,488,000 in 1999. Data processing expenses fell to $799,000 for the year ended December 31, 2001, compared to $1,142,000 for the year ended December 31, 2000, and $838,000 for the year ended December 31, 1999. Data processing expenses were higher in 2000 due to one-time conversion and setup expenses. Amortization and impairment expenses also declined in 2001 as compared to 2000. During the year ended December 31, 2001, the Corporation recognized an impairment write-down of $325,000 on a customer list purchased by First Busey Securities, Inc. Revenues generated from this customer list were lower than originally projected. During the year ended December 31, 2000, the Corporation recognized an impairment write-down of $600,000 on the core deposit intangible associated with the acquisition of First Federal.

INCOME TAXES

Income tax expense in 2001 was $8,363,000 as compared to $7,237,000 in 2000 and $5,402,000 in 1999. The provision for income taxes as a percent of income before income taxes was 34.8%, 34.0%, and 30.1%, for 2001, 2000, and 1999, respectively.

BALANCE SHEET-DECEMBER 31, 2001 AND DECEMBER 31, 2000

Total assets on December 31, 2001 were $1,300,689,000, a decrease of 4.0% from $1,355,044,000 on December 31, 2000. Total loans, net of unearned interest, decreased 0.6% to $978,106,000 on December 31, 2001, as compared to $984,369,000 on December 31, 2000. Total deposits decreased 3.7% to $1,105,999,000 on December 31, 2001 as compared to $1,148,787,000 on December 31, 2000. Non-interest bearing deposits increased $4,016,000 or 3.0% during 2001. Interest-bearing deposits decreased $46,804,000 or 4.6% during 2001.

Total stockholders' equity increased 14.6% to $105,790,000 on December 31, 2001, as compared to $92,325,000 on December 31, 2000. Growth in equity is due primarily to $8,646,000 earnings retained in the Corporation combined with net increases of $2,211,000 in unrealized gains on available for sale securities and a $3,219,000 decrease in Treasury stock. Treasury shares will be reissued in future years as participants exercise outstanding options under the Corporation's stock option plan which is discussed in Note 15 to the Corporation's consolidated financial statements.

A. EARNING ASSETS

The average interest-earning assets of the Corporation were 94.0%, 93.2%, and 93.4%, of average total assets for the years ended December 31, 2001, 2000, and 1999, respectively.

B. INVESTMENT SECURITIES

The Corporation has classified all investment securities as securities available for sale. These securities are held with the option of their disposal in the foreseeable future to meet investment objectives or for other operational needs. Securities available for sale are carried at fair value. As of December 31, 2001, the fair value of these securities was $210,869,000 and the amortized cost was $197,398,000. There were $13,653,000 of gross unrealized gains and $182,000 of gross unrealized losses for a net unrealized gain of $13,471,000. The after-tax effect ($8,128,000) of this unrealized gain has been included in stockholders' equity. The increase in market value for the debt securities in this classification was a result of declining interest rates. The fair value increase in the equity securities was primarily due to a $587,000 increase in the value of 100,000 shares of USA Ed Inc. (SLM) common stock owned by the Corporation.

The composition of securities available for sale is as follows:

	Years ended December 31,				
	2001	2000	1999	1998	1997
	(dollars in thousands)				
U.S. Treasuries and Agencies	$143,490	$162,886	$164,565	$159,261	$161,762
Equity securities	18,058	15,479	13,079	12,550	11,994
States and political subdivisions	43,767	43,197	41,554	37,398	32,351
Other	5,554	7,035	5,848	8,782	9,407
Fair value of securities available for sale	$210,869	$228,597	$225,046	$217,991	$215,514
Amortized cost	$197,398	$218,790	$221,601	$207,531	$206,589
Fair value as a percentage of amortized cost	106.82%	104.48%	101.55%	105.04%	104.32%

The maturities, fair values and weighted average yields of securities available for sale as of December 31, 2001 are:

Investment Securities(1)	Due in 1 year or less		Due after 1 year through 5 years		Due after 5 years through 10 years		Due after 10 years	
	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield
	(dollars in thousands)							
U.S. Treasuries and Agencies	$51,851	5.63%	$ 91,426	4.59%	$ 213	6.04%	$ -	0.00%
States and political subdivisions(2)	4,108	8.49%	13,797	7.49%	23,787	6.97%	2,075	7.51%
Other	1,236	6.49%	2,830	4.91%	360	6.62%	1,128	10.02%
Total	$57,195	5.85%	$108,053	4.97%	$24,360	6.96%	$3,203	8.39%

(1) Excludes equity securities and mortgage backed securities.
(2) On a tax-equivalent basis, assuming a federal income tax rate of 35% (the effective federal income tax rate as of December 31, 2000)

The securities held to maturity portfolio consisted of debt securities which provided the Corporation with a relatively stable source of income. Additionally, the investment portfolio provides a balance to interest rate and credit risk in other categories of the balance sheet while providing a vehicle for the investment of available funds and supplying securities to pledge as required collateral for certain deposits. All remaining securities were transferred to the available for sale portfolio as of December 31, 1997.

The Corporation also uses its investment portfolio to manage its tax position. Depending upon projected levels of taxable income for the Corporation, periodic changes are made in the mix of tax-exempt and taxable securities to achieve maximum yields on a tax-equivalent basis. U.S. government and agency securities as a percentage of total securities decreased to 68.0% at December 31, 2001 from 71.3% at December 31, 2000 while obligations of state and political subdivisions (tax-exempt obligations) as a percentage of total securities increased to 20.8% at December 31, 2001, from 18.9% at December 31, 2000.

LOAN PORTFOLIO

Loans, including loans held for sale, before allowance for loan losses, decreased 0.6% to $978,106,000 in 2001 from $984,369,000 in 2000. Non-farm non-residential real estate mortgage loans increased $22,702,000, or 9.8%, to $253,932,000 in 2001 from $231,230,000 in 2000. This increase reflects management's emphasis on commercial loans secured by mortgages. Also, 1 to 4 family residential real estate mortgage loans (not held for sale) decreased $49,464,000, or 12.4%, to $349,270,000 in 2001 from $398,734,000 in 2000. In 2001's low interest rate environment, the Corporation experienced significant refinance activity. The Corporation has no loans to customers engaged in oil and gas exploration or to foreign companies or governments. Commitments under standby letters of credit, unused lines of credit and other conditionally approved credit lines, totaled approximately $239,287,000 as of December 31, 2001.

The loan portfolio includes a concentration of loans for commercial real estate amounting to approximately $308,197,000 and $293,184,000 as of December 31, 2001 and 2000, respectively. Generally, these loans are collateralized by assets of the borrowers. The loans are expected to be repaid from cash flows or from proceeds from the sale of selected assets of the borrowers. Credit losses arising from lending transactions for commercial real estate entities are comparable with the Corporation's credit loss experience on its loan portfolio as a whole.

The composition of loans is as follows:

	Years ended December 31,				
	2001	2000	1999	1998	1997
	(dollars in thousands)				
Commercial and financial	$121,694	$124,052	$119,800	$ 80,958	$ 63,861
Agricultural	21,022	20,844	20,126	19,072	17,403
Real estate-farmland	14,414	15,411	15,841	14,184	11,782
Real estate-construction	83,701	75,672	52,479	44,713	31,306
Real estate-mortgage	679,351	697,410	622,075	467,435	439,660
Installment loans to individuals	57,924	50,980	56,363	35,919	38,925
Loans	$978,106	$984,369	$886,684	$662,281	$602,937

The following table sets forth remaining maturities of selected loans (excluding certain real estate-farmland, real estate-mortgage loans and installment loans to individuals) at December 31, 2001.

	1 Year or Less	1 to 5 Years	Over 5 Years	Total
	(dollars in thousands)			
Commercial, financial and agricultural	$ 94,512	$30,148	$18,056	$142,716
Real estate-construction	52,154	28,615	2,932	83,701
Total	$146,666	$58,763	$20,988	$266,417
Interest rate sensitivity of selected loans				
Fixed rate	$ 42,415	$16,122	$ 3,347	$ 61,884
Adjustable rate	104,251	42,641	17,641	164,533
Total	$146,666	$58,763	$20,988	$226,417

ALLOWANCE FOR LOAN LOSSES

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

There is no precise method of predicting specific loan losses or amounts which ultimately may be charged off on segments of the loan portfolio. The determination that a loan may become uncollectible, in whole or in part, is a matter of judgment. Similarly, the adequacy of the allowance for loan losses can be determined only on a judgmental basis, after full review, including (a) consideration of economic conditions and their effect on particular industries and specific borrowers; (b) a review of borrowers' financial data, together with industry data, the competitive situation, the borrowers' management capabilities and other factors; (c) a continuing evaluation of the loan portfolio, including monitoring by lending officers and staff credit personnel of all loans which are identified as being of less than acceptable quality; (d) an in-depth appraisal, on a monthly basis, of all loans judged to present a possibility of loss (if, as a result of such monthly appraisals, the loan is judged to be not fully collectible, the carrying value of the loan is reduced to that portion considered collectible); 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.

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

	Years ended December 31				
	2001	2000	1999	1998	1997
	(dollars in thousands)				
Average loans outstanding during period	$961,779	$937,239	$731,491	$621,475	$584,327
Allowance for loan losses:					
Balance at beginning of period	$ 12,268	$ 10,403	$ 7,101	$ 6,860	$ 6,131
Loans charged-off:					
Commercial, financial and agricultural	$ 103	$ 70	$ 40	$ 62	$ 192
Real estate-construction	-	-	-	-	-
Real estate-mortgage	408	290	145	282	50
Installment loans to individuals	265	414	366	260	317
Total charge-offs	$ 776	$ 774	$ 551	$ 604	$ 559
Recoveries:					
Commercial, financial and agricultural	$ 15	$ 22	$ 16	$ 12	$ 13
Real estate-construction	-	-	-	-	-
Real estate-mortgage	42	4	67	49	110
Installment loans to individuals	119	98	99	84	90
Total recoveries	$ 176	$ 124	$ 182	$ 145	$ 213
Net loans charged-off	$ 600	$ 650	$ 369	$ 459	$ 346
Provision for loan losses	$ 2,020	$ 2,515	$ 2,570	$ 700	$ 1,075
Net additions due to acquisition	-	-	$ 1,101	-	-
Balance at end of period	$ 13,688	$ 12,268	$ 10,403	$ 7,101	$ 6,860
Ratios:					
Net charge-offs to average loans	0.06%	0.07%	0.05%	0.07%	0.06%
Allowance for loan losses to total loans at period end	1.40%	1.25%	1.17%	1.07%	1.14%

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

	2001		2000		1999		1998		1997	
	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
	(dollars in thousands)									
Commercial, financial, agricultural and real estate-farmland	$ 1,880	16.1%	$ 1,854	16.3%	$ 3,391	17.6%	$1,757	17.2%	$1,059	15.4%
Real estate-construction	-	8.6%	-	7.7%	-	5.9%	-	6.8%	-	5.2%
Real estate-mortgage	10,880	69.4%	9,051	70.8%	5,708	70.1%	4,380	70.6%	4,456	72.9%
Installment loans to individuals	811	5.9%	708	5.2%	1,293	6.4%	964	5.4%	1,045	6.5%
Unallocated	117	N/A	655	N/A	11	N/A	-	N/A	300	N/A
Total	$13,688	100%	$12,268	100%	$10,403	100%	$7,101	100%	$6,860	100%

This table indicates growth in the allowance for loan losses for real estate mortgages as of December 31, 2001 as compared to December 31, 2000. The increase in the allowance allocated to real estate mortgages is due primarily to two factors. The first factor contributing to this increase is the growth in non-accrual loans on which higher risk factors have been applied. The second factor contributing to this increase is the growth in the total of higher risk non-farm nonresidental mortgages relative to the balance of total real estate mortgage balances.

