



Busey BANK

ANNUAL REPORT 2015

ENGAGING
OUR FUTURE

Busey[®]
FIRST BUSEY CORPORATION



Why Busey Wealth Management?



Busey Wealth Management delivers customized and used-to-be-unique financial and investment solutions. We combine the precision of a world-class team and the personal attention of a local firm.

Our deep commitment to our clients is defined by three core principles:

I. Client Focused Strategy

- A client-centered approach that is focused on your goals and vision.
- Quality financial advice and service with integrity and transparency.
- Trusted advisors that use clearly prudent financial solutions to help meet your specific needs and objectives.

Result: A personalized approach to your financial future, tailored to your unique goals and objectives.

II. Team-Based Approach

- Proactive advice from experienced, multidisciplinary professionals who concentrate solely on your individual needs.
- A collaborative team that works in developing solutions as long as you.
- Close cooperation with the depth, strength and stability you can trust.

Result: A team of experts that work together to provide comprehensive, coordinated solutions.

III. Holistic Wealth Management

- A process guided by our commitment to help grow and preserve your wealth while managing risk.
- An integrated, multidisciplinary team approach to your overall financial picture, including tax, estate, insurance, and retirement planning.

Result: A comprehensive, coordinated approach to your financial future, tailored to your unique goals and objectives.

LETTER TO SHAREHOLDERS

YOUR ORGANIZATION MADE SIGNIFICANT STRIDES IN REMAINING A **STRONG, INDEPENDENT BUSEY** THROUGH **BALANCE SHEET STRENGTH, PROFITABILITY AND GROWTH**, AS EVIDENCED BY MEANINGFUL CHANGES IN OUR CAPITAL STRUCTURE; SUBSTANTIAL COMPLETED AND ANNOUNCED ACQUISITION EFFORTS; CONSIDERABLE ORGANIC AND FEE-INCOME BUSINESS GROWTH; AND CONTINUED EFFICIENCY EFFORTS TO CONTAIN COSTS WHILE MEETING CUSTOMER NEEDS. IN ADDITION, WE ENGAGED OUR COMPETITIVE ADVANTAGE—TALENTED ASSOCIATES—THROUGH NEWLY-CREATED CORPORATE LEADERSHIP AND PROFESSIONAL DEVELOPMENT PROGRAMS, ENGAGEMENT INITIATIVES AND WELLNESS EFFORTS, FURTHER **POSITIONING YOUR BUSEY TEAM FOR FUTURE SUCCESS.**

CONTINUED CAPITAL STRENGTH

Busey delivered \$39.0 million in net income, and \$38.3 million in net income available to common stockholders, for the year ended December 31, 2015—representing an increase over December 31, 2014 of 18.9% and 19.6%, respectively. Our earnings per share have more than doubled since 2012—from \$0.65 to \$1.32 per share in 2015. We believe a solid foundation of organic growth coupled with our diversified fee-income businesses—led by Busey Wealth Management and FirsTech—should allow us to maintain solid performance into the future.

This continued strong performance for 2015 also allowed us to increase our dividend for the second year in a row. In October, we increased our dividend by 13% from the previous quarter, paying \$0.17 per common share and continuing our uninterrupted history of returning value to our shareholders since Busey's holding company was established nearly four decades ago. To align more closely to peer organizations and allow current and potential stockholders to more easily compare our financial results to our peers, we completed a one-for-three reverse stock split on September 8, 2015. This change highlights our relative strength—particularly in EPS growth and other share-based capital metrics—against our peers.

On December 18, 2015, we redeemed our Small Business Lending Fund preferred shares. Ending our participation in this program eliminates preferred stock dividend cost. Additionally, in 2015 our return on average Tangible Common Equity grew to 11.48%—up from 9.92% in 2014—and our return on average assets increased to 0.98% from 0.91% in 2014.

ONGOING GROWTH

2015 saw meaningful acquisition activity for Busey—a result of our ongoing focus on partnering with organizations with similar philosophies in markets complementary to our existing customer base. During the first quarter of 2015, we successfully integrated Herget into Busey, supplementing our financial performance throughout the year through this proven organization with a 100-year history of providing premier customer service to Pekin and the Peoria Metropolitan Statistical Area (MSA).

