



**Why Busey?**

 **First Busey Corporation**  
ANNUAL REPORT 2002

**Corporate Profile**

First Busey Corporation is a Financial Holding Company headquartered in Urbana, Illinois. First Busey has two wholly owned banking subsidiaries with locations in three states. Busey Bank has eighteen banking centers serving Champaign, McLean, and Ford Counties in Illinois. Busey Bank also has a banking center in Indianapolis, Indiana and a loan production office in Fort Myers, Florida. Total assets of Busey Bank were \$1.3 billion on December 31, 2002. Busey Bank Florida is a federal thrift charter with total assets of \$73.2 million as of December 31, 2002. Busey also provides electronic delivery of financial services through Busey e-bank ([www.busey.com](http://www.busey.com)).

Busey Investment Group (BIG) is a wholly owned subsidiary of First Busey Corporation and owns three corporations:

- **First Busey Trust & Investment Co.**, specializing in asset management and trust services with over \$960 million in assets under care as of December 31, 2002;
- **First Busey Securities, Inc.**, a full service broker/dealer subsidiary which has \$515 million in assets under care as of December 31, 2002, member NASD/SIPC;
- **Busey Insurance Services, Inc.**, providing long-term healthcare insurance and other insurance products.

First Busey Corporation and its subsidiaries had a total of 548 employees as of December 31, 2002.

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On our cover: The **John & Lea Comet Family**  
*Busey Bank Customers*

**Shareholder Information**

**Corporate Headquarters**  
First Busey Corporation, 201 W. Main Street, Urbana, Illinois 61801, (217) 365-4556. Visit Busey's world wide web site at [www.busey.com](http://www.busey.com).

**Annual Meeting**  
The Annual Meeting of Shareholders of First Busey Corporation will be held on Tuesday, April 22, 2003, at 7:00 p.m. at the Urbana Golf and Country Club.

**First Busey Corporation Common Stock**  
First Busey Corporation Common Stock is traded on the Nasdaq National Market under the symbol

"BUSE." First Busey Corporation's market makers are Stephens Inc., Little Rock, Howe Barnes Investments, Inc., Chicago, and Stifel, Nicolaus & Company, Inc., St. Louis.

**Annual Report on Form 10-K**  
A copy of the Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained at [www.busey.com](http://www.busey.com) on March 17, 2003 — click on Investor Relations.

**Stock Transfer Agent**  
First Busey Corporation acts as its own transfer agent.

**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 complete acquisitions successfully;
  - 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.



**Douglas C. Mills**  
*Chairman of the Board & Chief Executive Officer*  
First Busey Corporation



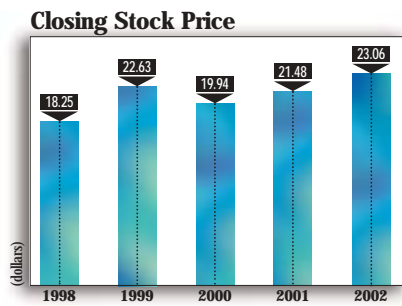
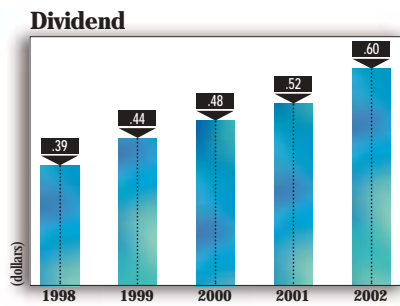
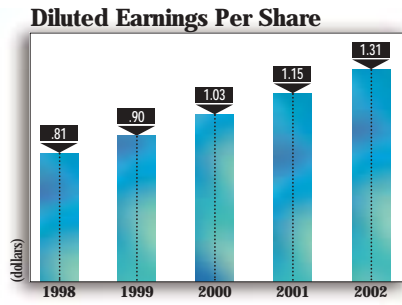
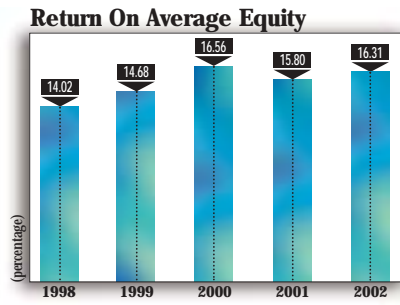
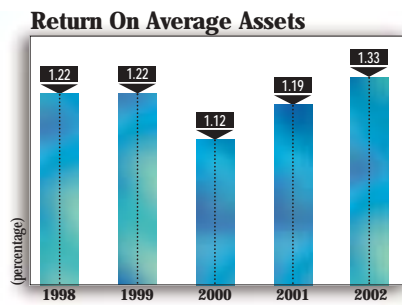
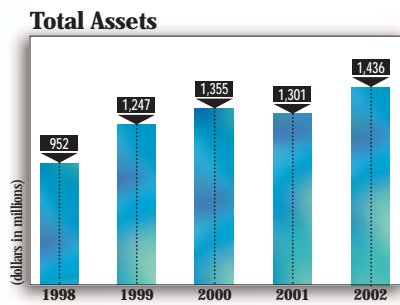
**Barbara J. Kuhl**  
*President & Chief Operating Officer*  
First Busey Corporation



**Edwin A. Scharlau II**  
*Chairman of the Board & Chief Executive Officer*  
Busey Investment Group



**P. David Kuhl**  
*President & Chief Executive Officer*  
Busey Bank



# Dear Shareholders:

First Busey Corporation had another outstanding year in 2002. For the twelfth consecutive year, earnings increased to record levels, rising 14.4% to \$17.9 million or diluted earnings per share of \$1.31. Solid revenue growth, combined with effective expense control, produced these results. Increased earnings allowed us to reward our shareholders by raising the dividend to \$.60 per share, up 15.4% over 2001. Our history of delivering consistent earnings growth is reflected in the steadily increasing price of our stock. First Busey Corporation stock (BUSE) closed the year at \$23.06 per share, an increase of 7.4% over the closing price on December 31, 2001.

