

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

## FORM 10-Q

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

For the Quarterly Period Ended 3/31/2001

Commission File No. 0-15950

## FIRST BUSEY CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

37-1078406

-----  
(State or other jurisdiction of  
Incorporation or organization)

-----  
(I.R.S. Employer Identification  
No.)

201 W. Main St.,  
Urbana, Illinois

61801

-----  
(Address of principal  
executive offices)

-----  
(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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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 May 1, 2001
-----	-----
Common Stock, without par value	13,522,062

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	March 31, 2001	December 31, 2000
	-----	-----
	(Dollars in thousands)	
<b>ASSETS</b>		
Cash and due from banks	\$ 42,186	\$ 58,585
Federal funds sold	50,000	34,700
Securities available for sale (amortized cost 2001, \$208,971; 2000, \$218,790)	220,528	228,597
Loans (net of unearned interest)	972,533	984,369
Allowance for loan losses	(12,577)	(12,268)
Net loans	----- \$ 959,956	----- \$ 972,101
Premises and equipment	30,537	31,253
Goodwill and other intangibles	11,897	12,255
Other assets	16,297	17,553
Total assets	----- \$ 1,331,401 =====	----- \$ 1,355,044 =====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Non-interest bearing	117,230	134,669
Interest bearing	1,014,559	1,014,118
Total deposits	----- \$ 1,131,789	----- \$ 1,148,787
Securities sold under agreements to repurchase	17,624	18,890
Short-term borrowings	30,983	32,283
Long-term debt	42,994	52,976
Other liabilities	11,876	9,783
Total liabilities	----- \$ 1,235,266 -----	----- \$ 1,262,719 -----
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock	\$ -	\$ -
Common stock	6,291	6,291
Surplus	21,861	22,044
Retained earnings	75,565	73,215
Accumulated other comprehensive income	6,973	5,917
Total stockholders' equity before treasury stock, unearned ESOP shares and deferred compensation for stock grants	----- \$ 110,690	----- \$ 107,467
Treasury stock, at cost	(12,267)	(12,858)
Unearned ESOP shares and deferred compensation for stock grants	(2,288)	(2,284)
Total stockholders' equity	----- \$ 96,135	----- \$ 92,325
Total liabilities and stockholders' equity	----- \$ 1,331,401 =====	----- \$ 1,355,044 =====
Common Shares outstanding at period end	----- 13,535,432 =====	----- 13,451,180 =====

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000  
(UNAUDITED)

	2001	2000
	-----	-----
INTEREST INCOME:	(Dollars in thousands, except per share amounts)	
Interest and fees on loans	\$ 20,568	\$ 18,239
Interest and dividends on investment securities:		
Taxable interest income	2,724	2,772
Non-taxable interest income	518	504
Dividends	30	30
Interest on federal funds sold	509	199
	-----	-----
Total interest income	\$ 24,349	\$ 21,744
	-----	-----
INTEREST EXPENSE:		
Deposits	\$ 12,027	\$ 9,460
Short-term borrowings	833	1,223
Long-term debt	721	782
	-----	-----
Total interest expense	\$ 13,581	\$ 11,465
	-----	-----
Net interest income	\$ 10,768	\$ 10,279
Provision for loan losses	400	390
	-----	-----
Net interest income after provision for loan losses	\$ 10,368	\$ 9,889
	-----	-----
OTHER INCOME:		
Trust	\$ 1,151	\$ 1,095
Commissions and brokers fees, net	597	408
Service charges on deposit accounts	1,379	1,181
Other service charges and fees	397	630
Security gains (losses), net	651	(7)
Gain on sales of pooled loans	433	446
Net commissions from travel services	272	253
Other operating income	512	386
	-----	-----
Total other income	\$ 5,392	\$ 4,392
	-----	-----
OTHER EXPENSES:		
Salaries and wages	\$ 4,264	\$ 3,890
Employee benefits	968	727
Net occupancy expense of premises	802	725
Furniture and equipment expenses	971	817
Data processing	190	293
Stationery, supplies and printing	257	209
Amortization of intangible assets	358	383
Other operating expenses	1,518	1,671
	-----	-----
Total other expenses	\$ 9,328	\$ 8,715
	-----	-----
Income before income taxes	\$ 6,432	\$ 5,566
Income taxes	2,334	1,959
	-----	-----
Net income	\$ 4,098	\$ 3,607
	=====	=====
BASIC EARNINGS PER SHARE	\$ 0.30	\$ 0.27
	=====	=====
DILUTED EARNINGS PER SHARE	\$ 0.30	\$ 0.26
	=====	=====
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 0.13	\$ 0.12
	=====	=====