In the fourth quarter of 2015, we also announced our planned acquisition of Pulaski Financial Corporation (Pulaski), which we expect to close in the first half of 2016—subject to customary closing conditions. Pulaski allows us to significantly expand our geographical presence into the St. Louis market—one of the largest and most affluent in the Midwest—through a strategically compelling and financially attractive transaction. Pulaski is particularly attractive as it offers immediate meaningful cross-sale opportunities for the full range of Busey capabilities, a strong cultural match and allows core business access to a market we know through our payment processing subsidiary, FirsTech, located in Clayton, MO.

As we proceed with our anticipated acquisition, our solid capital position allows us to remain aware of further opportunities to expand our franchise through balanced, integrated growth strategies that generate value.

Organic growth remains a primary strategic focus as a growing commercial loan book, core deposit base and wealth management and FirsTech businesses build our competitive advantage and allow Busey the capital strength to pursue meaningful acquisitions like Herget and Pulaski. 2015 showed impressive organic banking growth, supplemented by the Herget acquisition, as our total average gross loans grew 10% and average non-interest bearing deposits increased 20% year over year, representing 23% of total deposits. These improvements show the value of our commitment to premier customer service—which is key to delivering on our **promise** and expanding our quality loan base and core deposits.

Busey also experienced substantial growth in our diversified revenue streams, an important balance to revenue from our traditional banking activities. Revenues from trust fees; commissions and brokers' fees; and remittance processing—primarily generated through Busey Wealth Management and FirsTech—represented 53.4% of Busey's non-interest income for the year ended December 31, 2015. Growing our fee-based businesses as a supplement to our interest rate-based business provides an important source of income and revenue diversification. In 2015, non-interest revenue represented 36.6% of our total revenue.

EFFICIENCY EFFORTS

As we grow, it is important to ensure we do so in an efficient and scalable manner. To that end, we modified hours as needed and undertook two branch rationalization efforts in 2015, which resulted in the reduction of four branches across our footprint, to ensure we are ideally positioned to meet the growing needs of a customer base increasingly seeking services online. As a result of these efforts to shape our franchise for the future—trimming certain areas and adding in others with a continuing commitment to delivering optimal value for our **Pillars**—we improved our efficiency ratio, which measures expenses as a percentage of revenue, to 62.84% from 65.11% at the end of 2014.

Our retail network is well positioned moving into 2016, and continues to expand as a dynamic funding and cross-sale source for our ongoing efforts in growing substantial relationships with our customers across all business lines. Part of this focus on efficiency means optimizing the funding provided by the robust deposit share in the communities we serve. We remain strongly core deposit funded with total average deposits for the fourth quarter of 2015 representing 90.7% of total average liabilities, with an attractive average cost of deposits of 0.14%.

MEANINGFUL ENGAGEMENT

Last year, I shared that we are dedicating significant resources toward engaging our associates for the future of Busey: investing in them through numerous training and development programs; gathering specific, tangible and immediate input to measure associate and customer needs; and focusing on their wellness organization-wide. Initial results from these efforts have been significant, and I invite you to explore these successes in the next few pages. Engaging our associates through these efforts is crucial to attracting and retaining the best and brightest to Team Busey, and we remain committed to deepening our bench strength and positioning your organization for continued success in the years to come.

2015 is the latest in multiple years of sustained growth, thanks to our rigorous dedication to **balance sheet strength, profitability and growth—in that order**; and I am optimistic in 2016 we will expand on our successes. Our achievements throughout 2015 and into the future would not be possible without the support of our **4 Pillars—thank you to our customers, associates, communities and shareholders for all you do to help Busey remain Busey.**



VAN A. DUKEMAN, CFA
President & Chief Executive Officer, First Busey Corporation

2015 YEAR IN REVIEW

31.5

NET PROMOTER SCORE®

MORE THAN DOUBLE THE INDUSTRY AVERAGE—UP 30% FROM OUR 2014 SCORE AND EXCEEDING OUR 2015 GOAL OF 30



17,000 social media followers and growing

99.5% positive comments through these channels

235+

educational resources, webinars, videos and seminars to help make your financial dreams a reality

4,500

customer surveys distributed to gather your feedback and make meaningful improvements