NON-PERFORMING LOANS

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

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

	Years ended December 31,				
	2001	2000	1999	1998	1997
	(dollars in thousands)				
Non-accrual loans	$1,265	$ 767	$1,220	$ 526	$ 628
Loans 90 days past due and still accruing	959	4,667	897	1,052	1,033
Restructured loans	-	-	-	-	-
Total non-performing loans	$2,224	$5,434	$2,117	$1,578	$1,661
Repossessed assets	$ 30	$ 230	$ 459	$ 320	$ 516
Other assets acquired in satisfaction of debts previously contracted	1	11	5	14	5
Total non-performing other assets	$ 31	$ 241	$ 464	$ 334	$ 521
Total non-performing loans and non-performing other assets	$2,255	$5,675	$2,581	$1,912	$2,182
Non-performing loans to loans, before allowance for loan losses	0.23%	0.55%	0.24%	0.24%	0.28%
Non-performing loans and non-performing other assets to loans, before allowance for loan losses	0.23%	0.58%	0.29%	0.29%	0.36%

On January 1, 1995, the Corporation adopted Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan," as amended by Statement No. 118, which requires loans to be considered impaired when, based on current information and events, it is probable the Corporation will not be able to collect all amounts due. The accrual of interest income on impaired loans is discontinued when there is reasonable doubt as to the borrower's ability to meet contractual payments of interest or principal. Interest income on these loans is recognized to the extent interest payments are received and the principal is considered fully collectible. For the years ended December 31, 2001, 2000, and 1999, no interest was recognized from impaired loans.

The gross interest income that would have been recorded in the years ended December 31, 2001, 2000 and 1999 if the non-accrual and restructured loans had been current in accordance with their original terms was $84,000, $41,000, and $31,000, respectively. The amount of interest collected on those loans that was included in interest income was $17,000 for the year ended December 31, 2001, $2,000 for the year ended December 31, 2000, and $0 for the year ended December 31, 1999.

POTENTIAL PROBLEM LOANS

Potential problem loans are those loans which are not categorized as impaired, non-accrual, past due or restructured, but where current information indicates that the borrower may not be able to comply with present loan repayment terms. Management assesses the potential for loss on such loans as it would with other problem loans and has considered the effect of any potential loss in determining its provision for possible loan losses. Potential problem loans totaled $889,000 at December 31, 2001. There are no other loans identified which management believes represent or result from trends or uncertainties which management reasonably expects will materially impact future operating results, liquidity or capital resources. There are no other credits identified about which management is aware of any information which causes management to have serious doubts as to the ability of such borrower(s) to comply with the loan repayment terms.

OTHER INTEREST-BEARING ASSETS

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

DEPOSITS

As indicated in the following table, average interest-bearing deposits as a percentage of average total deposits decreased to 89.3% for the year ended December 31, 2001, from 89.6% for the year ended December 31, 2000.

	December 31,								
	2001			2000			1999		
	(dollars in thousands)								
	Average Balance	% Total	Average Rate	Average Balance	% Total	Average Rate	Average Balance	% Total	Average Rate
Non-interest bearing demand deposits	$ 119,274	10.7%	-%	$ 107,882	10.4%	- %	$ 91,484	10.5%	-%
Interest bearing demand deposits	34,199	3.1%	2.15%	28,976	2.8%	2.86%	13,951	1.6%	2.01%
Savings/Money Market	449,874	40.5%	2.59%	411,262	39.6%	3.37%	390,781	44.9%	2.98%
Time deposits	508,400	45.7%	5.55%	489,779	47.2%	5.63%	373,563	43.0%	5.13%
Total	$1,111,747	100.0%	3.65%	$1,037,899	100.0%	4.07%	$869,779	100.0%	3.57%

Certificates of deposit of $100,000 and over and other time deposits of $100,000 and over at December 31, 2001, had the following maturities (dollars in thousands):

Under 3 months	$39,418
3 to 6 months	18,396
6 to 12 months	16,990
Over 12 months	16,513
Total	$91,317

SHORT-TERM BORROWINGS

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

	Federal funds purchased and securities sold under agreements to repurchase	Other short-term borrowings
	(dollars in thousands)	
2001		
Balance, December 31, 2001	$ 9,767	$ 2,000
Weighted average interest rate at end of period	5.68%	6.73%
Maximum outstanding at any month end	$18,126	$30,000
Average daily balance	$15,692	$14,985
Weighted average interest rate during period(1)	6.25%	7.39%
2000		
Balance, December 31, 2000	$18,890	$30,000
Weighted average interest rate at end of period	5.68%	8.29%
Maximum outstanding at any month end	$24,064	$82,120
Average daily balance	$29,504	$44,961
Weighted average interest rate during period(1)	5.94%	7.76%
1999		
Balance, December 31, 1999	$23,580	$48,327
Weighted average interest rate at end of period	5.68%	7.04%
Maximum outstanding at any month end	$42,931	$49,727
Average daily balance	$16,068	$15,510
Weighted average interest rate during period(1)	5.53%	5.96%

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

LIQUIDITY

Liquidity is the availability of funds to meet all present and future cash flow obligations arising in the daily operations of the business at a minimal cost. These financial obligations consist of needs for funds to meet extensions of credit, deposit withdrawals and debt servicing.

The sources of short-term liquidity utilized by the Corporation consist of asset maturities, sales, deposits and capital funds. Additional liquidity is provided by bank lines of credit, repurchase agreements and the ability to borrow from the Federal Reserve Bank and Federal Home Loan Bank. The Corporation does not deal in or use brokered deposits as a source of liquidity. 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.

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. Average liquid assets are shown in the table below:

LIQUID ASSETS

Average Balances	2001	2000	1999
	Years Ended December 31, (dollars in thousands)		
Federal funds sold	$30,142	$10,310	$10,723
Percentage of average total assets	2.30%	0.82%	1.04%

COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES

In June, 2001, First Busey Capital Trust I, a wholly owned subsidiary of the Corporation, issued $25,000,000 in cumulative trust preferred securities. The obligations of the trust are fully and unconditionally guaranteed, on a subordinated basis, by the Corporation. The trust preferred securities are mandatorily redeemable upon maturity and are callable beginning June 18, 2006. Proceeds from these trust preferred securities were used to reduce the Corporation's short-term debt associated with the acquisition of Eagle BancGroup and First Federal Savings & Loan Association.

RATE SENSITIVE ASSETS AND LIABILITIES

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

The following table sets forth the static rate-sensitivity analysis of the Corporation as of December 31, 2001:

	Rate Sensitive Within					
	1-30 Days	31-90 Days	91-180 Days	181 Days-1 Yr	Over 1 Yr	Total
	(dollars in thousands)					
Interest-bearing deposits	$ 269	$ -	$ -	$ -	$ -	$ 269
Federal funds sold	20,000	-	-	-	-	20,000
Investment securities						
U.S. Treasuries and Agencies	11,024	10,019	18,222	23,613	80,612	143,490
States and political subdivisions	1,237	775	61	2,033	39,661	43,767
Other securities	9,656	-	303	1,032	12,621	23,612
Loans (net of unearned interest)	348,487	82,131	77,907	127,372	342,209	978,106
Total rate-sensitive assets	$ 390,673	$ 92,925	$ 96,493	$ 154,050	$ 475,103	$1,209,244
Interest bearing transaction deposits	$ 48,241	$ -	$ -	$ -	$ -	$ 48,241
Savings deposits	94,868	-	-	-	-	94,868
Money market deposits	374,186	-	-	-	-	374,186
Time deposits	72,680	72,200	80,736	111,792	112,611	450,019
Short-term borrowings	3,150	1,900	2,600	2,650	1,467	11,767
Long-term debt	10,021	20,000	-	-	17,000	47,021
Company obligated mandatorily redeemable preferred securities	-	-	-	-	25,000	25,000
Total rate-sensitive liabilities	$ 603,146	$ 94,100	$ 83,336	$ 114,442	$ 156,078	$1,051,102
Rate-sensitive assets less rate-sensitive liabilities	$ (212,473)	$ (1,175)	$ 13,157	$ 39,608	$ 319,025	$ 158,142
Cumulative Gap	$ (212,473)	$ (213,648)	$ (200,491)	$ (160,883)	$ 158,142	
Cumulative amounts as a percentage of total rate-sensitive assets	-17.57%	-17.67%	16.58%	-13.30%	13.08%	
Cumulative Ratio	0.65	0.69	0.74	0.82	1.15	

The foregoing table shows a negative (liability sensitive) cumulative unadjusted gap of approximately $212 million in the 1-30 day repricing category. The gap report indicates that the cumulative gap is negative through one year. Beyond 90 days, the gap becomes asset sensitive as there are more rate sensitive assets than rate-sensitive liabilities repricing after 90 days. The composition of the gap structure at December 31, 2001 will benefit the Corporation more if interest rates increase during the next year by allowing the net interest margin to grow as asset rates would reprice more quickly than rates on rate-sensitive assets.

CAPITAL RESOURCES

Other than from the issuance of common stock, the Corporation's primary source of capital is net income retained by the Corporation. During the year ended December 31, 2001, the Corporation earned $15,653,000 and paid dividends of $7,007,000 to stockholders, resulting in a retention of current earnings of $8,646,000.