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000  
(UNAUDITED)

	2001	2000
	(Dollars in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,098	\$ 3,607
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,385	1,276
Provision for loan losses	400	390
Increase in deferred income taxes	26	6
Amortization of investment security discounts	(326)	(110)
Loss (gain) on sales of investment securities, net	(651)	7
Proceeds from sales of pooled loans	35,839	11,333
Loans originated for sale	(44,440)	(8,037)
Gain on sale of pooled loans	(433)	(446)
Gain on sale and disposition of premises and equipment	-	(168)
Change in assets and liabilities:		
Decrease (increase) in other assets	996	(15)
Increase (decrease) in accrued expenses	129	(1,399)
Decrease in interest payable	(102)	(419)
Increase in income taxes payable	1,518	1,953
Net cash (used in) provided by operating activities	(\$ 1,561)	\$ 7,978
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of securities classified available for sale	\$ 1,507	\$ 1,049
Proceeds from maturities of securities classified available for sale	34,218	17,595
Purchase of securities classified available for sale	(24,841)	(22,639)
Increase in federal funds sold	(15,300)	(4,800)
Decrease (increase) in loans	20,779	(15,506)
Proceeds from sale of premises and equipment	-	407
Purchases of premises and equipment	(310)	(1,682)
Net cash provided by (used in) investing activities	\$ 16,053	(\$25,576)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in certificates of deposit	719	(\$29,202)
Net (decrease) increase in demand, money market and saving deposits	(17,717)	10,647
Cash dividends paid	(1,748)	(1,619)
Purchase of treasury stock	(2,082)	(1,409)
Proceeds from sale of treasury stock	2,485	-
Net decrease in securities sold under agreement to repurchase	(1,266)	(561)
Proceeds from short-term notes payable	1,200	16,926
Principal payments on short-term borrowings	(2,500)	(14,283)
Proceeds from long-term borrowings	-	10,000
Principal payments on long-term borrowings	(9,982)	(12,941)
Net cash provided by used in financing activities	(\$30,891)	(\$22,442)
Net increase (decrease) in cash and due from banks	(\$16,399)	(\$40,040)
Cash and due from banks, beginning	\$ 58,585	\$ 69,722
Cash and due from banks, ending	\$ 42,186	\$ 29,682

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000

	2001 -----	2000 -----
	(Dollars in thousands, except per share amounts)	
Net income	\$ 4,098	\$ 3,607
Other comprehensive income, before tax:		
Unrealized gains on securities:		
Unrealized holding gains (losses) arising during period	2,401	(\$1,566)
Less reclassification adjustment for (gains) losses included in net income	(651)	7
	-----	-----
Other comprehensive income, before tax	1,750	(1,559)
Income tax expense related to items of other comprehensive income	694	620
	-----	-----
Other comprehensive income, net of tax	\$ 1,056	(\$ 939)
	-----	-----
Comprehensive income	\$ 5,154	\$ 2,668
	=====	=====

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 of geographic regions served by the Corporation, and the retention of individuals who currently are very important in the management structure of First Busey Corporation.

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements of First Busey Corporation and Subsidiaries are unaudited, but in the opinion of management reflect all necessary adjustments, consisting only of normal recurring accruals, for a fair presentation of results as of the dates and for the periods covered by the financial statements. The interim financial statements should be read in conjunction with the Company's Annual Report and Form 10-K for the year ended December 31, 2000. The results for the interim periods are not necessarily indicative of the results of operations that may be expected for the fiscal year.