76% engagement with **B Well**—a new initiative to better Team Busey's mental and physical health associates joined together and took 169,235,912 steps with **B Well** through a single wellness challenge



nearly 300 associates involved in our newly launched training programs: **Develop, Evolve** and **Transform**



Service Grams sent to recognize associates for creating great experiences for colleagues and customers

8.8

out of 10

INTERNAL NET PROMOTER SCORE®— EXCEEDING OUR GOAL OF 8.6

6,000

SERVICE PLUS™ hours of service training through more than 200 certified Busey coaches

360°

Leadership Assessments ASSOCIATE FEEDBACK ON TOP LEADERSHIP STRENGTHS AND OPPORTUNITIES



over 13,000 volunteer hours and \$1 million+ donated annually to the communities where we live and work

more than **\$285,000** donated by associates through our corporate **Pay It Forward Fridays** and **United Way** initiatives



over 230 associates participated in our new **Increasing Volunteerism Initiative**, encouraging associates to give back to the places they care about



completed acquisition of **Herget Financial Corporation**, expanding our footprint in the **Pekin & Peoria** markets



closed Herget acquisition and announced Pulaski Financial Corporation acquisition



efficiency ratio improved from 65.11 in 2014

ENGAGING OUR FUTURE



graduation rate for our inaugural **Develop** class



different development opportunities available to associates in 2015



nearly 30 hours of training—on average—per associate with coursework ranging from compliance and regulatory to strengths assessments and experiential learning



*working to align the **customer experience** we aspire to, with the **associate experience** that will create it*

4.15

out of 5

ASSOCIATE ENGAGEMENT SCORE FOR 2015

+0.27

ASSOCIATE ENGAGEMENT SCORE INCREASE FROM 2014—NEARLY 3X WHAT GALLUP CONSIDERS A STATISTICALLY SIGNIFICANT INCREASE

94%

associate participation rate for engagement survey—an increase of 8% from 2014



average associate tenure—nearly double the industry average

Our associates make Busey... Busey.

They preserve the Busey legacy—a legacy of customer service, associate excellence, community involvement and expanding shareholder value. To retain and build on our competitive advantage of outstanding associates, we've dedicated resources to expand the Associate Experience—an **integral part of our success**.

According to Gallup, actively engaged associates decrease turnover by 65 percent and absenteeism by 37 percent, while increasing customer metrics by 10 percent, productivity by 21 percent and profitability by 22 percent.

In 2015 alone, our associate engagement efforts created more development opportunities through our three training tracks—inspiring greatness at Busey, no matter where associates are in their careers.

In addition, Busey's 2nd Associate Engagement Survey showcased strong improvements. Through this channel, associates identified an opportunity to simplify our current vision. To encourage participation, we asked associates what they thought our vision should be. Our new vision offers added clarity and aspiration, and encompasses our commitment to deliver "beyond expectations" service to our customers, associates, communities and shareholders. With nearly 70% of associate votes, we are excited to share our new vision:

SERVICE EXCELLENCE *in everything*
WE DO FOR *our Pillars*

SERVICE LEADERS

Executive Management

Van A. Dukeman, President & Chief Executive Officer
First Busey Corporation

Curt A. Anderson, Interim President & Chief Executive Officer
Busey Wealth Management

Robin N. Elliott, Chief Operating Officer & Chief Financial Officer
First Busey Corporation

Barbara J. Harrington, Chief Risk Officer
First Busey Corporation

Howard F. Mooney II, President & Chief Executive Officer, FirsTech, Inc.
Chief Information Officer, First Busey Corporation

Robert F. Plecki, Chief Credit Officer
First Busey Corporation

John J. Powers, General Counsel
First Busey Corporation

Amy L. Randolph, Chief Brand Officer
First Busey Corporation

Christopher M. Shroyer, President & Chief Executive Officer
Busey Bank

First Busey Corporation Board of Directors

Joseph M. Ambrose, President & Chief Executive Officer
Horizon Hobby, Inc.

David J. Downey, President
The Downey Group, Inc.

Van A. Dukeman, President & Chief Executive Officer
First Busey Corporation

Stephen V. King, Founding Partner
Prairie Capital, L.P.