The Federal Reserve Board uses capital adequacy guidelines in its examination and regulation of bank holding companies and their subsidiary banks. Risk-based capital ratios are established by allocating assets and certain off-balance sheet commitments into four risk-weighted categories. These balances are then multiplied by the factor appropriate for that risk-weighted category. The guidelines require bank holding companies and their subsidiary banks to maintain a total capital to total risk-weighted asset ratio of not less than 8.00%, of which at least one half must be Tier 1 capital, and a Tier 1 leverage ratio of not less than 4.00%. As of December 31, 2001, the Corporation had a total capital to total risk-weighted asset ratio of 13.63%, a Tier 1 capital to risk-weighted asset ratio of 11.93% and a Tier 1 leverage ratio of 8.78%; the Corporation's bank subsidiary, Busey Bank, had ratios of 11.14%, 9.47%, and 7.62%, respectively; the Corporation's thrift subsidiary, Busey Bank Florida, had ratios of 41.50%, 40.25%, and 7.34%, respectively. As these ratios indicate, the Corporation and its bank subsidiaries exceed the regulatory capital guidelines.

REGULATORY CONSIDERATIONS

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

NEW ACCOUNTING PRONOUNCEMENTS

Accounting for Business Combinations In June, 2001, Statement on Financial Accounting Standards No. 141, "Business Combinations," was issued to address financial accounting and reporting for business combinations and supersedes APB Opinion No. 16 and Statement on Financial Accounting Standards No. 38. Statement No. 141 requires all business combinations in the scope of this statement to be accounted for using the purchase method. Statement No. 141 is effective for business combinations initiated after June 30, 2001 and all business combinations accounted for using the purchase method for which the acquisition date is July 1, 2001 or later.

Accounting for Goodwill and Other Assets Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets," was issued in June, 2001, by the Financial Accounting Standards Board. The standard addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, "Intangible Assets." It addresses how intangible assets should be accounted for at acquisition and in subsequent periods. Most significantly, goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment. Intangible assets that have finite useful lives will continue to be amortized over their useful lives. The Standard also provides specific guidance for testing goodwill for impairment and requires additional disclosures about goodwill and intangible assets.

The Standard is effective for fiscal years beginning after December 15, 2001. The Standard is required to be applied to the beginning of an entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. Impairment losses for goodwill and indefinite-lived intangible assets that arise due to the initial application of this Standard are to be reported as resulting from a change in accounting principle. The Corporation will apply Statement No. 142 beginning in the first quarter of 2002. Application of the nonamortization provisions of

Statement No. 142 is expected to result in an increase in net income of $933,000 ($.07 per share) per year. During 2002 the Corporation will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets, but has not yet determined what effect those tests will have on the earnings and financial position of the Corporation.

Accounting for Asset Retirement Obligations In June, 2001, Statement on Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations," was issued to address financial reporting and obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement applies to all entities and to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal operations of a long-lived asset, except for certain obligations of lessees. Statement No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Corporation does not believe the adoption of the Standard will have a material impact on the consolidated financial statements.

Accounting for the Impairment or Disposal of Long-Lived Assets In August 2001, Statement on Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued to supersede Statement No. 121, "Accounting for the Impairment and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." Statement No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The Corporation does not believe the adoption of the Standard will have a material impact on the consolidated financial statements.

EFFECTS OF INFLATION

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

C. SELECTED STATISTICAL INFORMATION

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

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

Consolidated Average Balance Sheets and Interest Rates

	Years Ended December 31,								
	2001			2000			1999		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
	(dollars in thousands)								
Assets									
Interest-bearing bank deposits	$ 13,721	$ 513	3.74%	$ 8,714	$ 228		$ 4,344	$ 105	2.42%
Federal funds sold	30,142	1,179	3.91%	10,310	627	6.08%	10,723	479	4.47%
Investment securities:									
U.S. Treasuries and Agencies	159,969	8,726	5.45%	162,526	9,434	5.80%	153,576	8,637	5.62%
Obligations of states and political subdivisions(1)	43,896	3,169	7.22%	40,833	3,129	7.66%	40,006	3,000	7.50%
Other securities	23,382	889	3.80%	19,623	995	5.07%	23,501	1,082	4.93%
Loans (net of unearned discount)(1),(2)	961,779	76,842	7.99%	937,239	80,146	8.55%	731,491	60,285	8.24%
Total interest-earning assets(1)	$1,232,889	$ 91,318	7.41%	$1,179,245	$ 94,559	8.02%	$ 963,641	$ 73,588	7.64%
Cash and due from banks	31,690			28,772			26,945		
Premises and equipment	30,283			30,399			25,437		
Allowance for loan losses	(12,774)			(11,077)			(7,777)		
Other assets	30,173			32,777			23,532		
Total assets	$1,312,261			$1,260,116			$1,031,778		
Liabilities and Stockholders' Equity									
Interest bearing transaction deposits	$ 34,199	$ 734	2.15%	$ 28,976	$ 830	2.86%	$ 13,951	$ 280	2.01%
Savings deposits	90,544	2,059	2.27%	91,750	2,794	3.05%	85,720	2,554	2.98%
Money market deposits	359,330	9,614	2.68%	319,512	11,073	3.47%	305,061	9,105	2.98%
Time deposits	508,400	28,207	5.55%	489,779	27,589	5.63%	373,563	19,146	5.13%
Short-term borrowings:									
Federal funds purchased and repurchase agreements	15,692	981	6.25%	29,504	1,752	5.94%	16,068	888	5.53%
Other	14,985	1,108	7.39%	44,961	3,491	7.76%	15,510	924	5.96%
Long-term debt	47,703	2,532	5.31%	53,240	2,947	5.54%	36,505	2,023	5.54%
Company obligated mandatorily redeemable preferred securities	13,333	1,200	9.00%	-	-		-	-	
Total interest-bearing liabilities	$1,084,186	$ 46,435	4.28%	$1,057,722	$ 50,476	4.77%	$ 846,378	$ 34,920	4.13%
Net interest spread			3.13%			3.25%			3.51%
Demand deposits	119,274			107,882			91,484		
Other liabilities	9,746			9,628			8,425		
Stockholders' equity	99,055			84,884			85,491		
Total liabilities and stockholders' equity	$1,312,261			$1,260,116			$1,031,778		
Interest income/earning assets(1)	$1,232,889	$ 91,318	7.41%	$1,179,245	$ 94,559	8.02%	$ 963,641	$ 73,588	7.64%
Interest expense/earning assets	$1,232,889	$ 46,435	3.77%	$1,179,245	$ 50,476	4.28%	$ 963,641	$ 34,920	3.62%
Net interest margin(1)		$ 44,883	3.64%		$ 44,083	3.74%		$ 38,668	4.02%

(1) On a tax equivalent basis, assuming a federal income tax rate of 35%
(2) Non-accrual loans have been included in average loans, net of unearned discount

Changes In Net Interest Income

	Years Ended December 31, 2001, 2000, and 1999					
	Year 2001 vs 2000 Change due to(1)			Year 2000 vs 1999 Change due to(1)		
	Average Volume	Average Yield/Rate	Total Change	Average Volume	Average Yield/Rate	Total Change
	(dollars in thousands)					
Increase (decrease) in interest income:						
Interest-bearing bank deposits	$ 163	$ 122	$ 285	$ 114	$ 9	$ 123
Federal funds sold	678	(126)	552	($18)	166	148
Investment securities:						
U.S. Treasuries and Agencies	(147)	(561)	(708)	514	283	797
States and political subdivisions(2)	175	(135)	40	63	66	129
Other securities	346	(452)	(106)	(226)	139	(87)
Loans(2)	2,190	(5,494)	(3,304)	17,519	2,342	19,861
Change in interest income(2)	$ 3,405	$ (6,646)	$(3,241)	$ 18,044	$ 2,927	$20,971
Increase (decrease) in interest expense:						
Interest bearing transaction deposits	$ 245	$ (341)	$ (96)	$ 394	$ 156	$ 550
Savings deposits	(36)	(699)	(735)	183	57	240
Money market deposits	1,759	(3,218)	(1,459)	447	1,521	1,968
Time deposits	1,023	(405)	618	6,404	2,039	8,443
Federal funds purchased and repurchase agreements	(869)	98	(771)	793	71	864
Other	(2,223)	(160)	(2,383)	2,213	354	2,567
Long-term debt	(742)	327	(415)	926	(2)	924
Company obligated mandatorily redeemable preferred securities	1,200	-	1,200	-	-	-
Change in interest expense	$ 357	$ (4,398)	$(4,041)	$ 11,360	$ 4,196	$15,556
Increase (decrease) in net interest income(2)	$ 3,048	$ (2,248)	$ 800	$ 6,606	$ (1,191)	$ 5,415
Percentage increase in net interest income over prior period			1.8%			14.0%

(1) Changes due to both rate and volume have been allocated proportionally
(2) On a tax equivalent basis, assuming a federal income tax rate of 35%

FORWARD LOOKING STATEMENTS

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

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. First Busey 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 First Busey to successfully complete acquisitions, the continued growth in the geographic area in which the banking subsidiaries operate, and the retention of individuals who currently are very important in the management structure of First Busey.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

The asset-liability committees use gap analysis to identify mismatches in the dollar value of assets and liabilities subject to repricing within specific time periods. The Funds Management Policy established by the asset liability committees and approved by the Corporation's Board of Directors establishes guidelines for maintaining the ratio of cumulative rate-sensitive assets to rate-sensitive liabilities within prescribed ranges at certain intervals. A summary of the Corporation's gap analysis is summarized on page 21.

The committees do not rely solely on gap analysis to manage interest-rate risk as interest rate changes do not impact all categories of assets and liabilities equally or simultaneously. The asset-liability committees supplement gap analysis with balance sheet and income simulation analysis to determine the potential impact on net interest income of changes in market interest rates. In these simulation models the balance sheet is projected out over a one-year period and net interest income is calculated under current market rates, and then assuming permanent instantaneous shifts in the yield curve of +/- 100 basis points, 175 basis points and + 200 basis points. Management measure such changes assuming immediate and sustained shifts in the Federal funds rate of 100 and 200 basis points, both upward and downward, and the corresponding shifts in other rate indices based on their historical changes relative to changes in the Federal funds rate. The model assumes asset and liability balances remain constant at December 31, 2001 balances. The model uses repricing frequency on all variable-rate assets and liabilities. The model also uses a historical decay rate on all fixed-rate core deposit balances. Prepayment speeds on loans have been adjusted up and down to incorporate expected prepayment in both a rising and declining rate environment. Utilizing this measurement concept the interest rate risk of the Corporation, expressed as a change in net interest income as a percentage of the net income calculated in the constant base model, due to changes in interest rates at December 31, 2001, was as follows:

	Basis Point Changes			
	-175	-100	+100	+200
Percentage change in net interest income due to an immediate change in interest over a one-year period	2.10%	1.51%	(0.27%)	(0.63%)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements are presented beginning on page 32.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Directors of the Registrant. Incorporated by reference is the information set forth on pages 4-6 of the 2001 Proxy Statement.