## NOTE 2: LOANS

The major classifications of loans at March 31, 2001 and December 31, 2000 were as follows:

	March 31, 2001	December 31, 2000
	-----	
	(Dollars in thousands)	
Commercial	\$117,031	\$124,052
Real estate construction	81,117	75,672
Real estate - farmland	15,323	15,411
Real estate - 1-4 family residential mortgage	401,528	403,676
Real estate - multifamily mortgage	57,994	61,954
Real estate - non-farm nonresidential mortgage	232,184	231,230
Installment	48,987	50,767
Agricultural	17,654	20,844
	-----	
	\$971,818	\$983,606
Plus:		
Deferred loan fees	715	763
	-----	
	\$972,533	\$984,369
Less:		
Allowance for loan losses	12,577	12,268
	-----	
Net loans	\$959,956	\$972,101
	=====	

The real estate-mortgage category includes loans held for sale with carrying values of \$14,526,000 at March 31, 2001 and \$5,492,000 at December 31, 2000; these loans had fair market values of \$14,652,000 and \$5,568,000 respectively.

The following table sets forth the maturities of the loan portfolio:

	1 Year Or Less	Over 1 Year Through 5 Years	Over 5 Years	Total
	-----			
Commercial and agricultural	\$ 55,916	\$ 32,713	\$ 46,056	\$134,685
Real estate	150,441	279,236	358,469	788,146
Installment	8,876	37,306	2,805	48,987
	-----			
	\$215,233	\$349,255	\$407,330	\$971,818
	=====			
Fixed rate	\$109,369	\$242,219	\$ 87,777	\$439,365
Floating rate	105,864	107,036	319,553	532,453
	-----			
	\$215,233	\$349,255	\$407,330	\$971,818
	=====			

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: INCOME PER SHARE

Net income per common share has been computed as follows:

	Three Months Ended March 31,	
	2001	2000
	-----	-----
Net income	\$ 4,098,000	\$ 3,607,000
Shares:		
Weighted average common shares outstanding	13,442,495	13,368,992
Dilutive effect of outstanding options, as determined by the application of the treasury stock method	160,490	273,647
	-----	-----
Weighted average common shares outstanding, as adjusted for diluted earnings per share calculation	13,602,985	13,642,639
	=====	=====
Basic earnings per share	\$ 0.30	\$ 0.27
	=====	=====
Diluted earnings per share	\$ 0.30	\$ 0.26
	=====	=====

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

The following is management's discussion and analysis of the financial condition of First Busey Corporation and Subsidiaries ("Corporation") at March 31, 2001 (unaudited) when compared with December 31, 2000 and the results of operations for the three months ended March 31, 2001 and 2000 (unaudited). This discussion and analysis should be read in conjunction with the Corporation's consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

FINANCIAL CONDITION AT MARCH 31, 2001 AS COMPARED TO DECEMBER 31, 2000

Total assets decreased \$23,643,000, or 1.7%, to \$1,331,401,000 at March 31, 2001 from \$1,355,044,000 at December 31, 2000.

Securities available for sale decreased \$8,069,000 or 3.5%, to \$220,528,000 at March 31, 2001 from \$228,597,000 at December 31, 2000.

Loans decreased \$11,836,000 or 1.2%, to \$972,533,000 at March 31, 2001 from \$984,369,000 at December 31, 2000, primarily due to decreases in commercial, 1-4 family residential mortgages, multifamily mortgages, installment, and agricultural loans. These decreases were partially offset by increases in real estate construction loans. Commercial loans experienced the largest decline in balances. This decline was due primarily to balance reductions by five borrowers.

Total deposits decreased \$16,998,000, or 1.5%, to \$1,131,789,000 at March 31, 2001 from \$1,148,787,000 at December 31, 2000. Non interest-bearing deposits decreased \$17,439,000 or 12.9% to \$117,230,000 at March 31, 2001 from \$134,669,000 at December 31, 2000. Interest-bearing deposits increased \$441,000 or 0.04% to \$1,014,559,000 at March 31, 2001 from \$1,014,118,000 at December 31, 2000. Long-term borrowings decreased \$9,982,000 or 23.2% to \$42,994,000 at March 31, 2001, as compared to \$52,976,000 at December 31, 2000.

In the first three months of 2001, the Corporation repurchased 110,998 shares of its common stock at an aggregate cost of \$2,082,000. The Corporation is purchasing shares for the treasury as they become available in order to meet future issuance requirements of previously granted non-qualified stock options.



