UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended 3/31/2013

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File No. 0-15950

FIRST BUSEY CORPORATION

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**37-1078406** (I.R.S. Employer Identification No.)
100 W. University Ave., **Champaign, Illinois** (Address of principal executive offices)	**61820** (Zip code)

Registrant's telephone number, including area code: **(217) 365-4516**

N/A

(Former Name, former address and former fiscal year, if changed since last report)

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

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

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

Class	Outstanding at May 9, 2013
Common Stock, $.001 par value	86,691,159

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST BUSEY CORPORATION and Subsidiaries

CONSOLIDATED BALANCE SHEETS
March 31, 2013 and December 31, 2012
(Unaudited)

	March 31, 2013	December 31, 2012
	(dollars in thousands)	
Assets		
Cash and due from banks (interest-bearing 2013 $383,530; 2012 $235,428)	$ 447,608	$ 351,255
Securities available for sale	952,579	1,001,497
Loans held for sale	30,833	40,003
Loans (net of allowance for loan losses 2013 $47,773; 2012 $48,012)	1,982,074	1,985,095
Premises and equipment	70,136	71,067
Goodwill	20,686	20,686
Other intangible assets	11,920	12,703
Cash surrender value of bank owned life insurance	39,813	39,485
Other real estate owned (OREO)	2,632	3,450
Deferred tax asset, net	37,567	39,373
Other assets	52,462	53,442
Total assets	$ 3,648,310	$ 3,618,056
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest-bearing	$ 547,226	$ 611,043
Interest-bearing	2,469,719	2,369,249
Total deposits	$ 3,016,945	$ 2,980,292
Securities sold under agreements to repurchase	130,809	139,024
Long-term debt	6,000	7,000
Junior subordinated debt owed to unconsolidated trusts	55,000	55,000
Other liabilities	25,851	27,943
Total liabilities	$ 3,234,605	$ 3,209,259
Stockholders' Equity		
Series C Preferred stock, $.001 par value, 72,664 shares authorized, issued and outstanding, $1,000.00 liquidation value per share	$ 72,664	$ 72,664
Common stock, $.001 par value, authorized 200,000,000 shares; shares issued — 88,287,132	88	88
Additional paid-in capital	594,313	594,411
Accumulated deficit	(234,796)	(240,321)
Accumulated other comprehensive income	12,671	13,542
Total stockholders' equity before treasury stock	$ 444,940	$ 440,384
Common stock shares held in treasury at cost — 2013 1,595,973; 2012 1,616,282	(31,235)	(31,587)
Total stockholders' equity	$ 413,705	$ 408,797
Total liabilities and stockholders' equity	$ 3,648,310	$ 3,618,056
Common shares outstanding at period end	86,691,159	86,670,850

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2013 and 2012
(Unaudited)

	2013	2012
	(dollars in thousands, except per share amounts)	
Interest income:		
Interest and fees on loans	$ 22,961	$ 25,526
Interest and dividends on investment securities:		
Taxable interest income	3,171	3,768
Non-taxable interest income	983	802
Total interest income	$ 27,115	$ 30,096
Interest expense:		
Deposits	$ 2,097	$ 3,748
Securities sold under agreements to repurchase	44	78
Short-term borrowings	9	9
Long-term debt	81	226
Junior subordinated debt owed to unconsolidated trusts	301	337
Total interest expense	$ 2,532	$ 4,398
Net interest income	$ 24,583	$ 25,698
Provision for loan losses	2,000	5,000
Net interest income after provision for loan losses	$ 22,583	$ 20,698