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

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference is the information set forth on pages 9-11 of the 2001 Proxy Statement (except the information set forth in the sections "Report of the Compensation Committee on Executive Compensation").

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference is the information set forth on page 8 of the 2001 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference is the information set forth on page 13 of the 2001 Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

EXHIBITS

Exhibit Number	Description of Exhibit	Sequentially Numbered Page
3.1	Certificate of Incorporation of First Busey Corporation (filed as Appendix B to First Busey's definitive proxy statement filed with the Commission on April 5, 1993 (Commission File No. 0-15950), and incorporated herein by reference)	
3.2	By-Laws of First Busey Corporation (filed as Appendix C to First Busey's definitive proxy statement filed with the Commission on April 5, 1993 (Commission File No. 0-15950), and incorporated herein by reference)	
10.1	First Busey Corporation 1993 Restricted Stock Award Plan (filed as Appendix E to First Busey's definitive proxy statement filed with the Commission on April 5, 1993 (Commission File No. 0-15950), and incorporated herein by reference)	
10.3	First Busey Corporation Profit Sharing Plan and Trust (filed as Exhibit 10.3 to First Busey's Registration Statement on Form S-1 (Registration No. 33-13973), and incorporated herein by reference)	
10.4	Mortgage on County Plaza Building (filed as Exhibit 10.4 to First Busey's Registration Statement on Form S-1 (Registration No. 33-13973), and incorporated herein by reference)	
10.7	First Busey Corporation Employee Stock Ownership Plan (filed as Exhibit 10.7 to First Busey's Annual Report on Form 10-K for the fiscal year ended December 31, 1988 (Registration No. 2-66201), and incorporated herein by reference)	
10.8	First Busey Corporation 1988 Stock Option Plan (filed as Exhibit 10.8 to First Busey's Annual Report on Form 10-K for the fiscal year ended December 31, 1988 (Registration No. 2-66201), and incorporated herein by reference)	
10.9	First Busey Corporation 1999 Stock Option Plan (filed as Appendix B to First Busey's definitive proxy statement filed with the Commission on March 25, 1999 (Commission File No. 0-15950), and incorporated herein by reference)	
21.1	List of Subsidiaries of First Busey Corporation	
23.1	Consent of Independent Public Accountants	

FINANCIAL STATEMENT SCHEDULES

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

FIRST BUSEY CORPORATION INDEX TO FINANCIAL STATEMENTS

REPORTS ON FORM 8-K

No reports on Form 8-K have been filed for or on behalf of First Busey Corporation during the last quarter of 2001. On April 17, 2001, the Corporation filed a report on Form 8-K dated April 16, 2001, relating to Vision 2010, First Busey Corporation's strategic plan, which was presented at the Corporation's annual shareholder meeting held April 16, 2001.

FORM S-8 UNDERTAKING

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

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Urbana, Illinois on March 16, 2001.

FIRST BUSEY CORPORATION
BY //DOUGLAS C. MILLS//

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 16, 2001.

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

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001, 2000 AND 1999

FIRST BUSEY CORPORATION AND SUBSIDIARIES

CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheets of FIRST BUSEY CORPORATION AND SUBSIDIARIES as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FIRST BUSEY CORPORATION AND SUBSIDIARIES as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

//McGladrey & Pullen, LLP//

Champaign, Illinois
February 8, 2002

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000

	2001	2000
	(Dollars in thousands)	
ASSETS		
Cash and due from banks	$ 41,580	$ 58,585
Federal funds sold	20,000	34,700
Securities available for sale	210,869	228,597
Loans held for sale (fair value 2001 $22,069; 2000 $5,568)	21,884	5,492
Loans (net of allowance for loan losses 2001 $13,688; 2000 $12,268)	942,534	966,609
Premises and equipment	29,081	31,253
Goodwill and other intangibles	10,504	12,255
Other assets	24,237	17,553
TOTAL ASSETS	$1,300,689	$1,355,044
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest bearing	$ 138,685	$ 134,669
Interest bearing	967,314	1,014,118
TOTAL DEPOSITS	1,105,999	1,148,787
Securities sold under agreements to repurchase	9,767	18,890
Short-term borrowings	2,000	30,000
Long-term debt	47,021	55,259
Company obligated mandatorily redeemable preferred securities	25,000	-
Other liabilities	5,112	9,783
TOTAL LIABILITIES	1,194,899	1,262,719
Stockholders' Equity		
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	-	-
Common stock, no par value, authorized 40,000,000 shares; 14,154,706 shares issued	6,291	6,291
Surplus	21,170	22,044
Retained earnings	81,861	73,215
Accumulated other comprehensive income	8,128	5,917
TOTAL STOCKHOLDERS' EQUITY BEFORE TREASURY STOCK, UNEARNED ESOP SHARES AND DEFERRED COMPENSATION FOR RESTRICTED STOCK AWARDS	117,450	107,467
Treasury stock, at cost, 477,018 shares 2001; 703,526 shares 2000	(9,639)	(12,858)
Unearned ESOP shares and deferred compensation for restricted stock awards	(2,021)	(2,284)
TOTAL STOCKHOLDERS' EQUITY	105,790	92,325
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,300,689	$1,355,044

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000	1999
	(Dollars in thousands, except per share amounts)		
Interest income:			
Loans	$76,618	$79,924	$60,058
Securities			
Taxable interest income	10,011	10,531	9,699
Nontaxable interest income	2,060	2,034	1,950
Dividends	117	126	125
Federal funds sold	1,179	627	479
TOTAL INTEREST INCOME	89,985	93,242	72,311
Interest expense:			
Deposits	40,614	42,286	31,085
Short-term borrowings	2,089	5,243	1,812
Long-term debt	2,532	2,947	2,023
Company obligated mandatorily redeemable preferred securities	1,200	-	-
TOTAL INTEREST EXPENSE	46,435	50,476	34,920
NET INTEREST INCOME	43,550	42,766	37,391
Provision for loan losses	2,020	2,515	2,570
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	41,530	40,251	34,821
Other income:			
Service charges on deposit accounts	6,121	5,341	3,798
Trust fees	4,607	4,364	4,013
Commissions and brokers' fees, net	2,162	1,901	1,472
Other service charges and fees	1,667	2,075	2,302
Security gains, net	1,285	737	1,035
Trading security (losses), net	-	-	(27)
Gain on sales of loans	2,296	1,112	895
Net commissions from travel services	864	922	990
Other	2,458	1,836	1,714
TOTAL OTHER INCOME	21,460	18,288	16,192
Other expenses:			
Salaries and wages	17,624	16,192	14,758
Employee benefits	3,442	2,888	2,807
Net occupancy expense of premises	3,110	3,115	2,690
Furniture and equipment expenses	3,847	3,614	3,320
Data processing	799	1,142	838
Amortization and impairment of intangible assets	1,751	2,288	1,166
Stationery, supplies and printing	1,016	1,029	986
Other	7,385	6,981	6,498
TOTAL OTHER EXPENSES	38,974	37,249	33,063
INCOME BEFORE INCOME TAXES	24,016	21,290	17,950
Income taxes	8,363	7,237	5,402
NET INCOME	$15,653	$14,053	$12,548
Basic earnings per share	$ 1.16	$ 1.05	$ 0.92
Diluted earnings per share	$ 1.15	$ 1.03	$ 0.90

See Accompanying Notes to Consolidated Financial Statements.

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

(Dollars in thousands except per share amounts)

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Unearned ESOP Shares
Balance, December 31, 1998	6,291	21,283	59,028	6,799	(5,865)	(400)
Comprehensive Income:						
Net Income	-	-	12,548	-	-	-
Other comprehensive income, net of tax:						
Unrealized losses on securities available for sale arising during the period, net of taxes of ($1,879)	-	-	-	-	-	-
Reclassification adjustment, net of taxes of ($411)	-	-	-	-	-	-
Other comprehensive income, net of taxes of ($2,290)	-	-	-	(4,725)	-	-
Comprehensive Income	-	-	-	-	-	-
Purchase of 276,409 shares for the treasury	-	-	-	-	(5,850)	-
Issuance of 97,280 shares of treasury stock for option exercise and related tax benefit	-	336	-	-	835	-
Issuance of 13,000 shares of treasury stock to benefit plans	-	131	-	-	109	-
Cash dividends:						
Common stock at $.44 per share	-	-	(6,004)	-	-	-
Principal payments on employee stock ownership plan debt	-	-	-	-	-	150
Proceeds from employee stock ownership plan debt	-	-	-	-	-	(2,370)
Forfeiture of restricted stock issued under restricted stock award plan	-	-	-	-	(2)	-
Amortization of restricted stock issued under restricted stock award plan	-	-	-	-	-	-
Balance, December 31, 1999	$ 6,291	$ 21,750	$ 65,572	$ 2,074	$ (10,773)	$ (2,620)

(Dollars in thousands except per share amounts)

	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 1998	(33)	87,103
Comprehensive Income:		
Net Income	-	12,548
Other comprehensive income, net of tax:		
Unrealized losses on securities available for sale arising during the period, net of taxes of ($1,879)	-	(4,101)
Reclassification adjustment, net of taxes of ($411)	-	(624)
Other comprehensive income, net of taxes of ($2,290)	-	(4,725)
Comprehensive Income	-	7,823
Purchase of 276,409 shares for the treasury	-	(5,850)
Issuance of 97,280 shares of treasury stock for option exercise and related tax benefit	-	1,171
Issuance of 13,000 shares of treasury stock to benefit plans	-	240
Cash dividends:		
Common stock at $.44 per share	-	(6,004)
Principal payments on employee stock ownership plan debt	-	150
Proceeds from employee stock ownership plan debt	-	(2,370)
Forfeiture of restricted stock issued under restricted stock award plan	2	-
Amortization of restricted stock issued under restricted stock award plan	21	21

Balance, December 31, 1999	$ (10)	$82,284

(continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

(Dollars in thousands except per share amounts)