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

	March 31, 2001	December 31, 2000
	-----	-----
	(Dollars in thousands)	
Non-accrual loans	\$ 1,451	\$ 767
Loans 90 days past due, still accruing	4,609	4,667
Restructured loans	-	-
Other real estate owned	185	230
Non-performing other assets	12	11
	-----	-----
Total non-performing assets	\$ 6,257	\$ 5,675
	=====	=====
Total non-performing assets as a percentage of total assets	0.47%	0.42%
	=====	=====
Total non-performing assets as a percentage of loans plus non-performing assets	0.64%	0.57%
	=====	=====

The ratio of non-performing assets to loans plus non-performing assets increased to 0.64% at March 31, 2001 from 0.57% at December 31, 2000. This was due to increases in the balance of nonaccrual loans offset partially by a decrease in loans 90 days past due, still accruing. The balance in non-accrual loans as of March 31, 2001, includes \$1,032,000 in loans secured by single-family mortgage loans which were acquired when the Corporation acquired Busey Bank fsb in October, 1999. These loans are well collateralized in various states of collection including foreclosure. Management expects losses on these assets to be minimal as the loans are well-collateralized and payment plans are being established to make up for deficiencies. The March 31, 2001, balance in loans 90 days past due, still accruing, includes a loan in the amount of \$2,134,000 to one borrower which is secured by real estate. The borrower has entered into a contract to sell the property and repayment is expected following the closing of the sale. Management has also implemented more rigorous underwriting standards and more aggressive collection procedures to prevent additional growth in non-performing loans.

#### RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2001 AS COMPARED TO MARCH 31, 2000

#### SUMMARY

Net income for the three months ended March 31, 2001 increased 13.6% to \$4,098,000 as compared to \$3,607,000 for the comparable period in 2000. Diluted earnings per share increased 15.4% to \$.30 at March 31, 2001 as compared to \$.26 for the same period in 2000.

Operating earnings, which exclude security gains (losses) and the related tax expense (benefit), were \$3,705,000, or \$.27 per share for the three months ended March 31, 2001, as compared to \$3,612,000, or \$.26 per share for the same period in 2000.

The Corporation's return on average assets was 1.25% for the three months ended March 31, 2001, as compared to 1.18% achieved for the comparable period in 2000. The return on average assets from operations declined to 1.13% for the three months ended March 31, 2001, as compared to the 1.19% achieved in the comparable period of 2000.

Net interest margin, the Corporation's net interest income expressed as a percentage of average earning assets stated on a fully taxable equivalent basis, was 3.60% for the three months ended March 31, 2001, as compared to 3.74% for the same period in 2000. The net interest margin expressed as a percentage of average total assets, also on a fully taxable equivalent basis, was 3.38% for the three months ended March 31, 2001, compared to 3.48% for the same period in 2000.

During the three months ended March 31, 2001, the Corporation recognized security gains of approximately \$393,000, after income taxes, representing 9.6% of net income. During the same period in 2000, security losses of approximately \$5,000 after income taxes were recognized, representing 0.14% of net income. The Corporation owns a position in a qualified equity security with substantial appreciated value. First Busey's Board

of Directors has authorized an orderly liquidation of this asset over a six-year period.

#### INTEREST INCOME

Interest income, on a tax equivalent basis, for the three months ended March 31, 2001 increased 11.9% to \$24,686,000 from \$22,068,000 for the comparable period in 2000. The increase in interest income resulted primarily from increases in the average balances of Federal funds sold, other securities, and loans combined with an increase in the average yield earned on loans. The average yield on interest-earning assets increased 21 basis points for the three months ended March 31, 2001, as compared to the same period in 2000, due primarily to the increase in the yield on loan balances.

#### INTEREST EXPENSE

Total interest expense for the three months ended March 31, 2001, increased 18.5% to \$13,581,000 from \$11,465,000 for the comparable period. The increase resulted primarily from increases in the average balances of interest-bearing transaction accounts, money market deposits, and time deposits, combined with higher rates on interest-bearing transaction deposits, money market deposits, and time deposits for the three months ended March 31, 2001, as compared to the same period in 2000.