	2013	2012
Other income:		
Trust fees	$ 5,208	$ 5,195
Commissions and brokers' fees, net	540	506
Remittance processing	2,098	2,167
Service charges on deposit accounts	2,727	2,811
Other service charges and fees	1,439	1,381
Gain on sales of loans	3,497	2,413
Other	1,132	3,407
Total other income	$ 16,641	$ 17,880
Other expense:		
Salaries and wages	$ 13,560	$ 12,111
Employee benefits	3,227	2,896
Net occupancy expense of premises	2,182	2,205
Furniture and equipment expense	1,254	1,272
Data processing	2,639	2,159
Amortization of intangible assets	783	827
Regulatory expense	646	626
OREO expense	543	5
Other	4,733	5,101
Total other expense	$ 29,567	$ 27,202
Income before income taxes	$ 9,657	$ 11,376
Income taxes	3,224	3,733
Net income	$ 6,433	$ 7,643
Preferred stock dividends	908	908
Net income available to common stockholders	$ 5,525	$ 6,735
Basic earnings per common share	$ 0.06	$ 0.08
Diluted earnings per common share	$ 0.06	$ 0.08
Dividends declared per share of common stock	$ —	$ 0.04

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2013 and 2012
(Unaudited)

	2013	2012
	(dollars in thousands)	
Net income	$ 6,433	$ 7,643
Other comprehensive (loss), before tax:		
Unrealized net (losses) on securities:		
Unrealized net holding (losses) arising during period	$ (1,480)	$ (196)
Other comprehensive (loss), before tax	$ (1,480)	$ (196)
Income tax (benefit) related to items of other comprehensive income	(609)	(80)
Other comprehensive (loss), net of tax	$ (871)	$ (116)
Comprehensive income	$ 5,562	$ 7,527

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2013 and 2012
(Unaudited)

	2013	2012
	(dollars in thousands)	
Cash Flows from Operating Activities		
Net income	$ 6,433	$ 7,643
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based and non-cash compensation	251	220
Depreciation and amortization	2,189	2,161
Provision for loan losses	2,000	5,000
Provision for deferred income taxes	2,415	3,488
Amortization of security premiums and discounts, net	2,549	2,225
Gain on sales of loans, net	(3,497)	(2,413)
Net loss (gain) on sales of OREO properties	51	(40)
Increase in cash surrender value of bank owned life insurance	(328)	(659)

	2013	2012
Change in assets and liabilities:		
Decrease (increase) in other assets	1,257	(132)
Decrease in other liabilities	(1,924)	(1,845)
Decrease in interest payable	(165)	(276)
Decrease (increase) in income taxes receivable	(277)	520
Net cash provided by operating activities before activities for loans originated for sale	$ 10,954	$ 15,892
Loans originated for sale	(130,546)	(146,232)
Proceeds from sales of loans	143,213	134,477
Net cash provided by operating activities	$ 23,621	$ 4,137
Cash Flows from Investing Activities		
Proceeds from sales of securities classified available for sale	2,295	4,152
Proceeds from maturities of securities classified available for sale	56,705	47,153
Purchase of securities classified available for sale	(14,111)	(162,724)
Net decrease in loans	774	46,588
Proceeds from disposition of premises and equipment	462	19
Proceeds from sale of OREO properties	1,014	2,869
Purchases of premises and equipment	(937)	(1,365)
Net cash provided by (used in) investing activities	$ 46,202	$ (63,308)

(continued on next page)

FIRST BUSEY CORPORATION and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the Three Months Ended March 31, 2013 and 2012
(Unaudited)

	2013	2012
	(dollars in thousands)	
Cash Flows from Financing Activities		
Net decrease in certificates of deposit	$ (29,338)	$ (54,240)
Net increase in demand, money market and savings deposits	65,991	171,013
Cash dividends paid	(908)	(4,373)
Principal payments on long-term debt	(1,000)	—
Net (decrease) increase in securities sold under agreements to repurchase	(8,215)	16,842
Net cash provided by financing activities	$ 26,530	$ 129,242
Net increase in cash and due from banks	$ 96,353	$ 70,071
Cash and due from banks, beginning	$ 351,255	$ 315,053
Cash and due from banks, ending	$ 447,608	$ 385,124
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	$ 2,697	$ 4,674
Income taxes	$ 1,110	$ 70
Non-cash investing and financing activities:		
Other real estate acquired in settlement of loans	$ 247	$ 3,096
Dividends accrued	$ 923	$ 924

See accompanying notes to unaudited consolidated financial statements.