In 2002, we reached several noteworthy milestones. At year-end our loan portfolio exceeded \$1 billion, ending 2002 at the \$1.1 billion level, a 12.6% increase over 2001. Total assets surpassed \$1.4 billion, a 10.4% rise. Mortgage lending rates at a 40-year low contributed to record new mortgages and refinancing of existing loans. Loans, sold in the secondary market, increased non-interest income significantly.

At Busey, we have a clear vision of what we want to accomplish. Our goals and strategies do not change from year to year. Rather,

our objective remains the same — to grow earnings and enhance profitability, thereby increasing shareholder value. While we work to grow our core business, we also actively seek opportunities to expand into new areas, as we have done in the past several years in Florida, Indianapolis and McLean County. First Busey Trust & Investment Co., First Busey Securities and Busey Insurance Services play a significant role in expanding the Busey brand across a wide range of financial services.

Our accomplishments are possible because we have the best people for the job. Led by our experienced management team, talented and hard-working Busey associates in Illinois, Indiana and Florida are dedicated to providing the finest in financial services in all the communities we serve.

What we have discovered is that the right people create an environment where success comes naturally. Working hard, working smart and keeping the corporation's overall goals in mind are second nature to people who want to succeed. At Busey, we have a winning game plan, and team members who have the skills to execute the plan. We start each year with high expectations, work hard to achieve our goals, and

then raise the bar again the next year.

The theme of this year's annual report is **Why Busey?** Clearly, our ability to grow our earnings annually provides an answer to that question. Economic conditions may change, interest rates may go up and down, but Busey keeps on going and growing.

As a successful organization, we know that to keep winning we cannot stand still. We will continue to expand into geographically growing markets, develop innovative ways to serve our customers and seek ways to change for the better. Most of all, we will remain Busey, an independent community bank where our success benefits our shareholders, our employees, our customers and our communities.

As always, we appreciate the confidence and support of our shareholders and look forward to continuing to operate in a way that enhances your investment.

*Chairman of the Board and Chief Executive Officer*



# Why Busey Bank?

THERE ARE OVER 450 TERRIFIC REASONS TO BANK AT BUSEY. Busey associates are talented, well-trained and enthusiastic about providing our customers superior service. You'll find them in every area of our organization — from frontline tellers, to commercial and mortgage lenders, to trust personnel to our website designers. Many are true veterans — more than 11% of our associates have been with Busey for at least 20 years.

In 2002, a year of economic uncertainty, the longevity of our employees was a significant factor in our success. Consumers turned to us because our people are reliable, dependable and trustworthy.

In our 134-year history, we've learned that even with great people, outstanding service doesn't just happen. It starts with hiring the right people, providing proper training, establishing standards and measuring performance to those standards. In 2002 we implemented a performance management program that meets those criteria. Our program is based on the premise that everything we do touches the customer, and that every employee is accountable to improve performance. We set our

standards, trained to those standards and measured performance. We recognized our successes and worked to correct those areas that needed improvement. Busey associates appreciated receiving tangible feedback on a job well done and learned where changes needed to be made. We are very pleased with the results of our performance management program. It's a significant step in establishing a continuous improvement program that ensures that taking care of the customer remains at the heart of our corporate culture.

Busey's reputation for service excellence attracted John and Lea Comet, shown on our cover, to Busey. Customers on both the personal and commercial sides of the bank, the Comets appreciate the ability of Busey associates to get things done. As local business owners, they like dealing with a bank where decisions are made locally and questions can be answered right on the spot.

Of course, excellent customer service does not stand by itself. We offer the services people and businesses need at a competitive price — and we communicate this through our marketing programs.

In 2002 we continued to promote Carefree Checking, the extremely popular and successful account introduced in 1999, as well as our VISA Check Card. Other innovations in 2002 included adding an "Investor Relations" section to our website, and allowing customers to obtain digital images of their cancelled checks through Busey e-bank. A testament to the success of the Busey brand is our selection to Who's Who in Business in 2002, sponsored by Adams Outdoor Advertising, and being named the "market leader" in a Top of Mind Awareness Survey sponsored by WDWS radio in Champaign County.

The year 2002, with interest rates at a 40-year low, was a banner year for mortgage lending. A record number of new and existing borrowers turned to Busey for mortgage loans and refinancing. Busey originated approximately \$400 million in real estate mortgages making it the leading residential mortgage lender in Champaign County. Customer and realtor referrals, as well as new business efforts by our experienced lending staff, generated new customers in every community we serve. Our record of

Shahid Khan  
President & CEO  
Flex-N-Gate Corporation  
Urbana, IL

service excellence, along with a complete array of mortgage services for both new loans and refinancings, contributed directly to this success. By offering fixed and adjustable rates, FHA and VHA loans, and participating in numerous government programs,

including special plans for first-time home buyers, Busey is able to serve the needs of most borrowers. Real estate mortgage activity generated in excess of \$22 million in interest and fee income for 2002.

On the corporate side, our team approach to lending ensures both a quality loan portfolio and outstanding customer service.

Experienced lenders and credit analysts work together to make sure the loans we put on the books are of the highest quality. Loan administrators work closely with customers regarding the details of loan documentation and funds distribution. In-house expertise allows our lenders to spend a majority of their time meeting with their customers in their offices, factories, labs and warehouses. This ongoing contact means Busey customers have bankers who truly understand their businesses.

Busey Bank was one of the first banks in Illinois, Indiana and Florida to earn the SBA's Preferred Lender designation. In 2002, we received Certified

Lender status, the first bank in Illinois to attain this classification. Our customers benefit from our Preferred and Certified Lender status with a streamlined SBA approval process.