#### PROVISION FOR LOAN LOSSES

The provision for loan losses of \$400,000 for the three months ended March 31, 2001, was \$10,000 more than the provision for the comparable period in 2000. The provision and the low level of net charge-offs for the period resulted in the reserve representing 1.29% of total loans on March 31, 2001, slightly higher than the 1.25% level at December 31, 2000. Management considers the reserve for loan losses to be adequate based on the composition of the portfolio, non-performing asset levels, recent credit quality experience, historic charge-off trends, and prevailing economic conditions among other factors.

#### OTHER INCOME, OTHER EXPENSE AND INCOME TAXES

Total other income, excluding security transactions, increased 7.8% to \$4,741,000 from \$4,399,000 for the three months ended March 31, 2001, as compared to the same period in 2000. This was a combination of increased trust revenue, commissions and brokers' fees, service charges on deposit accounts, offset by a decrease in other service charges and fees. In April, 2000, the Corporation sold its merchant transaction processing operation. Fee income on this operation was included in other service charges and fees through the date of sale and is responsible for most of the decrease in this line item for the three months ended March 31, 2001, as compared to the same period in 2000.

Gains of \$433,000 were recognized on the sale of \$35,406,000 of loans for the three months ended March 31, 2001, as compared to gains of \$446,000 on the sale of \$10,887,000 of loans in the prior year period. The gains recognized in the three months ending March 31, 2000 include a one-time gain of \$350,000 on the sale of the Corporation's credit card loan portfolio, which had balances of \$4,116,000. The increases in gains on the sale of loans and the principal balances sold can be attributed to the interest-rate environment experienced during the three months ended March 31, 2001 as customers refinanced existing home mortgages at lower interest rates. Management anticipates continued sales from the current mortgage loan production of the Corporation if mortgage loan originations allow and the sales of the loans are necessary to maintain the asset/liability structure that the Corporation is trying to effect. The Corporation may realize gains and/or losses on these sales dependent upon interest rate movements and upon how receptive the debt markets are to mortgage backed securities.

Total other expense increased 7.0% or \$613,000 to \$9,328,000 for the three months ended March 31, 2001 as compared to \$8,715,000 for the same period in 2000.

Salaries and wages expense increased \$374,000 or 9.6% and employee benefits expense increased \$241,000 or 33.1% for the three months ended March 31, 2001, as compared to the same period last year. The Corporation had 499 and 495 full-time-equivalent employees as of March 31, 2001, and 2000, respectively. Occupancy and

furniture and equipment expenses increased 15.0% to \$1,773,000 for the three months ended March 31, 2001 from \$1,542,000 in the prior year period. In October, 2000, Busey Bank fsb opened a full-service branch office in Fort Myers, Florida. The majority of the increases in occupancy and furniture and equipment expense can be attributed to the opening of this branch office. Data processing expense decreased \$103,000 to \$190,000 for the three months ended March 31, 2001 from the prior year period. Other operating expenses decreased \$153,000 or 9.2% for the three months ended March 31, 2001 from the prior year period.

The Corporation's net overhead expense, total non-interest expense less non-interest income divided by average assets, increased to 1.64% for the three months ended March 31, 2001 from 1.42% in the prior year.

The Corporation's efficiency ratio is defined as operating expenses divided by net revenue. (More specifically it is defined as non interest expense expressed as a percentage of the sum of tax equivalent net interest income and non interest income, excluding security gains and amortization expense). The consolidated efficiency ratio for the three months ended March 31, 2001 was 56.6% as compared to 55.5% for the prior year period.

Income taxes for the three months ended March 31, 2001 increased to \$2,334,000 as compared to \$1,959,000 for the comparable period in 2000. The increase is due primarily to the higher level of pre-tax income. As a percent of income before taxes, the provision for income taxes increased to 36.3% for the three months ended March 31, 2001 from 35.2% for the same period in 2000.

#### REPORTABLE SEGMENTS AND RELATED INFORMATION

First Busey Corporation has three reportable segments, Busey Bank, Busey Bank fsb, and First Busey Trust & Investment Co. Busey Bank provides a full range of banking services to individual and corporate customers through its branch network in Champaign and Ford Counties in 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 fsb provides a full range of banking services to individual and corporate customers in Bloomington, Illinois, and the surrounding communities, and 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.