FIRST BUSEY CORPORATION and Subsidiaries
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

The accompanying unaudited consolidated interim financial statements of First Busey Corporation (the “Company”), a Nevada corporation, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for Quarterly Reports on Form 10-Q and do not include certain information and footnote disclosures required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2012.

The accompanying consolidated balance sheet as of December 31, 2012, which has been derived from audited financial statements, and the unaudited consolidated interim financial statements have been prepared in accordance with U.S. GAAP and reflect all adjustments that are, in the opinion of management, necessary for the fair presentation of the financial position and results of operations for the periods presented. All such adjustments are of a

normal recurring nature. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current presentation with no effect on net income or stockholders' equity.

In preparing the accompanying consolidated financial statements, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. Material estimates which are particularly susceptible to significant change in the near term relate to the fair value of investment securities, the determination of the allowance for loan losses, and valuation allowance on the deferred tax asset.

The Company has evaluated subsequent events for potential recognition and/or disclosure through the date the consolidated financial statements included in this Quarterly Report on Form 10-Q were issued. There were no significant subsequent events for the quarter ended March 31, 2013 through the issuance date of these financial statements that warranted adjustment to or disclosure in the consolidated financial statements.

Note 2: Recent Accounting Pronouncements

The Company reviews new accounting standards as issued. Information relating to accounting pronouncements issued and applicable to the Company in 2012 appear in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The Company has not identified any standards applicable to the Company for 2013 that it believes merit discussion.

Note 3: Securities

The amortized cost, unrealized gains and losses and fair values of securities classified available for sale are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
March 31, 2013:				
U.S. Treasury securities	$ 103,225	$ 1,292	$ —	$ 104,517
Obligations of U.S. government corporations and agencies	332,583	5,644	(16)	338,211
Obligations of states and political subdivisions	276,195	5,819	(220)	281,794
Residential mortgage-backed securities	190,989	7,105	—	198,094
Corporate debt securities	24,484	154	(10)	24,628
Total debt securities	927,476	20,014	(246)	947,244
Mutual funds and other equity securities	3,563	1,772	—	5,335
	$ 931,039	$ 21,786	$ (246)	$ 952,579

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
December 31, 2012:				
U.S. Treasury securities	$ 103,353	$ 1,303	$ —	$ 104,656
Obligations of U.S. government corporations and agencies	363,583	6,616	(5)	370,194
Obligations of states and political subdivisions	274,350	6,176	(238)	280,288
Residential mortgage-backed securities	210,139	7,576	—	217,715
Corporate debt securities	24,601	139	(26)	24,714
Total debt securities	976,026	21,810	(269)	997,567
Mutual funds and other equity securities	2,451	1,479	—	3,930
	$ 978,477	$ 23,289	$ (269)	$ 1,001,497

The amortized cost and fair value of debt securities available for sale as of March 31, 2013, by contractual maturity, are shown below. Mutual funds and other equity securities do not have stated maturity dates and therefore are not included in the following maturity summary. Mortgages underlying the residential mortgage-backed securities may be called or prepaid without penalties; therefore, actual maturities could differ from the contractual maturities. All residential mortgage-backed securities were issued by U.S. government agencies and corporations.

	Amortized Cost	Fair Value
	(dollars in thousands)	
Due in one year or less	$ 143,583	$ 144,951
Due after one year through five years	518,792	527,045
Due after five years through ten years	202,954	209,884
Due after ten years	62,147	65,364
	$ 927,476	$ 947,244

There were no realized gains and losses related to sales of securities and no tax provision related to net realized gains and losses for the three months ended March 31, 2013 and 2012.

Investment securities with carrying amounts of $418.2 million and $489.1 million on March 31, 2013 and December 31, 2012, respectively, were pledged as collateral for public deposits, securities sold under agreements to repurchase and for other purposes as required or permitted by law.