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Unearned ESOP Shares
Balance, December 31, 1999	$ 6,291	$ 21,750	$ 65,572	$ 2,074	$ (10,773)	$ (2,620)
Comprehensive income:						
Net income	-	-	14,053	-	-	-
Other comprehensive income, net of tax:						
Unrealized gains on securities available for sale arising during period, net of taxes of $2,811	-	-	-	-	-	-
Reclassification adjustment, net of taxes of ($292)	-	-	-	-	-	-
Other comprehensive income, net of taxes of $2,519	-	-	-	3,843	-	-
Comprehensive income	-	-	-	-	-	-
Purchase of 118,479 shares for the treasury	-	-	-	-	(2,385)	-
Issuance of 20,000 shares of treasury stock for acquisition of customer list	-	205	-	-	195	-
Issuance of 10,150 shares of treasury stock for bonus compensation program	-	83	-	-	98	-
Issuance of 700 shares of treasury stock for restricted stock grants	-	6	-	-	7	-
Cash dividends:						
Common stock $.48 per share	-	-	(6,410)	-	-	-
Principal payments on employee stock ownership plan debt	-	-	-	-	-	337
Release of restricted stock issued under restricted stock award plan	-	-	-	-	-	-
Balance, December 31, 2000	$ 6,291	$ 22,044	$ 73,215	$ 5,917	$ (12,858)	$ (2,283)

(Dollars in thousands except per share amounts)

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

(continued)

(Dollars in thousand except per share amounts)

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

(Dollars in thousand except per share amounts)

	Deferred Compensation for Restricted Stock Awards	Total
Balance, December 31, 2000	(1)	92,325
Comprehensive Income:		
Net Income	-	15,653
Other comprehensive income, net of tax:		
Unrealized gains on securities available for sale arising during the period, net of taxes of $1,963	-	2,986
Reclassification adjustment, net of taxes of ($510)	-	(775)
Other comprehensive income, net of taxes of $1,453	-	2,211
Comprehensive Income	-	17,864
Purchase of 168,734 shares for the treasury	-	(3,237)
Issuance of 369,000 shares of treasury stock for option exercise and related tax benefit	-	5,068
Issuance of 22,756 shares of treasury stock to benefit plans	-	462
Issuance of 3,236 shares of treasury stock for bonus compensation program	-	65
Issuance of 250 shares of treasury stock for restricted stock grants	(5)	-
Cash dividends:		
Common stock at $.52 per share	-	(7,007)
Principal payments on employee stock ownership plan debt	-	244
Release of restricted stock issued under restricted stock award plan	6	6

Balance, December 31, 2001	$ -	$105,790

See Accompanying Notes to Consolidated Financial Statements

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000	1999
	(Dollars in thousands)		
Cash Flows from Operating Activities			
Net income	$ 15,653	$ 14,053	$ 12,548
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation	65	181	-
Depreciation and amortization	5,724	6,052	4,501
Provision for loan losses	2,020	2,515	2,570
Non-cash ESOP adjustment	(18)	-	-
Provision for deferred income taxes	(407)	287	(737)
Stock dividends	(403)	-	-
Accretion of security discounts, net	(819)	(340)	(161)
Gain on sales of securities, net	(1,285)	(737)	(1,035)
Proceeds from sales of loans	260,797	65,828	90,058
Loan originated for sale	(274,893)	(64,718)	(81,937)
Gain on sales of loans, net	(2,296)	(1,112)	(895)
Loss on sales and dispositions of premises and equipment	388	16	122
Change in assets and liabilities:			
Decrease (increase) in other assets	3,506	(22)	(2,782)
(Decrease) increase in other liabilities	(5,877)	341	(507)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,155	22,344	21,745
Cash Flows from Investing Activities			
Securities available for sale:			
Purchases	(125,173)	(68,198)	(129,587)
Proceeds from sales	9,105	18,157	62,828
Proceeds from maturities	139,967	53,929	102,234
Decrease (increase) in federal funds sold	14,700	(21,200)	(10,098)
Decrease (increase) in loans	22,025	(98,649)	(117,111)
Purchases of premises and equipment	(2,380)	(6,993)	(4,039)
Proceeds from sales of premises and equipment	197	732	43
Investment in life insurance	(10,000)	-	-
Purchase of subsidiaries, net of cash and due from banks acquired	-	-	(20,456)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	48,441	(122,222)	(116,186)

(continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000	1999
	(Dollars in thousands)		
Cash Flows from Financing Activities			
Net (decrease) increase in certificates of deposit	$(95,849)	$ 62,688	$ 49,769
Net increase in demand deposits, money market and savings accounts	53,061	58,118	19,380
Net (decrease) increase in federal funds purchased and securities sold under agreements to repurchase	(9,123)	(4,690)	23,580
Proceeds from short-term borrowings	4,500	55,925	42,357
Principal payments on short-term borrowings	(32,500)	(71,632)	(2,150)
Proceeds from long-term debt	18,000	18,000	11,000
Principal payments on long-term debt	(25,976)	(20,873)	(4,974)
Proceeds from issuance of trust preferred securities	25,000	-	-
Cash dividends paid	(7,007)	(6,410)	(6,004)
Purchase of treasury stock	(3,237)	(2,385)	(5,850)
Proceeds from sales of treasury stock	5,530	-	1,411
Net cash (used in) provided by financing activities	(67,601)	88,741	128,519
Net (decrease) increase in cash and due from banks	(17,005)	(11,137)	34,078
Cash and due from banks, beginning	58,585	69,722	35,644
Cash and due from banks, ending	$ 41,580	$ 58,585	$ 69,722
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash payments for:			
Interest	$ 49,332	$ 48,546	$ 34,321
Income taxes	$ 8,297	$ 5,921	$ 6,395

(Continued)

FIRST BUSEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000	1999
	(Dollars in thousands)		
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Other real estate acquired in settlement of loans	$ 30	$ 316	$ 360
Principal payments on ESOP debt	$ 262	$ 337	$ 150
Proceeds from ESOP debt	$ -	$ -	$ 2,370
Customer list acquired in exchange for common stock	$ -	$ 400	$ -
Purchase of Subsidiary:			
Purchase price	$ -	$ -	$ 27,075
Assets acquired:			
Cash and due from banks	$ -	$ -	$ 6,619
Federal funds sold	-	-	3,402
Securities available for sale	-	-	48,349
Loans held for sale	-	-	1,450
Loans	-	-	112,696
Premises and equipment	-	-	3,852
Other assets	-	-	10,443
Liabilities assumed:			
Deposits	-	-	(132,128)
Long-term debt	-	-	(24,823)
Other liabilities	-	-	(2,785)
	$ -	$ -	$ 27,075

See Accompanying Notes to Consolidated Financial Statements.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Description of business:

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

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

Basis of consolidation

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

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

Use of estimates

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

Trust assets

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

Cash flows

For purposes of reporting cash flows, cash and due from banks include cash on hand and amounts due from banks. Cash flows from federal funds purchased and sold are reported net, since their original maturities are less than three months.

Securities

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

Securities purchased with the intent to earn a profit by trading or reselling them in a short period of time are classified as trading securities and are carried at fair value. Realized and unrealized gains and losses are included in income. At December 31, 2001 and 2000, there were no securities classified in this category.

Loans

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

Loan origination and commitment fees and certain direct loan origination costs are deferred and the net amount amortized as an adjustment of the related loan's yield. The Corporation is generally amortizing these amounts over the contractual life.

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

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

Allowance for loan losses

The allowance for loan losses is established through a provision for loan losses charged to operating expense. Loan losses are charged againsed the allowance when management believes the loans are uncollectible. Subsequent recoveries, if any, are credited to the allowance. The allowance is based upon continuous credit reviews of the loan portfolio and considers changes in the nature and volume of the loan portfolio, overall portfolio quality, loan concentrations, specific problem loans, current and anticipated economic conditions that may affect the borrowers' ability to pay, historical loan loss experience and other factors, which, in management's opinion, deserve current recognition in estimating loan losses.

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

Loans held for sale

Loans held for sale consist of fixed rate mortgage loans conforming to established guidelines and held for sale to investors and the secondary mortgage market. Loans held for sale are carried at the lower of aggregate cost or estimated fair value.

Loan servicing

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

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

Premises and equipment

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

Other real estate owned

Other real estate owned (OREO) represents properties acquired through foreclosure or other proceedings in settlement of loans. OREO is held for sale and is recorded at the date of foreclosure at the fair value of the properties less estimated costs of disposal. Any write-down to fair value at the time of transfer to OREO is charged to the allowance for loan losses. Property is evaluated regularly to ensure the recorded amount is supported by its current fair value, and valuation allowances to reduce the carrying amount to fair value less estimated costs to dispose are recorded as necessary.

Intangible assets

Costs in excess of the estimated fair value of identifiable net assets acquired consist primarily of goodwill, core deposit intangible and other identifiable intangible assets. Goodwill is amortized on a straight-line basis over periods not to exceed 25 years. Core deposit and other identifiable intangible assets are amortized on an accelerated basis over the estimated period benefited up to 10 years. Intangible assets, net of accumulated amortization were approximately $10,504,000 and $12,255,000 as of December 31, 2001 and 2000, respectively. Total amortization expense was approximately $1,751,000, $2,288,000 and $1,166,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

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

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

Income taxes

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

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

RECLASSIFICATIONS

Certain reclassifications have been made to the balances as of and for the year ended December 31, 2000 to be consistent with the classifications adopted as of and for the year ended December 31, 2001.

Earnings per share

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

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

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

	December 31,		
	2001	2000	1999
Net income available to common shareholders	15,653,000	14,053,000	12,548,000
Basic average common shares outstanding	13,486,688	13,356,197	13,597,122
Dilutive potential due to stock options	135,300	246,995	317,492
Average number of common shares and dilutive potential common shares outstanding	13,621,988	13,603,192	13,914,614
Basic net income per share	$ 1.16	$ 1.05	$ 0.92
Diluted net income per share	$ 1.15	$ 1.03	$ 0.90

Recent accounting pronouncements

Accounting for Business Combinations In June 2001, Statement on Financial Accounting Standards No. 141, "Business Combinations," was issued to address financial accounting and reporting for business combinations and supersedes APB Opinion No. 16 and Statement on Financial Accounting Standards No. 38. Statement No. 141 requires all business combinations in the scope of this statement to be accounted for using the purchase method. Statement No. 141 is effective for business combinations initiated after June 30, 2001 and all business combinations accounted for using the purchase method for which the acquisition date is July 1, 2001 or later.