March 31, 2001

	Busey Bank	Busey Bank fsb	First Busey Trust & Investment Co.	All Other	Totals	Eliminations	Consolidated Totals
Interest income	\$ 18,570	\$ 5,707	\$ 45	\$ 33	\$ 24,355	\$ (6)	\$ 24,349
Interest expense	9,575	3,435	-	551	13,561	20	13,581
Other income	3,133	536	1,164	5,798	10,631	(5,239)	5,392
Net income	3,638	497	349	4,275	8,759	(4,661)	4,098
Total assets	1,025,551	303,083	3,697	135,907	1,468,238	(136,837)	1,331,401

March 31, 2000

	Busey Bank	Busey Bank fsb	First Busey Trust & Investment Co.	All Other	Totals	Eliminations	Consolidated Totals
Interest income	\$ 18,626	\$ 3,046	\$ 41	\$ 33	\$ 21,746	\$ (2)	\$ 21,744
Interest expense	9,150	1,638	-	627	11,415	50	11,465
Other income	2,489	171	1,101	5,237	8,998	(4,606)	4,392
Net income	3,501	265	361	3,764	7,891	(4,284)	3,607
Total assets	1,041,904	173,455	3,399	128,302	1,347,060	(119,573)	1,227,487

## LIQUIDITY

Liquidity is the availability of funds to meet all present and future financial 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 non-reinvested asset maturities, 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 the Federal Home Loan Bank. The Corporation does not deal in or use brokered deposits as a source of liquidity. The Corporation has an operating line with American National Bank and Trust Company of Chicago in the amount of \$10,000,000 with \$3,700,000 available as of March 31, 2001. Long-term liquidity needs will be satisfied primarily through retention of capital funds.

The Corporation's reliance on large liabilities (defined as time deposits over \$100,000 and short-term borrowings) decreased to 16.5% at March 31, 2001 from 17.3% at December 31, 2000. This is the ratio of total large liabilities to total liabilities. This change was due to a \$11,809,000 decrease in time deposits over \$100,000 partially and a \$2,566,000 decrease in short-term debt.

## CAPITAL RESOURCES

Other than from the issuance of common stock, the Corporation's primary source of capital is retained net income. During the three months ended March 31, 2001, the Corporation earned \$4,098,000 and paid dividends of \$1,748,000 to stockholders, resulting in a retention of current earnings of \$2,350,000. The Corporation's dividend payout for the three months ended March 31, 2001 was 42.7%. The Corporation's total risk-based capital ratio was 10.37% and the leverage ratio was 5.89% as of March 31 2001, as compared to 9.43% and 5.71% respectively as of December 31, 2000. The Corporation and its bank subsidiary were well above all minimum required capital ratios as of March 31, 2001.

## 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 March 31, 2001.

	Rate Sensitive Within					Total
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	
	(Dollars in thousands)					
Interest-bearing deposits	\$ 3,459	\$ -	\$ -	\$ -	\$ -	\$ 3,459
Federal funds sold	50,000	-	-	-	-	50,000
Investment securities						
U.S. Governments	18,096	19,981	17,051	35,763	62,301	153,192
Obligations of states and political subdivisions	225	57	101	5,547	38,158	44,088
Other securities	8,814	1,505	-	50	12,879	23,248
Loans (net of unearned int.)	327,670	106,740	85,054	106,983	346,086	972,533
<b>Total rate-sensitive assets</b>	<b>\$408,264</b>	<b>\$128,283</b>	<b>\$102,206</b>	<b>\$148,343</b>	<b>\$459,424</b>	<b>\$1,246,520</b>
Interest bearing transaction deposits	\$51,287	\$ -	\$ -	\$ -	\$ -	\$51,287
Savings deposits	90,424	-	-	-	-	90,424
Money market deposits	325,701	-	-	-	-	325,701
Time deposits	50,813	95,360	145,323	145,897	109,754	547,147
Short-term borrowings:						
Federal funds purchased & repurchase agreements	6,110	2,207	2,382	2,460	4,465	17,624
Other	-	-	-	30,983	-	30,983
Long-term debt	4,994	12,000	-	11,000	15,000	42,994
<b>Total rate-sensitive liabilities</b>	<b>\$529,329</b>	<b>\$109,567</b>	<b>\$147,705</b>	<b>\$190,340</b>	<b>\$129,219</b>	<b>\$1,106,160</b>
<b>Rate-sensitive assets less rate-sensitive liabilities</b>	<b>(\$ 121,065)</b>	<b>\$ 18,716</b>	<b>(\$ 45,499)</b>	<b>(\$ 41,997)</b>	<b>\$330,215</b>	<b>\$140,360</b>
<b>Cumulative Gap</b>	<b>(\$ 121,065)</b>	<b>(\$102,349)</b>	<b>(\$ 147,848)</b>	<b>(\$ 189,845)</b>	<b>\$140,360</b>	
Cumulative amounts as a percentage of total rate-sensitive assets	-9.71%	-8.21%	-11.86%	-15.23%	11.26%	
<b>Cumulative ratio</b>	<b>0.77</b>	<b>0.84</b>	<b>0.81</b>	<b>0.81</b>	<b>1.13</b>	