Information pertaining to securities with gross unrealized losses at March 31, 2013 and December 31, 2012 aggregated by investment category and length of time that individual securities have been in a continuous loss position follows:

	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(dollars in thousands)					
March 31, 2013:						
U.S. Treasury securities(1)	$ 355	$ —	$ —	$ —	$ 355	$ —
Obligations of U.S. government corporations and agencies	10,144	16	—	—	10,144	16
Obligations of states and political subdivisions	26,454	164	4,282	56	30,736	220
Corporate debt securities	7,159	10	—	—	7,159	10
Total temporarily impaired securities	$ 44,112	$ 190	$ 4,282	$ 56	$ 48,394	$ 246

(1)Unrealized loss was less than one thousand dollars.

	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(dollars in thousands)					
December 31, 2012:						
Obligations of U.S. government corporations and agencies	$ 10,155	$ 5	$ —	$ —	$ 10,155	$ 5
Obligations of states and political subdivisions	37,958	189	3,311	49	41,269	238
Corporate debt securities	15,207	26	—	—	15,207	26
Total temporarily impaired securities	$ 63,320	$ 220	$ 3,311	$ 49	$ 66,631	$ 269

The total number of securities in the investment portfolio in an unrealized loss position as of March 31, 2013 was 74, and represented a loss of 0.51% of the aggregate carrying value. Based upon a review of unrealized loss circumstances, the unrealized losses resulted from changes in market interest rates and liquidity, not from changes in the probability of receiving the contractual cash flows. The Company does not intend to sell the securities and it is more-likely-than-not that the Company will recover the amortized cost prior to being required to sell the securities. Full collection of the amounts due according to the contractual terms of the securities is expected; therefore, the Company does not consider these investments to be other-than-temporarily impaired at March 31, 2013.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and whether the Company has the intent to sell the security and it is more-likely-than-not we will have to sell the security before recovery of its cost basis.

Note 4: Loans

Geographic distributions of loans were as follows:

	March 31, 2013			
	Illinois	Florida	Indiana	Total
	(dollars in thousands)			
Commercial	$ 392,171	$ 11,959	$ 21,792	$ 425,922
Commercial real estate	776,674	147,501	68,794	992,969
Real estate construction	69,263	17,040	2,875	89,178
Retail real estate	421,790	107,254	10,383	539,427
Retail other	12,677	398	109	13,184
Total	$ 1,672,575	$ 284,152	$ 103,953	$ 2,060,680
Less held for sale(1)				30,833
				$ 2,029,847
Less allowance for loan losses				47,773
Net loans				$ 1,982,074

(1)Loans held for sale are included in retail real estate.

	December 31, 2012			
	Illinois	Florida	Indiana	Total

	(dollars in thousands)			
Commercial	$ 399,300	$ 10,861	$ 23,527	$ 433,688
Commercial real estate	777,752	138,170	65,210	981,132
Real estate construction	67,152	15,972	2,977	86,101
Retail real estate	435,911	112,052	11,873	559,836
Retail other	11,831	409	113	12,353
Total	$ 1,691,946	$ 277,464	$ 103,700	$ 2,073,110
Less held for sale(1)				40,003
				$ 2,033,107
Less allowance for loan losses				48,012
Net loans				$ 1,985,095

(1) Loans held for sale are included in retail real estate.

Net deferred loan origination costs included in the tables above were $0.7 million and $0.8 million as of March 31, 2013 and December 31, 2012, respectively.

The Company believes that sound loans are a necessary and desirable means of employing funds available for investment. Recognizing the Company's obligations to its stockholders, depositors, and to the communities it serves, authorized personnel are expected to seek to develop and make sound, profitable loans that resources permit and that opportunity affords. The Company maintains lending policies and procedures designed to focus lending efforts on the types, locations and duration of loans most appropriate for its business model and markets. While not specifically limited, the Company attempts to focus its lending on short to intermediate-term (0-7 years) loans in geographies within 125 miles of its lending offices. The Company attempts to utilize government assisted lending programs, such as the Small Business Administration and United States Department of Agriculture lending programs, when prudent. Generally, loans are collateralized by assets, primarily real estate, of the borrowers and guaranteed by individuals. The loans are expected to be repaid primarily from cash flows of the borrowers, or from proceeds from the sale of selected assets of the borrowers.