Accounting for Goodwill and Other Assets Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets," was issued in June 2001 by the Financial Accounting Standards Board. The standard addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, "Intangible Assets." It addresses how intangible assets should be accounted for at acquisition and in subsequent periods. Most significantly, goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment. Intangible assets that have finite useful lives will continue to be amortized over their useful lives. The Standard also provides specific guidance for testing goodwill for impairment and requires additional disclosures about goodwill and intangible assets.

The Standard is effective for fiscal years beginning after December 15, 2001. The Standard is required to be applied to the beginning of an entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. Impairment losses for goodwill and indefinite-lived intangible assets that arise due to the initial application of this Standard are to be reported as resulting from a change in accounting principle. The Corporation will apply Statement No. 142 beginning in the first quarter of 2002. Application of the nonamortization provisions of Statement No. 142 is expected to result in an increase in net income of $933,000 ($.07 per share) per year. During 2002, the Corporation will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets, but has not yet determined what effect those tests will have on the earnings and financial position of the Corporation.

Accounting for Asset Retirement Obligations In June 2001, Statement on Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations," was issued to address financial reporting and obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement applies to all entities and to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal operations of a long-lived asset, except for certain obligations of lessees. Statement No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Corporation does not believe the adoption of the Standard will have a material impact on the consolidated financial statements.

Accounting for the Impairment or Disposal of Long-Lived Assets In August 2001, Statement on Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued to supersede Statement No. 121, "Accounting for the Impairment and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." Statement No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The Corporation does not believe the adoption of the Standard will have a material impact on the consolidated financial statements.

Comprehensive income

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

NOTE 2. BUSINESS COMBINATIONS

On October 29, 1999, the Corporation acquired all the outstanding common stock of Eagle BancGroup, Inc. and its subsidiary Busey Bank, fsb, an $184,000,000 thrift located in Bloomington, Illinois. This acquisition 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 $27,075,000 was allocated based upon the fair value of the assets acquired. The excess of the total acquisition cost over the fair value of the net assets acquired of $8,903,000 is being amortized over periods up to twenty years using the straight-line method.

NOTE 3. CASH AND DUE FROM BANKS

The Corporation's banking and thrift subsidiaries are required to maintain certain cash reserve balances with the Federal Reserve Bank of Chicago, which may be offset by cash on hand. The required reserve balances as of December 31, 2001 and 2000 were approximately $8,464,000 and $6,103,000, respectively.

In October 1997, the Corporation's bank subsidiary established a clearing balance requirement of $2,000,000 with the Federal Reserve Bank of Chicago to use Federal Reserve Bank services. As of December 31, 2001 and 2000, the clearing balance requirement was $2,750,000. These deposited funds generate earnings credits at market rates which offset service charges resulting from the use of Federal Reserve Bank services. The clearing balance requirement is included in the required reserve balance referred to above and may be increased, or otherwise adjusted, on approval of the Federal Reserve Bank based on estimated service charges; however, such adjustments will be made no more frequently than once per month.

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

NOTE 4. SECURITIES

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

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
December 31, 2000:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$162,311	$ 720	$145	$162,886
Obligations of states and political subdivisions	42,612	788	203	43,197
Corporate securities	5,076	42	75	5,043
	209,999	1,550	423	211,126
Mutual funds and other equity securities	8,791	8,686	6	17,471
	$218,790	$10,236	$429	$228,597

The amortized cost and fair value of securities, other than equity securities, as of December 31, 2001, by contractual maturity, are shown below.

	Amortized Cost	Fair Value
	(Dollars in thousands)	
Due in one year or less	$ 56,209	$ 57,195
Due after one year through five years	105,244	108,052
Due after five years through ten years	24,016	24,361
Due after ten years	3,171	3,203
	$188,640	$192,811

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

	For the Years Ended December 31,		
	2001	2000	1999
Gross security gains	$1,285	$ 973	$1,060
Gross security losses	-	(236)	(25)
NET SECURITY GAINS	$1,285	$ 737	$1,035

The tax provisions for these net realized gains and losses amounted to $510,000, 292,000,and $411,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

Investment securities with carrying values of $139,120,000 and $178,117,000 on December 31, 2001 and 2000, respectively, were pledged as collateral on public deposits, to secure securities sold under agreements to repurchase and for other purposes as required or permitted by law.

NOTE 5. LOANS

The composition of loans is as follows:

	December 31, 2001	December 31, 2000
	(Dollars in thousands)	
Commercial	$121,694	$124,052
Real estate construction	83,701	75,672
Real estate - farmland	14,414	15,411
Real estate - 1 to 4 family residential mortgage	349,270	398,734
Real estate - multifamily mortgage	54,265	61,954
Real estate - non-farm nonresidential mortgage	253,932	231,230
Installment	57,924	50,980
Agricultural	21,022	20,844
	956,222	978,877
Less:		
Allowance for loan losses	13,688	12,268
NET LOANS	$942,534	$966,609

The loan portfolio includes a concentration of loans for commercial real estate amounting to approximately $308,197,000 and $293,184,000 as of December 31, 2001 and 2000, respectively. Generally these loans are collateralized by assets of the borrowers. The loans are expected to be repaid from cash flows or from proceeds from the sale of selected assets of the borrowers. Credit losses arising from lending transactions for commercial real estate entities are comparable with the Corporation's credit loss experience on its loan portfolio as a whole.

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

The following table presents data on impaired loans:

	2001	2000	1999
	(Dollars in thousands)		
Impaired loans for which an allowance has been provided	$ -	$ -	$ -
Impaired loans for which no allowance has been provided	$ 656	$ 92	$ 246
Total loans determined to be impaired	$ 656	$ 92	$ 246
Allowance for loan loss for impaired loans included in the allowance for loan losses	$ -	$ -	$ -
Average recorded investment in impaired loans	$ 390	$ 170	$ 203
Interest income recognized from impaired loans	$ 9	$ -	$ -
Cash basis interest income recognized from impaired loans	$ 9	$ -	$ -

NOTE 6. SERVICING

The amount of loans serviced by the Corporation for the benefit of others is not included in the accompanying consolidated balance sheets. The unpaid principal balances of these loans were $273,225,000, $184,419,000 and $212,600,000 as of December 31, 2001, 2000 and 1999, respectively.

The balance of capitalized servicing rights included in other assets at December 31, 2001 and 2000, was $913,000 and $420,000, respectively. The following summarizes mortgage servicing rights capitalized and amortized:

	For the Years Ended December 31,		
	2001	2000	1999
Mortgage servicing rights capitalized	$ 961	$ 133	$ 389
Mortgage servicing rights amortized	$ 468	$ 212	$ 15

NOTE 7. ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses were as follows:

	Years Ended December 31,		
	2001	2000	1999
	(Dollars in thousands)		
Balance, beginning of year	$ 12,268	$ 10,403	$ 7,101
Allowance associated with acquisition	-	-	1,101
Provision for loan losses	2,020	2,515	2,570
Recoveries applicable to loan balances previously charged off	176	124	182
Loan balances charged off	(776)	(774)	(551)
Balance, ending of year	$ 13,688	$ 12,268	$ 10,403

NOTE 8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2001	2000
	(Dollars in thousands)	
Land	$ 7,101	$ 7,101
Buildings and improvements	31,427	30,999
Furniture and equipment	18,352	18,945
	56,880	57,045
Less accumulated depreciation	27,799	25,792
	$ 29,081	$ 31,253

Depreciation expense was $3,967,000, $3,742,000 and $3,314,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

NOTE 9. DEPOSITS

The aggregate amount of time deposits with a minimum denomination of $100,000 was approximately $91,317,000 and $167,357,000 at December 31, 2001 and 2000, respectively.

As of December 31, 2001, the scheduled maturities of certificates of deposit, in thousands, are as follows:

2002	$332,229
2003	66,749
2004	21,688
2005	13,489
2006	15,660
Thereafter	204
	$450,019

NOTE 10. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

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

NOTE 11. SHORT-TERM BORROWINGS

Short-term borrowings are summarized as follows:

	December 31, 2001	December 31, 2000
	(Dollars in thousands)	
Notes payable, American National Bank of Chicago, interest payable quarterly:		
$10,000,000 line of credit, at one-year LIBOR plus 1.40% (effective rate of 6.72875% at December 31, 2001), due January 18, 2002, collateralized by all of the common stock of Busey Bank and Busey Bank Florida	1,000	-
$10,000,000 line of credit, at one-year LIBOR plus 1.40% (effective rate of 8.29375% at December 31, 2000), due January 19, 2001, collateralized by all of the common stock of Busey Bank and Busey Bank Florida	-	3,000
$25,000,000 line of credit, at one-year LIBOR plus 1.40% (effective rate of 6.72875% at December 31, 2000), due January 18, 2002, collateralized by all of the common stock of Busey Bank and Busey Bank Florida	1,000	-
$27,000,000 line of credit, at one-year LIBOR plus 1.40% (effective rate of 8.29375% at December 31, 2001), due January 19, 2001, collateralized by all of the common stock of Busey Bank and Busey Bank Florida	-	27,000
	$ 2,000	$ 30,000

NOTE 12. LONG-TERM BORROWINGS

Long-term borrowings are summarized as follows:

	December 31, 2001	December 31, 2000
	(Dollars in thousands)	
Notes payable, Federal Home Loan Bank of Chicago, collateralized by all unpledged U.S. Treasury and U.S. Agency securities, first mortgages on 1-4 family residential real estate and Federal Home Loan Bank of Chicago stock		
Fixed rate at 5.30%, monthly installment of interest through January 16, 2008, balance due January 16, 2008, redeemable by issuer on January 16, 2003	$ 5,000	$ 5,000
Fixed rate at 5.01%, monthly installment of interest through February 17, 2008, balance due February 17, 2008, redeemable by issuer on February 17, 2001 and quarterly thereafter	10,000	10,000
Fixed rate at 5.55%, monthly installment of interest through September 3, 2003, balance due September 3, 2003	5,000	5,000
Fixed rate at 5.49%, monthly installment of interest through February 19, 2004, balance due February 19, 2004	5,000	5,000
Fixed rate at 4.95%, monthly installment of interest through January 16, 2008, balance due January 16, 2008, redeemable by issuer on January 16, 2001 and quarterly thereafter	5,000	4,992
Fixed rate at 5.07%, monthly installment of interest through February 27, 2008, balance due February 27, 2008, redeemable by issuer on February 27, 2001 and quarterly thereafter	2,000	1,997
Fixed rate at 4.30%, monthly installment of interest through October 6, 2008, balance due October 6, 2008, redeemable by issuer on October 5, 2001 and quarterly thereafter	3,000	2,987
Fixed rate at 6.60%, monthly installment of interest through March 20, 2002, balance due March 20, 2002	2,000	2,000
Fixed rate at 6.60%, monthly installment of interest through March 20, 2002, balance due March 20, 2002	2,000	2,000
Fixed rate at 6.54%, monthly installment of interest through March 22, 2002, balance due March 22, 2002	4,000	4,000