A complete line of loan products, highly customized cash management, international banking services, a full array of depository accounts, and a legal lending limit in excess of \$20 million enable Busey to serve the needs of our corporate customers. When you combine these services with the expertise of knowledgeable and experienced bankers, you have

a good idea why businesses like Illinois Concrete and Flex-N-Gate are among Busey's long-time customers. Lee Johnston, President of Illinois Concrete, appreciates Busey's local decision-making and the accessibility of key people. Busey has kept up with Illinois Concrete's growing needs for more than 20 years, because experienced Busey bankers have a thorough knowledge of this highly successful company. Shahid Khan, president of Flex-N-Gate, has had a similar experience. He opened his first Busey account while a student at the University of Illinois. In 1978 we helped him start a company that now does business throughout the world. Today, his son banks at our Campus Banking Center, and his family and business

remain valued Busey customers. Hiring the right people, giving them the tools to succeed and providing an environment that rewards their achievements — this is Busey's time-tested formula for success.

Busey associates deserve the credit for our many long-term customer relationships. They are what make Busey ... Busey, a place where serving customers is rewarding for our shareholders, customers and associates.

#### 2002 Highlights

- Total loans soared past the \$1 billion mark
- Return on Average Equity increased from 16.1% in 2001 to 17.3% in 2002
- Strong core deposit growth with approximately 1,500 new accounts opened per month
- Net gains on sales of mortgage loans in excess of \$3.8 million



Lee Johnston  
President, Illinois Concrete Co., Inc.  
Champaign, IL

# Why McLean County?

## THE BEST OF BOTH BANKING WORLDS.

Brandt Trucking, a Bloomington-based company that specializes in overnight deliveries in Illinois and surrounding states, really appreciates Busey's delivery system. This family-owned business likes having a bank that is small enough to care and yet big enough to handle its needs. Brandt Trucking Vice Presidents Bob Porter and Steve Kubsch have discovered there's a real benefit from being able to meet with their bankers on short notice to discuss loans, cash management or other business services. Busey's quick response time is right on target for a business that guarantees next-day delivery.

Our unique combination of strengths holds the key to Busey's increasing presence in McLean County. In a market served by numerous regional and community banks, Busey meets the competition head-on by providing the best of both banking worlds. As a community bank with a regional bank's lending limit, a wide range of services and a commitment to technology, Busey is positioned to deliver consistent growth in McLean County. For several years, Busey has been the market leader in residential mortgage lending in

McLean County. We will leverage our position as the mortgage lender of choice to gain a greater share of other financial services.

First Busey Securities and First Busey Trust & Investment Co. play an important role in this strategy.

Business customers who appreciate our responsiveness and personal approach to banking find they experience a similar level of service from our securities and investment personnel. We will continue to grow our employee benefit and retirement plan volume in

McLean County through the joint efforts of our banking and investment personnel. Likewise, our success in attracting residential mortgage customers provides potential new customers for our complete range of investment services. Busey's customer-focused approach to investing is well received in the Illinois heartland by the many homeowners who have turned to Busey for their mortgage loans.

McLean County is an exciting place to do business.

### 2002 Highlights

- Originated over \$170 million in mortgage loans
- Net gains on sales of mortgage loans in excess of \$1.6 million
- 5th largest bank based on deposits

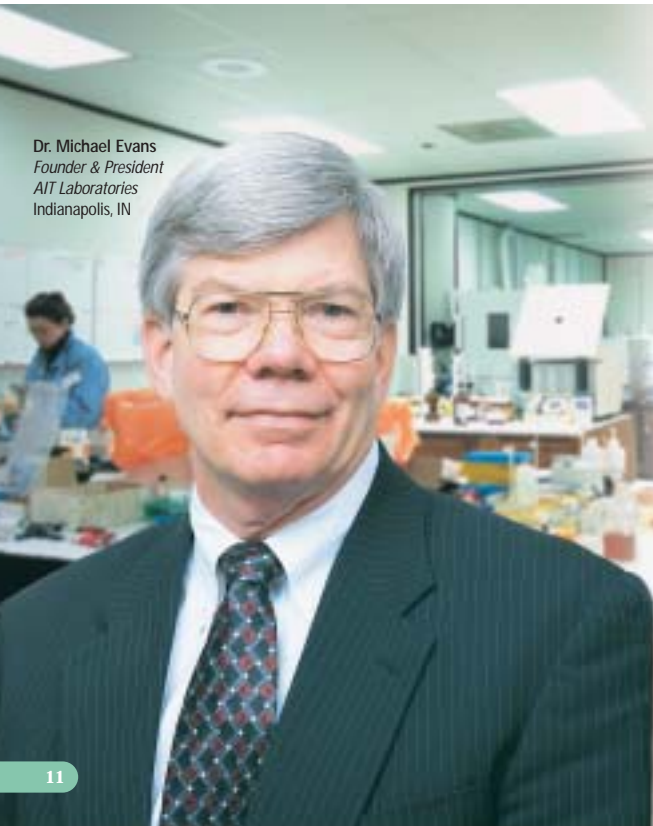
It boasts a robust and diverse economy that includes major employers such as State Farm, Mitsubishi Motors, Illinois State University and Illinois Wesleyan University that are growing and adding to their payrolls, thus fueling a booming housing market. Other employers in health care, transportation and agribusiness provide additional growth and stability to the economy.

Moreover, with annual agricultural output in excess of \$250 million, McLean County leads the state in the production of corn and soybeans. Add to this the economic impact of Central

Illinois Airport, and it's easy to see why Busey has chosen to expand in McLean County, enabling us to serve more businesses, individuals, families and farms. We're confident that focusing on the fastest-growing county in downstate Illinois is a strategy that will result in profitable growth and enhanced shareholder value.