Management reviews and approves the Company's lending policies and procedures on a routine basis. Management routinely (at least quarterly) reviews the Company's allowance for loan losses and reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans. The Company's underwriting standards are designed to encourage relationship banking rather than transactional banking. Relationship banking implies a primary banking relationship with the borrower that includes, at a minimum, an active deposit banking relationship in addition to the lending relationship. The integrity and character of the borrower are significant factors in the Company's loan underwriting. As a part of underwriting, tangible positive or negative evidence of the borrower's integrity and character are sought out. Additional significant underwriting factors beyond location, duration, a sound and profitable cash flow basis and the borrower's character are the quality of the borrower's financial history, the liquidity of the underlying collateral and the reliability of the valuation of the underlying collateral.

Total borrowing relationships, including direct and indirect debt, are generally limited to $20 million, which is significantly less than the Company's regulatory lending limit. Borrowing relationships exceeding $20 million are reviewed by the Company's board of directors at least annually and more frequently by management. At no time is a borrower's total borrowing relationship permitted to exceed the Company's regulatory lending limit. Loans to related parties, including executive officers and the Company's various directorates, are reviewed for compliance with regulatory guidelines and by the Company's board of directors at least annually.

The Company maintains an independent loan review department that reviews the loans for compliance with the Company's loan policy on a periodic basis. In addition to compliance with this policy, the loan review process reviews the risk assessments made by the Company's credit department, lenders and loan committees. Results of these reviews are presented to management and the audit committee at least quarterly.

The Company's lending can be summarized into five primary areas: commercial loans, commercial real estate loans, real estate construction loans, retail real estate loans, and other retail loans. A description of each of the lending areas can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The significant majority of the lending activity occurs in the Company's Illinois and Indiana markets, with the remainder in the Florida market. Due to the small scale of the Indiana loan portfolio and its geographical proximity to the Illinois portfolio, the Company believes that quantitative or qualitative segregation between Illinois and Indiana is not material or warranted.

The Company utilizes a loan grading scale to assign a risk grade to all of its loans. Loans are graded on a scale of 1 through 10 with grades 2, 4 & 5 unused. A description of the general characteristics of the grades is as follows:

- *Grades 1, 3, 6* — These grades include loans which are all considered strong credits, with grade 1 being investment or near investment grade. A grade 3 loan is comprised of borrowers that exhibit credit fundamentals that exceed industry standards and loan policy guidelines. A grade 6 loan is comprised of borrowers that exhibit acceptable credit fundamentals.

- *Grade 7*- This grade includes loans on management's "Watch List" and is intended to be utilized on a temporary basis for a pass grade borrower where a significant risk-modifying action is anticipated in the near future.

- *Grade 8*- This grade is for "Other Assets Especially Mentioned" loans that have potential weaknesses which may, if not checked or corrected, weaken the asset or inadequately protect the Company's credit position at some future date.

- *Grade 9*- This grade includes "Substandard" loans, in accordance with regulatory guidelines, for which the accrual of interest has not been stopped. Assets so classified must have well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

- *Grade 10*- This grade includes "Doubtful" loans that have all the characteristics of a substandard loan with additional factors that make collection in full highly questionable and improbable. Such loans are placed on non-accrual status and may be dependent on collateral having a value that is difficult to determine.

All loans are graded at the inception of the loan. All commercial and commercial real estate loans above $0.5 million with a grading of 7 are reviewed annually and grade changes are made as necessary. All real estate construction loans above $0.5 million, regardless of the grade, are reviewed annually and grade changes are made as necessary. Interim grade reviews may take place if circumstances of the borrower warrant a more timely review. All loans above $0.5 million which are graded 8 are reviewed quarterly. Further, all loans graded 9 or 10 are reviewed at least quarterly.

Loans in the highest grades, represented by grades 1, 3, 6 and 7, totaled $1.8 billion at March 31, 2013 which remained steady with balances at December 31, 2012. Loans in the lowest grades, represented by grades 8, 9 and 10, totaled $222.6 million at March 31, 2013, a slight decline from $228.1 million at December 31, 2012. The positive change in mix of loan grades began in 2012 and indicates a declining level of overall risk in the total loan portfolio.