	December 31, 2001	December 31, 2000
	(Dollars in thousands)	
Fixed rate at 4.95%, monthly installment of interest through September 11, 2006, balance due September 11, 2006	2,000	-
Three month LIBOR less 7 basis points (effective rate of 6.4663% at December 31, 2000), monthly installment of interest through March 20, 2001, balance due March 20, 2001, redeemable by issuer on June 20, 2000 and quarterly thereafter	-	5,000
Fixed rate at 6.58%, monthly installment of interest through February 28, 2001, balance due February 28, 2001	-	5,000
Notes payable, American National Bank of Chicago, interest payable quarterly		
$2,370,000 term loan, at one-year LIBOR plus 1.40% (effective rate of 6.72875% at December 31, 2001), principal payment of $237,000 due annually on December 15, final payment due December 15, 2009, colateralized by unallocated shares of First Busey Corporation common stock purchased by employee stock ownership plan in November, 1999 (80,000 shares as of December 31, 2001; 90,000 shares as of December 31, 2000)	1,896	2,133
$250,000 term loan, at LIBOR plus 1.40% (effective rate of 6.72875% at December 31, 2001), principal payment of $25,000 due annually on December 15, final payment due December 15, 2006, collateralized by unallocated shares of First Busey Corporation common stock purchased by employee stock ownership plan in August, 1997 (10,000 shares as of December 31, 2001; 12,000 shares as of December 31, 2000)	125	150
	$47,021	$ 55,259

As of December 31, 2001, the scheduled maturities of long-term debt, in thousands, are as follows:

2002	$ 8,262
2003	5,262
2004	5,262
2005	262
2006	2,262
Thereafter	25,711
	$ 47,021

The Corporation had no letters of credit outstanding at December 31, 2002. The Corporation had letters of credit outstanding with the Federal Home Loan Bank of Chicago for $51,660,000 at December 31, 2000. There were no claims on the letters of credit as of December 31, 2000.

NOTE 13. COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES

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

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

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

Based on the NASDAQ closing price, the fair value of the trust preferred securities totaled $27,500,000 as of December 31, 2001.

NOTE 14. INCOME TAXES

The components of income taxes consist of:

	Years Ended December 31,		
	2001	2000	1999
	(Dollars in thousands)		
Current	$8,770	$6,950	$6,139
Deferred	(407)	287	(737)
TOTAL INCOME TAX EXPENSE	$8,363	$7,237	$5,402

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

	2001		2000		1999	
	Amount	% of Pretax Income	Amount	% of Pretax Income	Amount	% of Pretax Income
	(Dollars in thousands)					
Income tax at statutory rate	$ 8,406	35.0%	$ 7,452	35.0%	$6,283	35.0%
Effect of:						
Benefit of income taxed						
At lower rates	-	-	(100)	(0.5)%	(100)	(0.6)%
Tax-exempt interest, net	(758)	(3.2%)	(759)	(3.5)%	(830)	(4.6)%
Amortization of intangibles	437	1.8%	615	2.9%	251	1.4 %
Other	278	1.2%	29	0.1%	(202)	(1.1)%
	$ 8,363	34.8%	$ 7,237	34.0%	$5,402	30.1 %

Years Ended December 31,

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

	2001	2000
	(Dollars in thousands)	
Deferred tax liability	$(7,563)	$(5,901)
Deferred tax asset	6,177	5,561
NET DEFERRED TAX ASSET (LIABILITY)	$(1,386)	$ (340)

The tax effects of principal temporary differences are shown in the following table:

	2001	2000
	(Dollars in thousands)	
Investment securities:		
Unrealized gain on securities available for sale	$ (5,343)	$ (3,890)
Other	(152)	(19)
Basis in premises and equipment	(882)	(1,171)
Allowance for loan losses	5,440	4,867
Property acquired in settlement of loans	(14)	(14)
Loans held for sale	73	31
Mortgage servicing assets	(363)	(167)
Deferred loan fees	(272)	(303)
Basis in deposit intangibles	288	187
Deferred compensation	53	85
State net operating loss carryforward	169	250
Other	(383)	(196)
NET DEFERRED TAX ASSET (LIABILITY)	$ (1,386)	$ (340)

State net operating loss carryforwards of approximately $3,617,000 are available to offset future taxable income. The carryforwards expire as follows: 2005 - $176,000; 2006 - $1,002,000; 2010 - $986,000 and 2011 - $1,453,000.

NOTE 15. EMPLOYEE BENEFIT PLANS

Employees' Stock Ownership Plan

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

As permitted by AICPA Statement of Position (SOP) 93-6, compensation expense for shares released during 1999 is equal to the original acquisition cost of the shares if they were acquired prior to December 31, 1992. During the year ended December 31, 1999, $150,000 of compensation expense was recognized for ESOP shares acquired prior to December 31, 1992, releasing 44,286 common shares to participant accounts, and is reflected in the chart below under "Employee

Benefits." During 1999 no shares were released that were acquired by the ESOP after December 31, 1992. During 2000, $337,000 of compensation expense was recognized for the ESOP, releasing 18,000 shares to participant accounts, and is reflected in the chart below under "Employee Benefits". During 2001, $303,000 of compensation expense was recognized for the ESOP, releasing 12,000 shares to participant accounts and is reflected in the chart below under "Employee Benefits". For such shares, compensation expense is equal to the fair market value of the shares released. Compensation expense related to the ESOP plan, including related interest expense, was $459,000, $488,000 and $203,000 in the years ended December 31, 2001, 2000 and 1999.

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

	2001	2000
Allocated shares	782,008	791,138
Unallocated shares	-	-
TOTAL	782,008	791,138
Fair value of allocated shares at December 31	$16,798,000	$15,773,000

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

	2001		2000	
	Shares	Fair Value	Shares	Fair Value
Allocated shares	29,719	$ 638,000	18,000	$ 359,000
Unallocated shares	90,000	1,933,000	102,000	2,034,000
TOTAL	119,719	$2,571,000	120,000	$2,393,000

Profit Sharing Plan

All full-time employees who meet certain age and length of service requirements are eligible to participate in the Corporation's profit-sharing plan. The contributions, if any, are determined solely by the Boards of Directors of the Corporation and its subsidiaries and in no case may the annual contributions be greater than the amounts deductible for federal income tax purposes for that year. The rights of the participants vest ratably over a seven-year period. Contributions to the plan were $676,000, $361,000 and $652,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

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

	Years Ended December 31, 2001	2000	1999
	(Dollars in thousands)		
Employee benefits	$ 979	$ 698	$ 802
Interest on employee stock ownership plan debt	156	151	53
TOTAL EMPLOYER CONTRIBUTIONS	$ 1,135	$ 849	$ 855

NOTE 16. STOCK INCENTIVE PLANS

Stock Option Plan:

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

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

A summary of the status of the Corporation's stock option plan for the years ended December 31, 2001, 2000 and 1999 and the changes during the years ending on those dates is as follows:

	2001		2000		1999	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	719,042	$ 12.68	668,642	$ 12.23	715,622	$ 10.82
Granted	64,750	17.95	62,000	19.88	67,000	18.25
Exercised	(369,000)	9.99	-	-	(97,280)	6.02
Terminated and reissuable	(5,800)	15.56	(11,600)	14.67	(16,700)	12.49
Outstanding at end of year	408,992	$ 16.14	719,042	$ 12.68	668,642	$ 12.23
Exercisable at end of year	98,000	$ 19.25	64,000	$ 18.25	-	$ -
Weighted-average fair value per option of options granted during the year		$ 5.31		$ 3.19		$ 6.72

The following table summarizes information about stock options outstanding at December 31, 2001:

	Options Outstanding		Options Exercisable
Exercise Prices	Number	Weighted-Average Remaining Contractual Life	Number
$ 12.13	125,300	2.00 years	-
16.75	115,942	2.75 years	-
18.25	44,000	1.96 years	44,000
20.06	54,000	2.96 years	54,000
17.88	5,000	3.00 years	-
17.88	61,500	3.96 years	-
19.06	2,250	4.67 years	-
20.18	1,000	2.75 years	-
	408,992	2.66 years	98,000

Grants under the above plan are accounted for following APB No. 25 and related Interpretations. Accordingly, no compensation cost has been recognized for grants under this plan. Had compensation cost for stock-based compensation been determined based on the grant date fair values of awards (the method described in SFAS 123), reported net income and earnings per common share would have been reduced to the pro forma amounts shown below:

	2001	2000	1999
Net income (in thousands):			
As reported	$ 15,653	$ 14,053	$ 12,548
Pro forma	$ 15,350	$ 13,809	$ 12,321
Basic earnings per share:			
As reported	$ 1.16	$ 1.05	$ 0.92
Pro forma	$ 1.14	$ 1.03	$ 0.91
Diluted earnings per share:			
As reported	$ 1.15	$ 1.03	$ 0.90
Pro forma	$ 1.13	$ 1.02	$ 0.89

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

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

	2001			2000		1999
	Block 1	Block 2	Block 3	Block 1	Block 2	
Number of options granted	61,500	2,250	1,000	57,000	5,000	67,000
Risk-free interest rate	4.04%	4.39%	3.54%	4.90%	4.90%	5.84%
Expected life, in years	4	5	3	4	4	4
Expected volatility	19.89%	19.89%	19.89%	19.89%	19.89%	16.20%
Expected dividend yield	2.42%	2.42%	2.44%	2.41%	2.41%	1.94%
Estimated fair value per option	$ 5.35	$ 5.10	$ 3.50	$ 3.10	$ 4.22	$ 6.72

Restricted Stock Award Plan:

The 1993 Restricted Stock Award Plan provides for restricted stock awards of up to 450,000 shares of common stock which may be granted by the Compensation Committee of the Board of Directors to certain executive officers and key personnel of First Busey Corporation and its subsidiaries. Shares vest over a period established by the Compensation Committee at grant date and are based on the attainment of specified earnings per share and earnings growth. As of December 31, 2001, there were no shares under grant.

	Number of Shares		
	2001	2000	1999
Under restriction, beginning of year	100	4,000	8,200
Granted	250	700	-
Restrictions released	350	4,600	4,000
Forfeited and reissuable	-	-	200
Under restriction, end of year	-	100	4,000
Available to grant, end of year	408,150	408,400	409,100

Compensation expense is recognized for financial statement purposes over the period of performance. Compensation expense of $6,000, $22,000, and $21,000 was recognized for financial statement purposes during the years ended December 31, 2001, 2000, and 1999, respectively. There was no compensation expense recognized for income tax purposes in any of the years ended December 31, 2001, 2000, and 1999.