Steve Kubsch (left)  
Vice President, Brandt Trucking  
Bob Porter (right)  
Vice President, Brandt Trucking  
Bloomington, IL

# Why Indianapolis?



Dr. Michael Evans  
Founder & President  
AIT Laboratories  
Indianapolis, IN

**PARTNERSHIPS ADD VALUE.** Our Indianapolis Banking Center expands the Busey franchise to a market with solid growth potential. In Indianapolis, we serve small and middle market companies with a complete line of business banking services.

Executive Vice President Don Monteith, along with Senior Vice President Lou Hensley and Vice President Joe Perrin, are more than loan officers to their business customers.

With decades of experience, these Busey bankers are frequently asked for business and financial advice from their customers. This approach to serving small and middle market companies has proven highly successful for both the bank and these businesses.

Our business customers discover in Busey a bank that offers a complete line of business banking services, including cash management, depository services, international financing, trust and pension management, plus financing capability in excess of \$20 million. Local decision-making adds to the

many reasons to bank with Busey.

Busey was just what Dr. Michael Evans was seeking for his company, AIT Laboratories (American Institute of Toxicology). The national and super-regional banks had shown little interest in this provider of forensic

and drug testing for law enforcement and business. In Busey, he found the perfect fit — with both working capital and equipment financing, as well as direction on a number of issues facing his growing business.

AIT is now expanding into a huge new market — providing clinical testing for the pharmaceutical industry. Busey is right there, providing financing and a variety of financial services, so that AIT can take advantage of this tremendous growth opportunity. Nominated by his Busey bankers, Dr. Evans and AIT received the SBA Small Business Advocate of the Year Award for Indiana in 2002.

Small and middle market companies in Indiana have a bank that is truly interested in them and provides all the services they need to grow and succeed.

### 2002 Highlights

- 18% increase in total loans to \$111million
- Consistently ranked in the top ten as a SBA Preferred Lender in Indianapolis



# Why a Florida LPO?

**DIVERSIFICATION.** One hallmark of a superior loan portfolio is diversification. Our Florida Loan Production Office (LPO) gives us a strong measure of diversification while capitalizing on growth opportunities in south Florida. Now in its seventh year, our LPO has delivered consistent growth in earnings of at least 25% annually. This robust growth in the highly competitive south Florida market has generated excellent returns for our shareholders.

Our Florida LPO focuses on two markets — community banks throughout south Florida that need a source of funding for loans exceeding their legal lending limits and real estate developers. Providing this traditional correspondent bank service to community banks is a natural fit for Busey as a community bank with a regional bank's lending limit. Working as a correspondent bank diversifies our loan portfolio in terms of both type and location of loans. We have earned a reputation in the Lee County banking community as "the little bank that can"

because of our experienced bankers and market knowledge. Our referral business continues to grow because of this service.

Our relationship with experienced real estate developers on Florida's west coast puts us in the middle of a booming commercial real estate market.

Sarasota developer Bob Skalitzy has been building high-rise condominiums on Florida's west coast for more than 35 years. A veteran builder, he turned to veteran Busey banker Tom Scharlau for the financing of his most

recent project, a high-rise in downtown Sarasota.

Managing in excess of \$100 million is a good example of Busey teamwork in action. With three lenders and two loan administrators, our Loan Production Office associates work together to make sure their customers experience Busey's traditional superior customer service.

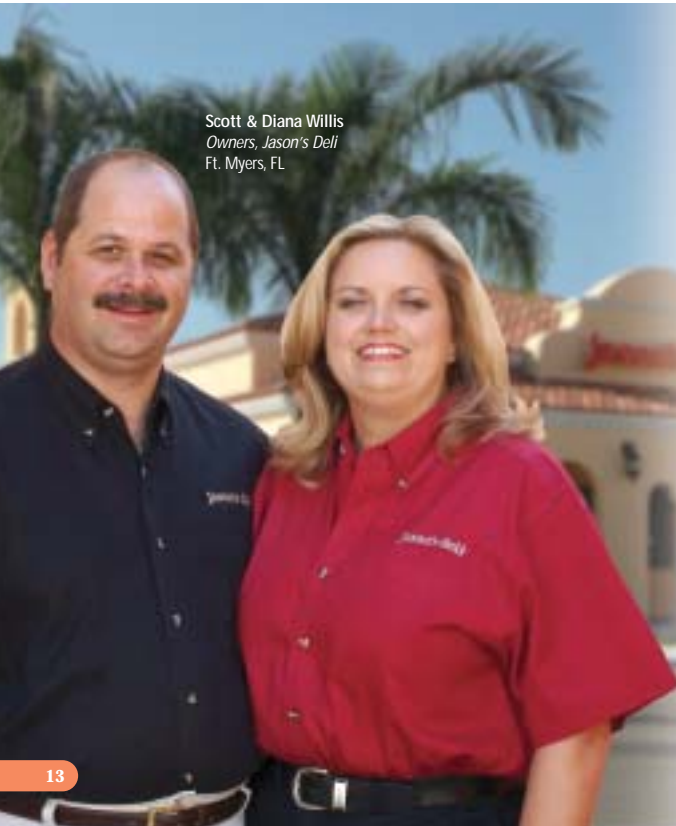
### 2002 Highlights

- No loan losses for the 7th straight year
- 33% increase in commercial loans outstanding to \$109 million
- Florida LPO commercial loan fees represented over 34% of Busey Bank's total commercial loan fees

Bob Skalitzy  
Developer  
Marina Towers, Sarasota, FL



# Why Busey Bank Florida?



Scott & Diana Willis  
Owners, Jason's Deli  
Ft. Myers, FL

**RAPIDLY GROWING MARKETS.** A major component of First Busey Corporation's consistent growth in earnings has been our ability to invest our resources in expanding markets. Busey Bank Florida provides an excellent example. Southwest Florida is growing rapidly. With more than 1,400 new residents in Lee County every month, there is a steady stream of newcomers needing banking services. Busey Bank Florida is there to serve them with a complete menu of banking services, with special emphasis on lending, including commercial, mortgage and consumer loans. In 2002, Busey Bank Florida expanded its presence in this growing market by opening a branch office in Cape Coral and adding mortgage lending personnel in Ft. Myers. Plans for 2003 include adding yet another Banking Center in Cape Coral.