The foregoing table shows a negative (liability sensitive) rate-sensitivity gap of \$121.1 million in the 1-30 day repricing category. On a cumulative basis, the gap remains liability sensitive as rate-sensitive assets that reprice in those time periods are greater in volume than rate-sensitive liabilities that are subject to repricing in the same respective time periods. The composition of the gap structure at March 31, 2001 will benefit the Corporation more if interest rates fall during the next year by allowing the net interest margin to grow as liability rates would reprice more quickly than rates on interest rate-sensitive assets. After 1 year, a rate increase would benefit the Corporation because the volume of rate-sensitive assets repricing would exceed the volume of rate-sensitive liabilities that would be repricing.

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
AVERAGE BALANCE SHEETS AND INTEREST RATES  
QUARTERS ENDED MARCH 31, 2001 AND 2000

	2001			2000		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
(Dollars in thousands)						
<b>ASSETS</b>						
Federal funds sold	\$ 37,173	\$ 509	5.55%	\$ 14,509	\$ 199	5.52%
Investment securities						
U.S. Government obligations	162,189	2,338	5.85%	177,376	2,559	5.80%
Obligations of states and political subdivisions (1)	43,451	797	7.44%	40,517	775	7.69%
Other securities	35,674	416	4.73%	21,360	242	4.56%
Loans (net of unearned interest) (1) (2)	972,634	20,626	8.60%	885,669	18,293	8.31%
<b>Total interest earning assets</b>	<b>\$ 1,251,121</b>	<b>\$ 24,686</b>	<b>8.00%</b>	<b>\$1,139,431</b>	<b>\$ 22,068</b>	<b>7.79%</b>
Cash and due from banks	33,011			33,650		
Premises and equipment	30,999			29,147		
Reserve for possible loan losses	(12,395)			(10,510)		
Other assets	28,182			33,197		
<b>Total Assets</b>	<b>\$ 1,330,918</b>			<b>\$ 1,224,915</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Interest-bearing transaction deposits	\$ 38,244	274	2.91%	\$ 24,490	\$ 137	2.25%
Savings deposits	87,946	648	2.99%	97,502	732	3.02%
Money market deposits	335,444	2,829	3.42%	325,832	2,591	3.20%
Time deposits	553,332	8,276	6.07%	460,732	6,000	5.24%
Short-term borrowings:						
Federal funds purchased and repurchase agreements	18,211	260	5.79%	25,021	356	5.72%
Other	31,583	573	7.36%	47,849	867	7.29%
Long-term debt	50,538	721	5.79%	53,744	782	5.85%
<b>Total interest-bearing liabilities</b>	<b>\$ 1,115,298</b>	<b>\$ 13,581</b>	<b>4.94%</b>	<b>\$1,035,170</b>	<b>\$ 11,465</b>	<b>4.45%</b>
Net interest spread			3.06%			3.34%
Demand deposits	111,374			99,901		
Other liabilities	10,138			8,565		
Stockholders' equity	94,108			81,279		
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,330,918</b>			<b>\$ 1,224,915</b>		
Interest income / earning assets (1)	\$ 1,251,121	\$ 24,686	8.00%	\$1,139,431	\$ 22,068	7.79%
Interest expense / earning assets	\$ 1,251,121	13,581	4.40%	\$1,139,431	\$ 11,465	4.05%
<b>Net interest margin (1)</b>		<b>\$ 11,105</b>	<b>3.60%</b>		<b>\$ 10,603</b>	<b>3.74%</b>

(1) On a tax-equivalent basis, assuming a federal income tax rate of 35% for 2001 and 2000. (2) Non-accrual loans have been included in average loans, net of unearned interest.