NOTE 17. TRANSACTIONS WITH DIRECTORS AND EXECUTIVE OFFICERS

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

The following is an analysis of the changes in loans to related parties during the year ended December 31, 2001:

Balance at the beginning of year	$ 5,100
New loans	3,164
Repayments	3,137
Balance at end of year	$ 5,127

NOTE 18. CAPITAL

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

The Corporation and the Banks are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Corporation's or the Banks' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Corporation's and the Banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation and the Banks to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2001, that the Corporation and the Banks meet all capital adequacy requirements to which they are subject.

As of December 31, 2001, the most recent notification from the federal and state regulatory agencies categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Banks must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Banks' categories.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
As of December 31, 2001:						
Total Capital (to Risk Weighted Assets)						
Consolidated	$128,017	13.63%	$75,143	8.0%	N/A	N/A
Busey Bank	$ 99,927	11.14%	$71,747	8.0%	$89,683	10.0%
Busey Bank Florida	$ 11,610	41.50%	$ 2,238	8.0%	$ 2,798	10.0%
Tier I Capital (to Risk Weighted Assets)						
Consolidated	$112,067	11.93%	$37,572	4.0%	N/A	N/A
Busey Bank	$ 84,927	9.47%	$35,874	4.0%	$53,810	6.0%
Busey Bank Florida	$ 11,260	40.25%	$ 1,119	4.0%	$ 1,679	6.0%
Tier I Capital (to Average Assets)						
Consolidated	$112,067	8.78%	$51,080	4.0%	N/A	N/A
Busey Bank	$ 84,927	7.62%	$44,597	4.0%	$55,746	5.0%
Busey Bank Florida	$ 11,260	7.34%	$ 7,666	4.0%	$ 7,666	5.0%
As of December 31, 2000:						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 89,944	9.43%	$76,303	8.0%	N/A	N/A
Busey Bank	$ 86,878	11.90%	$58,386	8.0%	$72,983	10.0%
Busey Bank fsb	$ 20,471	9.69%	$16,901	8.0%	$21,127	10.0%
Tier I Capital (to Risk Weighted Assets)						
Consolidated	$ 74,111	7.77%	$38,152	4.0%	N/A	N/A
Busey Bank	$ 74,176	10.16%	$29,193	4.0%	$43,790	6.0%
Busey Bank fsb	$ 18,031	8.53%	$ 8,451	4.0%	$12,676	6.0%
Tier I Capital (to Average Assets)						
Consolidated	$ 74,111	5.71%	$51,938	4.0%	N/A	N/A
Busey Bank	$ 74,176	7.36%	$40,334	4.0%	$50,418	5.0%
Busey Bank fsb	$ 18,031	6.49%	$11,111	4.0%	$13,888	5.0%

NOTE 19. COMMITMENTS, CONTINGENCIES AND CREDIT RISK

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

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

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

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

	December 31,	
	2001	2000
	(Dollars in thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 226,651	$ 182,736
Standby letters of credit	12,636	2,640

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 letters of credit are primarily issued to support public and private borrowing arrangements, including bond financing and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

As of December 31, 2001, the Corporation has no futures, forwards, swaps or option contracts, or other financial instruments with similar characteristics.

Lease Commitments

At December 31, 2001, the Corporation was obligated under noncancelable operating leases for office space and other commitments. Rent expense under operating leases, included in net occupancy expense of premises, was approximately $699,000, $715,000, and $609,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

The projected minimum rental payments under the terms of the leases at December 31, 2001, in thousands, are as follows:

2002	$ 725
2003	594
2004	591
2005	560
2006	548
Thereafter	1,660
	$ 4,678

NOTE 20. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Cash and cash equivalents

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

Securities

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

Loans

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

Deposits and securities sold under agreements to repurchase

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

Short-term borrowings and long-term debt

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

COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES

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

Commitments to extend credit and standby letters of credit

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date. As of December 31, 2001 and 2000, these items are immaterial in nature.

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

	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in thousands)			
Financial assets:				
Cash and cash equivalents	$ 61,580	$ 61,580	$ 93,285	$ 93,285
Securities	210,869	210,869	228,597	228,597
Loans, net	964,418	973,436	972,101	970,391
Accrued interest receivable	7,566	7,566	10,035	10,035
Financial liabilities:				
Deposits	1,105,999	1,110,754	1,148,787	1,148,639
Securities sold under agreements to repurchase	9,767	10,142	18,890	18,840
Short-term borrowings	2,000	2,000	30,000	30,000
Long-term debt	47,021	48,616	55,259	54,755
Company obligated mandatorily redeemable preferred securities	25,000	27,500	-	-
Accrued interest payable	3,563	3,563	6,460	6,460

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

NOTE 21. REPORTABLE SEGMENTS AND RELATED INFORMATION

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

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

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

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

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

December 31, 2001

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

December 31, 2000

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

December 31, 1999

	Busey Bank	Busey Bank Florida	First Busey Trust & Investment Co.	All Other	Totals	Eliminations	Consolidated Totals
Interest income	$ 69,908	$ 2,064	$ 191	$ 148	$ 72,311	$ -	$ 72,311
Interest expense	32,997	1,130	-	768	34,895	25	34,920
Other income	9,731	108	4,056	18,167	32,062	(15,870)	16,192
Total income	79,639	2,172	4,247	18,315	104,373	(15,870)	88,503
Net income	12,191	384	1,304	13,460	27,339	(14,791)	12,548
Total assets	1,050,137	183,752	3,299	154,976	1,391,164	(144,041)	1,247,123

NOTE 22. PARENT COMPANY ONLY FINANCIAL INFORMATION

Condensed financial data for First Busey Corporation is presented below.

BALANCE SHEETS

	December 31, 2001	December 31, 2000
	(Dollars in thousands)	
ASSETS		
Cash and due from subsidiary bank	$ 1,690	$ 241
Securities available for sale	1,671	1,698
Loans	1,825	-
Investments in subsidiaries:		
Bank	112,751	108,591
Non-bank	11,971	10,443
Premises and equipment, net	45	27
Goodwill and other intangibles	1,548	1,698
Other assets	3,634	2,183
TOTAL ASSETS	$135,135	$124,881
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Short-term corporate borrowings	$ 2,000	$ 30,000
Long-term ESOP borrowings	2,021	2,283
Long-term debt	25,000	-
Other liabilities	324	273
TOTAL LIABILITIES	29,345	32,556
Stockholders' equity before unearned ESOP shares and deferred compensation for restricted stock awards	107,811	94,609
Unearned ESOP shares and deferred compensation for restricted stock awards	(2,021)	(2,284)
TOTAL STOCKHOLDERS' EQUITY	105,790	92,325
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$135,135	$124,881

STATEMENTS OF INCOME

	Years Ended December 31,		
	2001	2000	1999
	(Dollars in thousands)		
Operating income:			
Dividends from subsidiaries:			
Bank	$ 28,983	$14,138	$ 9,000
Non-bank	3,190	2,825	1,850
Interest and dividend income	137	52	75
Other income	950	1,115	790
TOTAL OPERATING INCOME	33,260	18,130	11,715
Expenses:			
Salaries and employee benefits	1,096	1,040	1,006
Interest expense	2,308	2,563	768
Operating expense	1,340	1,096	1,344
TOTAL EXPENSES	4,744	4,699	3,118
INCOME BEFORE INCOME TAX BENEFIT AND EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	28,516	13,431	8,597
Income tax benefit	1,806	1,378	776
INCOME BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	30,322	14,809	9,373
Equity in undistributed income of subsidiaries:			
Bank	(12,958)	(574)	3,562
Non-bank	(1,711)	(182)	(387)
NET INCOME	$ 15,653	$14,053	$12,548

NOTE 23. UNAUDITED INTERIM FINANCIAL DATA

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

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

	2000			
	December 31	September 30	June 30	March 31
Interest income	$ 24,885	$ 24,026	$ 22,587	$ 21,744
Interest expense	14,099	13,111	11.801	11,465
Net interest income	10,786	10,915	10,786	10,279
Provision for loan losses	840	690	595	390
Noninterest income	4,942	4,338	4,616	4,392
Noninterest expense	10,750	9,055	8,729	8,715
Income before income taxes	4,138	5,508	6,078	5,566
Income taxes	1,157	1,975	2,146	1,959
Net income	$ 2,981	$ 3,533	$ 3,932	$ 3,607
Basic earnings per share	$ 0.22	$ 0.27	$ 0.29	$ 0.27
Diluted earnings per share	$ 0.22	$ 0.26	$ 0.29	$ 0.26

MANAGEMENT REPORT
BUSEY BANK
AS OF DECEMBER 31, 2001

FINANCIAL STATEMENTS
Management of Busey Bank, a wholly owned subsidiary of First Busey Corporation, is responsible for the preparation, integrity and fair presentation of its published financial statements as of December 31, 2001, and for the year then ended. The consolidated financial statements of First Busey Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America and, as such, include some amounts that are based on judgments and estimates of management.

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

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

Management assessed Busey Bank's internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America and call reports instructions as of December 31, 2001. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that Busey Bank maintained effective internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America and call reports instructions as of December 31, 2001.

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

Management assessed compliance by Busey Bank with the designated laws and regulations relating to safety and soundness. Based on our assessment, management believes Busey Bank complied, in all significant respects, with the designated laws and regulations related to safety and soundness for the year ended December 31, 2001.

//Douglas C. Mills//

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

//P. David Kuhl//

P. David Kuhl, President
Busey Bank

INDEPENDENT ACCOUNTANT'S REPORT

TO THE BOARD OF DIRECTORS
BUSEY BANK
URBANA, ILLINOIS

We have examined management's assertion that BUSEY BANK, a wholly owned subsidiary of FIRST BUSEY CORPORATION, maintained effective internal control over financial reporting as of December 31, 2001, included in the accompanying Management Report insofar as management's assertion relates to internal control over the annual financial reporting in the 2001 consolidated financial statements of First Busey Corporation and Busey Bank's December 31, 2001 Call Report.

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

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

In our opinion, management's assertions that BUSEY BANK maintained effective internal control over financial reporting as of December 31, 2001 is fairly stated, in all material respects, based upon criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

//McGladrey & Pullen, LLP//

Champaign, Illinois
February 8, 2002