The growth of Busey Bank Florida is a direct result of Busey associates who are committed to providing outstanding customer service. When people walk in the door of Busey Bank Florida, our associates greet

customers and newcomers alike with a personal welcome. In the highly competitive southwest Florida market, Busey is making our mark by going the extra mile in serving our customers.

Take the case of Scott and Diana Willis, the owners of Jason's Deli, a fast-growing franchise that opened a 4,000-square-foot restaurant in Ft. Myers in 2002. Before establishing a banking relationship for their new venture, Scott and Diana visited numerous banks and chose Busey because of the warm welcome they received and the level of professionalism they experienced. When Busey Bank Florida President Michael Geml learned of the new business, he personally called on Scott and Diana, a move that further demonstrated Busey's commitment to personal service and paved the way for the expansion of this new relationship.

This clearly demonstrates that Busey's strategy of being in the right markets with the right people, and delivering the right products works in rapidly growing southwest Florida.

#### 2002 Highlights

- 41% increase in loans
- 44% increase in total assets
- 57% increase in deposits

# Why Busey Ag Resources?

**WE DO IT ALL!** Why do landowners and farmers choose Busey? Because Busey Ag Resources can do it all. Our complete array of ag services includes farm management, farmland sales and acquisitions, farm appraisals, financial management and marketing. In 2002, real estate commissions created a greater source of revenue for our ag division. Ag personnel handled \$2.7 million in farmland sales and generated \$109,000 in fee income. Consulting services, such as providing potential landowners with detailed financial analysis of the income and appreciation potential for their investments, also contributed to a growth in fee income.

The success Busey Ag Resources enjoys is also due to having the right people. Ron Wesbecher, along with Accredited Farm Managers and Certified Crop Advisors, Tom Wiggins and Steve Myers, are more than service providers — they are trusted, knowledgeable partners. Daily, they field questions about everything from seed and fertilizer selection, to marketing

strategies, and issues related to taxes and government programs. Farmers, landowners and others involved with agriculture may call seeking information on one topic, but they soon discover they can turn to Busey professionals for help in a variety of areas.

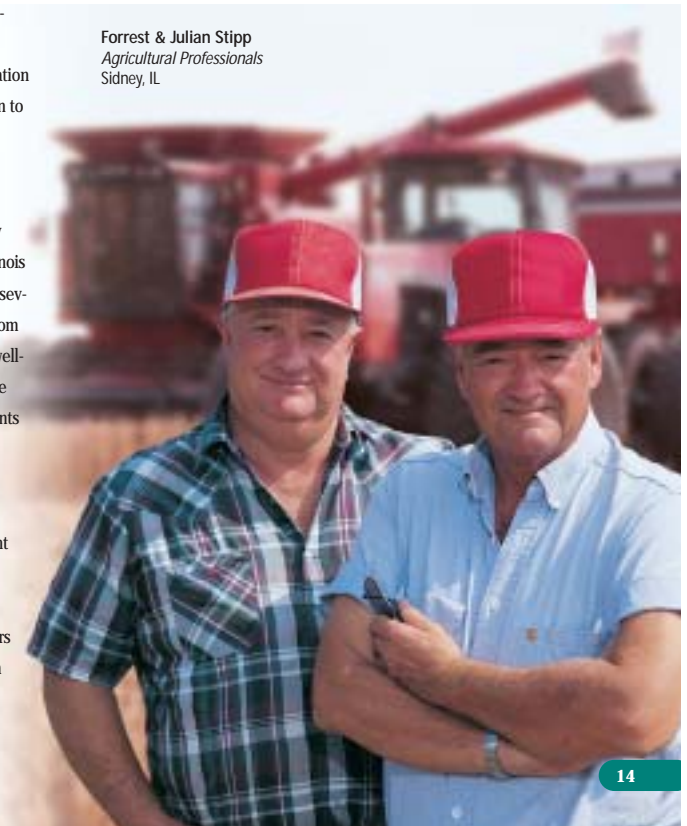
An excellent example is the case of Julian and Forrest Stipp. The brothers have farmed approximately 2,000 acres near Sidney, Illinois for Busey Ag Resources for several years. Farm manager Tom Wiggins introduced these well-respected farmers to Charlie Huber in our Tolono Banking Center, who now counts Stipp Brothers, Inc. among his customers.

Meeting the financial needs of farmers and landowners allows Busey to generate loans, earn fee income and serve a significant market segment in central Illinois. We will explore new ways to provide innovative financial services to the agricultural community so that farmers and landowners alike can continue to respond to **Why Busey?** with "Because Busey does it all."

#### 2002 Highlights

- Fees from sale of farm real estate increased over 169% from last year
- Significantly enhanced plot research program, testing over 150 hybrid combinations

Forrest & Julian Stipp  
Agricultural Professionals  
Sidney, IL







Sid Tracy  
Entrepreneur  
Champaign, IL

# Why First Busey Trust & Investment Co.?

**A COMPREHENSIVE, CUSTOMER-FOCUSED APPROACH.** First Busey Trust & Investment Co., under the umbrella of the Busey Investment Group, provides one "BIG" reason for investors to choose Busey — our comprehensive, customer-focused approach. Over the years, we've learned that while many people knew they needed professional help with their investments and overall financial management, they did not know exactly what form that assistance should take. Did they need brokerage services, a trust relationship, an investment management account or estate planning? What about taxes or long-term care insurance, retirement and education planning? During the past decade, the number of investment and financial services providers has proliferated, further complicating the decision-making process for investors.