E. Phillips Knox, Attorney
Tummelson, Bryan & Knox, LLP

V.B. Leister, Jr., Chairman
Carter's Furniture, Inc.

Gregory B. Lykins, Chairman
First Busey Corporation

August C. Meyer, Jr., Chairman
Midwest Television, Inc.

George T. Shapland, President
Shapland Management Company

Thomas G. Sloan, Chief Executive Officer
Sloan Implement Company

Jon D. Stewart, Chief Executive Officer
TSM Ventures, Inc.

Phyllis M. Wise, Professor
University of Illinois at Urbana-Champaign



CORPORATE PROFILE

As of December 31, 2015, First Busey Corporation (NASDAQ: BUSE) is a \$4.0 billion financial holding company headquartered in Champaign, Illinois. Busey Bank, First Busey Corporation's wholly-owned bank subsidiary, is also headquartered in Champaign, Illinois and has twenty-eight banking centers serving Illinois, a banking center in Indianapolis, Indiana, and six banking centers serving southwest Florida. Trevett Capital Partners, a wealth management division of Busey Bank, provides asset management, investment and fiduciary services to high net worth clients in southwest Florida. The wealth management professionals of Trevett Capital Partners can be reached through trevettcapitalpartners.com. Busey Bank had total assets of \$4.0 billion as of December 31, 2015.

In addition, First Busey Corporation owns a retail payment processing subsidiary, FirsTech, Inc., through Busey Bank, which processes over 27 million transactions per year including online bill payment, lockbox processing and walk-in payments at its 3,000 agent locations in 36 states. More information about FirsTech, Inc. can be found at firsttechinc.com.

Busey Wealth Management, Inc. is a wholly-owned subsidiary of First Busey Corporation. Through Busey Trust Company, Busey Wealth Management provides asset management, investment and fiduciary services to individuals, businesses and foundations. As of December 31, 2015, Busey Wealth Management's assets under care were approximately \$5.1 billion.

Busey Bank and Busey Wealth Management deliver financial services through www.busey.com.

SHAREHOLDER INFORMATION

Corporate Headquarters

First Busey Corporation, 100 W. University Ave., Champaign, Illinois 61820, 217.365.4500. Visit Busey's website at www.busey.com.

Annual Meeting

The Annual Meeting of Shareholders of First Busey Corporation will be held on Tuesday, May 24, 2016, at 12:00 p.m. at the Urbana Country Club, 100 E. Country Club Rd., Urbana, IL 61801.

First Busey Corporation Common Stock

First Busey Corporation common stock is listed on the NASDAQ Global Select Market under the symbol BUSE.

Annual Report on Form 10-K

A copy of the Annual Report on Form 10-K filed with the Securities and Exchange Commission can be found at www.busey.com.

Stock Transfer Agent

Computershare, P.O. Box 30170, College Station, TX 77842-3170. The transfer agent can be accessed at www.computershare.com/investor.

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of the Company's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events. A number of factors, many of which are beyond the ability of the Company to control or predict, could cause actual results to differ materially from those in its forward-looking statements. These factors include, among others, the following: (i) the strength of the local and national economy; (ii) changes in state and federal laws, regulations and governmental policies concerning the Company's general business (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the extensive regulations to be promulgated thereunder, as well as the rules adopted by the federal bank regulatory agencies to implement Basel III); (iii) changes in interest rates and prepayment rates of the Company's assets; (iv) increased competition in the financial services sector and the inability to attract new customers; (v) changes in technology and the ability to develop and maintain secure and reliable electronic systems; (vi) the loss of key executives or employees; (vii) changes in consumer spending; (viii) unexpected results of acquisitions (including the planned acquisition of Pulaski), which may include failure to realize the anticipated benefits of the acquisition, possible termination of the Merger Agreement causing the acquisition to not be completed and the possibility that the transaction costs may be greater than anticipated; (ix) unexpected outcomes of existing or new litigation involving the Company; (x) the economic impact of any future terrorist threats or attacks; (xi) the economic impact of exceptional weather occurrences such as tornados, hurricanes, floods, and blizzards; and (xii) changes in accounting policies and practices. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.





First Busey Corporation

100 W. University Ave., Champaign, IL 61820
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Busey's Financial Suite of Services:

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 TREVETT®