FIRST BUSEY CORPORATION AND SUBSIDIARIES  
CHANGES IN NET INTEREST INCOME  
QUARTERS ENDED MARCH 31, 2001 AND 2000

	Change due to (1)		
	Average Volume	Average Yield/Rate	Total Change
	----- (Dollars in thousands) -----		
Increase (decrease) in interest income:			
Federal funds sold	\$ 309	\$ 1	\$ 310
Investment securities:			
U.S. Government obligations	(235)	14	(221)
Obligations of states and political subdivisions (2)	49	(27)	22
Other securities	164	10	174
Loans (2)	1,712	621	2,333
	-----		
Change in interest income (2)	\$ 1,999	\$ 619	\$ 2,618
	-----		
Increase (decrease) in interest expense:			
Interest-bearing transaction deposits	\$ 91	\$ 46	\$ 137
Savings deposits	(76)	(8)	(84)
Money market deposits	71	167	238
Time deposits	1,271	1,005	2,276
Short-term borrowings:			
Federal funds purchased and repurchase agreements	(100)	4	(96)
Other	(302)	8	(294)
Long-term debt	(51)	(10)	(61)
	-----		
Change in interest expense	\$ 904	\$ 1,212	\$ 2,116
	-----		
Increase in net interest income (2)	\$ 1,095	(\$ 593)	\$ 502
	=====		

- (1) Changes due to both rate and volume have been allocated proportionally.  
(2) On a tax-equivalent basis, assuming a federal income tax rate of 35% for 2001 and 2000.

## ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

## MARKET RISK

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

The Corporation's subsidiary banks, Busey Bank, and Busey Bank 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 in the Rate Sensitive Assets and Liabilities section of this report.

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 over a one-year period and net interest income is calculated under current market rates, and then assuming permanent instantaneous shifts in the yield curve of +/-100 basis points and +/-200 basis points. These interest-rate scenarios indicate the interest rate risk of the Corporation over a one-year time horizon due to changes in interest rates, as of March 31, 2001, is as follows:

	-200	Basis Point Changes		+200
		-100	+100	
Percentage change in net interest income due to an immediate change in interest rates over a one-year period	(4.91%)	(2.39%)	(0.66%)	(2.79%)



## PART II - OTHER INFORMATION

- ITEM 1: Legal Proceedings  
None
- ITEM 2: Changes in Securities  
Not applicable
- ITEM 3: Defaults Upon Senior Securities  
Not applicable
- ITEM 4:

The annual meeting of stockholders of First Busey Corporation was held on April 16, 2001. At that meeting, the following matters were approved by the stockholders:

1. Election of the following fourteen (14) directors to serve until the next annual meeting of stockholders:

Joseph M. Ambrose	Samuel P. Banks
T. O. Dawson	Victor F. Feldman
Kenneth M. Hendren	E. Phillips Knox
Barbara J. Kuhl	V. B. Leister, Jr.
P. David Kuhl	Linda M. Mills
Douglas C. Mills	David C. Thies
Edwin A. Scharlau II	Arthur R. Wyatt

2. Ratification of the appointment of McGladrey & Pullen, LLP as independent auditors for the fiscal year ending December 31, 2001.

For: 10,583,692 (78.02%)      Against: 3,523 (0.03%)  
Abstain: 20,272 (0.15%)

- ITEM 5: Other Information  
Not Applicable
- ITEM 6: Exhibits and Reports on Form 8-K
- (a.) EXHIBIT 21.1  
See Exhibit Index
- (b.) REPORTS ON FORM 8-K

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.

SIGNATURES

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

FIRST BUSEY CORPORATION  
(REGISTRANT)

By: /s/ Barbara J. Jones

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

Date: May 15, 2001

EXHIBIT 21.1. LIST OF SUBSIDIARIES:

DIRECT:

Busey Bank  
Busey Bank fsb  
Busey Investment Group, Inc.  
First Busey Resources, Inc.

INDIRECT:

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