At Busey Investment Group we offer all of these services under one umbrella. All people need to know is Busey. Because our associates work as a team, we ensure that our customers deal with the right people for their individual needs. The result is a seamless transition between First Busey Trust

and all First Busey subsidiaries.

This comprehensive, customer-focused approach served us well in 2002 as investors recognized that the right kind of professional help really can make a difference. During the past year, First Busey Trust & Investment Co. attracted \$100 million in new assets from approximately 100 new relationships.

Our well diversified, quality-driven investment style was right on target for 2002. We appealed to investors seeking to minimize overall risk, reduce volatility and earn consistent returns.

Having an experienced staff that is second to none gives

Busey a real advantage during challenging market conditions. First Busey Trust & Investment Co.'s key people all have at least 20 years experience as financial professionals. Because they've managed investments through good markets and bad, they're able to provide our customers valuable insights plus a long-term perspective.

First Busey Trust customer Sid Tracy provides an excellent example of how Busey associates work together. His company, Traco Labs, was a valued Busey commercial banking customer. When Mr. Tracy sold the company, he knew he needed a professional to manage his money. Busey Bank Senior Vice President Dennis McMillan introduced him to the

investment company's Scott MacAdam. Mr. Tracy was familiar with Busey's customer-focused way of doing business and wanted to maintain that type of relationship. He knew Scott would be just as interested in seeing him succeed with his investments as Dennis had

## 2002 Highlights

- First Busey Trust & Investment Co.'s net income increased 2%, despite a decline in the S & P 500 Index of 22%
- Over \$100 million generated in new assets
- Addition of a CPA to expand our personal tax services

been for his business on the banking side.

Busey's conservative, comprehensive and customer-focused approach enabled us to attract a significant volume of new business in a challenging year for the investment industry. We believe our way of doing business is the right way to ensure continued earnings growth.

# Why First Busey Securities, Inc.?

**A TRUSTED PERSPECTIVE.** First Busey Securities, the brokerage and securities arm of Busey Investment Group, added more than 1,170 new customers in 2002. This achievement is noteworthy in a year when many securities firms experienced declines in their level of business. The Busey name and reputation as a trusted financial advisor enabled us to attract new customers who were looking for honest, objective advice.

When it comes to educational background and level of professional training, our investment associates really shine. First Busey Securities personnel include several Certified Financial Planners. In addition, all investment associates are licensed, and the average length of employment is 14 years. With specialists in nearly every financial discipline, including stocks, bonds, asset management, financial planning, insurance, estate planning, retirement plans and taxes, we provide a holistic approach to our customers' financial well-being. The addition of a private banker makes it even more convenient for Securities customers to take care of banking business at our Windsor Road location in Champaign.

Busey's distinctive approach and staff expertise are evident in our relationship with Carle Foundation Hospital. In 2002, the Urbana-based healthcare provider selected First Busey Securities to provide its 403(b) employee benefit plan. Education for Carle employees figured prominently in the choice. Senior Vice President Donna Greene and numerous other investment advisors coordinated enrollment meetings that included individual counseling sessions, "lunch and learn" meetings and a series of investment seminars. First Busey Securities personnel continue to visit Carle, often several times each week, meeting with new employees or discussing investment issues with 403(b) participants. Carle's Director of Human Resources, Kathy Howell, recognized that First Busey Securities is unique in its ability to provide in-depth investment education on a regular basis to Carle's more than 2,000 employees.

First Busey Securities in McLean County also

played a role in our 2002 accomplishments and shows great potential in this growth market. A successful bankwide referral program also contributed to First Busey Securities' successful year. Busey associates from throughout the organization provided

referrals that resulted in a significant number of new customers. We added an investment representative in Busey Bank's headquarters in Urbana and in our Champaign Banking Center early in 2003. This facilitates the referral process for our

associates and makes it easier for banking customers to work directly with Securities personnel.

We're committed to our distinctive approach to serving our Securities customers. It's a winning strategy that enhances our relationships with customers and provides long-term value for shareholders.

## 2002 Highlights

- Generated 1,170 new account relationships
- First Busey Securities, Inc. commissions fell only 2.2%, despite market declines of 15% to 30% in the major indexes

"Life is what happens when you planned something else."



Kathy Howell  
Director of Human Resources  
Carle Foundation Hospital

# Why Invest in BUSE?

**QUALITY LEADS TO STEADY GROWTH.** The story of Busey is one of consistent growth in revenues and earnings.

We achieved these results by having a clear vision of who we are and what we want to accomplish. Through different economic climates and changes in our industry, we have stayed the course, and the outcome has been steady, solid results.

In carrying out our vision, the single most important factor is our unwavering commitment to quality. It starts with quality people — from our management team to the newest Busey associates. The men and women who lead the Busey organization are top-notch individuals whose vast experience has taught them how to weather the ups and downs of business cycles. They are flexible enough to change as times dictate and seasoned enough not to overreact. Most of all, they share a winning attitude that permeates the organization. In turn, Busey associates are people who want to be part of a winning team. This approach means we attract quality customers — businesses and individuals who want to deal with the best. The result is a quality loan portfolio and dependable earnings. Innovative products and serv-

ices delivered conveniently through branches, an extensive ATM network and Busey e-bank complete the picture of Busey as a company dedicated to delivering quality.

Shareholder Kay Briscoe was attracted to Busey as an investment because the company stood for quality. As a customer, she always found Busey personnel to be professional and dependable. When the opportunity arose to invest in Busey stock, she welcomed the chance to be both a customer and a shareholder.

Of course, the true test of a quality company is how it performs in a challenging economic environment. In 2002, Busey took the test and passed with flying colors. We did it by managing our assets and liabilities for profitability rather than simply for growth, maintaining our credit standards, continuing our expansion plans, proactively implementing new efficiencies, protecting valuable relationships and

seeking new customers. Several areas deserve special recognition for 2002. The first is mortgage lending, which set a new record for loan originations and gains on the sales of mortgage loans. The second area is the loan portfolio which exceeded \$1 billion for the first time in the company's history. Lastly, non-interest income increased 7.9%.

Just as good coaches don't change their game plans when they're winning, Busey will follow the same course in 2003. We will remain an independent bank that operates in growing geographical mar-

kets. We will focus our strategies on the goals set forth in Vision 2010: to provide a return on average equity of 20%, to return 1.4% on average assets, and to attain double-digit core earnings growth.

## Investor Highlights

- BUSE stock out-performed NASDAQ, DJIA and S & P 500 Indexes by 83%, 62% and 77%, respectively, for the five year period ending December 31, 2002
- Annualized total return on BUSE stock exceeds 17% since its IPO on June 30, 1988
- \$1,000 invested in BUSE stock on June 30, 1988 would have been worth \$6,289 on December 31, 2002

Kay Briscoe  
Long-time Busey Shareholder  
Urbana, IL

# Why Community Involvement?



Kim Lewis  
Busey Bank Associate  
and Jake

**SERVICE IS AT THE HEART OF BUSEY.** A commitment to community service has been a hallmark throughout Busey's 134-year history. At Busey, we know that by serving our communities we improve the quality of life for our customers and employees, as well as people we may never meet.

Busey associates can be found working in most every civic and charitable organization in all of our communities. They are members of boards of directors, serve as committee chairs and work as hands-on volunteers in Chambers of Commerce, schools, churches, health and welfare organizations, children's agencies and service clubs. People see that

what matters to them also matters to us. The result is that Busey comes to mind first when people name their community's leading financial institution. We believe our position as the area's leading financial institution is directly related to our image as a community-involved and service-oriented organization.

## 2002 Highlights

- Busey contributed nearly \$200,000 to area youth and student activities, arts programs, sporting events and community needs
- In 2002, Busey Associates donated over 15,700 hours of volunteer service in over 100 different organizations. They can be found throughout the Busey market areas lending a hand where needed — it's "The Busey Way!"

Kim Lewis, Busey's web designer, is involved in one of the more unusual service projects. Kim and Jake, her three-year old Belgian Tervuren, are members of ISAR — Illinois Search and Rescue — and currently are training to become a certified search and

rescue team. To date, Kim is certified in CPR and First Aid and is an amateur radio operator-KC9DDX. Her activities with ISAR total at least 10 hours every week. ISAR, an entirely volunteer organization, works with law enforcement agencies throughout Illinois as well as parts of Indiana and Missouri. An ISAR member for the past three years, Kim also serves

as the group's treasurer.

The American spirit of volunteering is unmatched by any other people in the world. At Busey, we take pride in doing our part in helping to make our communities — and the world — a better place.

## First Busey Corporation and Busey Bank

### Boards of Directors

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

## Busey Bank Florida

### Board of Directors

Todd A. Caruso	Michael P. Geml
Carol P. Conway	Edwin A. Scharlau II
Michael J. Frye	

## Management Teams (As of January 1, 2003)

### First Busey Corporation

Douglas C. Mills, Chairman & CEO	Barbara J. Kuhl, President & COO
Edwin A. Scharlau II, Vice Chairman	Barbara J. Jones, EVP & CFO
Thomas M. Good, EVP	

### Busey Bank

P. David Kuhl, Chairman & CEO	David D. Mills, President & COO
Susan E. Abbott, EVP	Lee H. O'Neill, EVP
Don A. Monteith, EVP	Donald J. Schlorff, EVP
	David R. Wampler, EVP

### Busey Bank Florida

Edwin A. Scharlau II, Chairman & CEO	Michael P. Geml, President & COO
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### Busey Investment Group

Edwin A. Scharlau II, Chairman & CEO	Curt A. Anderson, President
R. Scott MacAdam, President & CEO <i>First Busey Trust &amp; Investment, Co.</i>	Glen C. Paine, Chairman <i>First Busey Trust &amp; Investment, Co.</i>





First Busey Corporation

## CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

Years Ended December 31	2002	2001	2000
<b>ASSETS</b>			
Cash and federal funds sold	\$ 47,645	\$ 61,580	\$ 93,285
Investment securities	233,830	210,869	228,597
Loans	1,101,043	978,106	984,369
Allowance for loan losses	(15,460)	(13,688)	(12,268)
Net loans	\$1,085,583	\$ 964,418	\$ 972,101
Premises and equipment	27,359	29,081	31,253
Goodwill and other intangible assets	9,844	10,504	12,255
Other assets	31,317	24,237	17,553
Total assets	\$1,435,578	\$ 1,300,689	\$ 1,355,044
<b>LIABILITIES</b>			
Deposits:			
Non-interest bearing	\$ 151,105	\$ 138,685	\$ 134,669
Interest bearing	1,062,500	967,314	1,014,118
Total deposits	\$1,213,605	\$ 1,105,999	\$ 1,148,787
Short-term borrowings	2,467	11,767	48,890
Long-term debt	71,759	47,021	55,259
Company obligated mandatorily redeemable preferred securities	25,000	25,000	—
Other liabilities	7,584	5,112	9,783
Total liabilities	\$1,320,415	\$ 1,194,899	\$ 1,262,719
<b>STOCKHOLDERS' EQUITY</b>			
Common stock	\$ 6,291	\$ 6,291	\$ 6,291
Surplus	20,862	21,170	22,044
Retained earnings	91,639	81,861	73,215
Accumulated other comprehensive income	10,276	8,128	5,917
Total stockholders' equity before treasury stock, unearned ESOP shares and deferred compensation for stock grants	\$ 129,068	\$ 117,450	\$ 107,467
Treasury stock, at cost	(12,050)	(9,639)	(12,858)
Unearned ESOP shares and deferred compensation for stock grants	(1,855)	(2,021)	(2,284)
Total stockholders' equity	\$ 115,163	\$ 105,790	\$ 92,325
Total liabilities and stockholders' equity	\$1,435,578	\$ 1,300,689	\$ 1,355,044

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

Years Ended December 31	2002	2001	2000
<b>INTEREST INCOME</b>			
Loans	\$ 66,586	\$ 76,618	\$ 79,924
Investment securities:			
Taxable	7,198	10,128	10,657
Non-taxable	2,041	2,060	2,034
Other	260	1,179	627
Total interest income	\$ 76,085	\$ 89,985	\$ 93,242
<b>INTEREST EXPENSE</b>			
Deposits	\$ 24,598	\$ 40,614	\$ 42,286
Short-term borrowings	394	2,089	5,243
Long-term debt	3,252	2,532	2,947
Company obligated mandatorily redeemable preferred securities	2,250	1,200	—
Total interest expense	\$ 30,494	\$ 46,435	\$ 50,476
Net interest income	\$ 45,591	\$ 43,550	\$ 42,766
Provision for loan losses	3,125	2,020	2,515
Net interest income after provision for loan losses	\$ 42,466	\$ 41,530	\$ 40,251
<b>NON-INTEREST INCOME</b>			
Trust	\$ 4,567	\$ 4,607	\$ 4,364
Service charges on deposit accounts	7,054	6,121	5,341
Commissions and brokers' fees, net	2,106	2,162	1,901
Security gains, net	762	1,285	737
Other income	8,048	7,285	5,945
Total non-interest income	\$ 22,537	\$ 21,460	\$ 18,288
<b>NON-INTEREST EXPENSES</b>			
Salaries and employee benefits	\$ 21,003	\$ 21,066	\$ 19,080
Net occupancy expense of premises	3,076	3,110	3,115
Furniture and equipment expenses	3,469	3,847	3,614
Amortization of intangible assets	660	1,751	2,288
Other expenses	10,718	9,200	9,152
Total non-interest expenses	\$ 38,926	\$ 38,974	\$ 37,249
Income before income taxes	\$ 26,077	\$ 24,016	\$ 21,290
Income tax expense	8,173	8,363	7,237
Net income	\$ 17,904	\$ 15,653	\$ 14,053
<b>BASIC EARNINGS PER SHARE</b>	\$ 1.32	\$ 1.16	\$ 1.05
<b>DILUTED EARNINGS PER SHARE</b>	\$ 1.31	\$ 1.15	\$ 1.03



First Busey Corporation

## SUPPLEMENTAL INFORMATION

(dollars in thousands)

Years Ended December 31	2002	2001	2000
<b>CHANGES IN STOCKHOLDERS' EQUITY</b>			
Balance at beginning of year	\$ 105,790	\$ 92,325	\$ 82,284
Net income	17,904	15,653	14,053
Cash dividends declared	(8,126)	(7,007)	(6,410)
Common stock issued	876	5,595	581
Treasury stock purchased	(3,792)	(3,237)	(2,385)
Principal payments on ESOP debt	247	244	337
Change in accumulated other comprehensive income <sup>(1)</sup>	2,148	2,211	3,843
Amortization of restricted stock issued under restricted stock award plan	116	6	22
Balance at end of year	\$ 115,163	\$ 105,790	\$ 92,325
<b>RESERVE FOR POSSIBLE LOAN LOSSES</b>			
Balance at beginning of year	\$ 13,688	\$ 12,268	\$ 10,403
Provision charged to expense	3,125	2,020	2,515
Recoveries on loans previously charged off	476	176	124
Loans charged off	(1,829)	(776)	(774)
Balance at end of year	\$ 15,460	\$ 13,688	\$ 12,268
As a percent of loans	1.40%	1.40%	1.25%
<b>NON-PERFORMING LOANS</b>			
Loans:			
Non-accrual	\$ 1,265	\$ 1,265	\$ 767
Loans 90 days past due and still accruing	963	959	4,667
Total non-performing loans	\$ 2,228	\$ 2,224	\$ 5,434
As a percent of loans	0.20%	0.23%	0.55%

<sup>(1)</sup> Change in unrealized gain on investment securities available for sale, net

## FIVE YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA

(dollars in thousands, except per share data)

Years Ended December 31	2002	2001	2000	1999	1998
<b>BALANCE SHEET ITEMS</b>					
Total assets	\$1,435,578	\$ 1,300,689	\$ 1,355,044	\$1,247,123	\$951,531
Investment securities	233,830	210,869	228,597	225,046	217,991
Loans, net of unearned interest	1,101,043	978,106	984,369	886,684	662,281
Total deposits	1,213,605	1,105,999	1,148,787	1,027,981	826,704
Long-term debt	71,759	47,021	55,259	55,849	25,000
Stockholders' equity	115,163	105,790	92,325	82,284	87,103
<b>Results of Operations</b>					
Interest income	\$ 76,085	\$ 89,985	\$ 93,242	\$ 72,311	\$ 67,048
Interest expense	30,494	46,435	50,476	34,920	32,975
Net interest income	45,591	43,550	42,766	37,391	34,073
Net income	17,904	15,653	14,053	12,548	11,398
<b>Per Share Data</b>					
Diluted earnings	\$ 1.31	\$ 1.15	\$ 1.03	\$ .90	\$ .81
Cash dividends declared	.60	.52	.48	.44	.39
Book value	8.49	7.73	6.86	6.08	6.36
Closing price	23.06	21.48	19.94	22.63	18.25
<b>OTHER INFORMATION</b>					
Return on average assets	1.33%	1.19%	1.12%	1.22%	1.22%
Return on average equity	16.31	15.80	16.56	14.68	14.02
Net interest margin*	3.74	3.64	3.74	4.02	4.10
Stockholders' equity to assets	8.02	8.13	6.81	6.60	9.15

\*Calculated as a percent of average earning assets.

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