The following table presents weighted average risk grades segregated by class of loans (excluding held-for-sale, non-posted and clearings) and geography:

	March 31, 2013					
	Weighted Avg. Risk Grade	Grades 1,3,6	Grade 7	Grade 8	Grade 9	Grade 10
	(dollars in thousands)					
Illinois/Indiana						
Commercial	4.76	$ 329,298	$ 57,158	$ 6,729	$ 18,863	$ 1,915
Commercial real estate	5.55	653,077	106,607	46,839	30,933	8,012
Real estate construction	7.13	33,937	7,606	13,485	13,931	3,179
Retail real estate	3.63	378,713	6,352	6,241	7,188	3,148
Retail other	3.40	12,420	359	—	7	—
Total Illinois/Indiana		$ 1,407,445	$ 178,082	$ 73,294	$ 70,922	$ 16,254
Florida						
Commercial	5.70	$ 7,437	$ 308	$ 3,375	$ 839	$ —
Commercial real estate	6.37	87,297	24,374	11,203	20,665	3,962
Real estate construction	6.98	5,058	8,055	2,946	981	—
Retail real estate	3.96	79,209	8,414	12,395	2,929	2,785
Retail other	2.44	381	—	17	—	—
Total Florida		$ 179,382	$ 41,151	$ 29,936	$ 25,414	$ 6,747
Total		$ 1,586,827	$ 219,233	$ 103,230	$ 96,336	$ 23,001

	December 31, 2012					
	Weighted Avg. Risk Grade	Grades 1,3,6	Grade 7	Grade 8	Grade 9	Grade 10
	(dollars in thousands)					
Illinois/Indiana						
Commercial	4.68	$ 346,536	$ 46,201	$ 12,374	$ 15,677	$ 2,039
Commercial real estate	5.53	644,695	110,012	50,305	28,655	9,295
Real estate construction	7.21	30,710	7,809	14,162	14,084	3,364
Retail real estate	3.62	385,949	6,729	7,806	5,874	2,855
Retail other	3.34	11,563	372	—	9	—
Total Illinois/Indiana		$ 1,419,453	$ 171,123	$ 84,647	$ 64,299	$ 17,553
Florida						
Commercial	5.91	$ 6,359	$ 3,544	$ 162	$ 796	$ —
Commercial real estate	6.36	80,232	20,667	13,238	19,279	4,754
Real estate construction	6.97	4,137	7,721	3,172	942	—
Retail real estate	3.98	83,578	6,369	13,225	3,265	2,797
Retail other	2.80	391	—	18	—	—
Total Florida		$ 174,697	$ 38,301	$ 29,815	$ 24,282	$ 7,551
Total		$ 1,594,150	$ 209,424	$ 114,462	$ 88,581	$ 25,104

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on non-accrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of the principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

An age analysis of past due loans still accruing and non-accrual loans is as follows:

March 31, 2013			
Loans past due, still accruing			
30-59 Days	60-89 Days	90+Days	Non-accrual

				Loans
	(dollars in thousands)			
Illinois/Indiana				
Commercial	$ 1,181	$ 459	$ —	$ 1,915
Commercial real estate	4,138	309	193	8,012
Real estate construction	—	—	—	3,179
Retail real estate	571	276	11	3,148
Retail other	10	—	—	—
Total Illinois/Indiana	$ 5,900	$ 1,044	$ 204	$ 16,254
Florida				
Commercial	$ —	$ —	$ —	$ —
Commercial real estate	172	—	—	3,962
Real estate construction	—	—	—	—
Retail real estate	16	—	—	2,785
Retail other	—	—	—	—
Total Florida	$ 188	$ —	$ —	$ 6,747
Total	$ 6,088	$ 1,044	$ 204	$ 23,001

	December 31, 2012			
	Loans past due, still accruing			
	30-59 Days	60-89 Days	90+Days	Non-accrual Loans
	(dollars in thousands)			
Illinois/Indiana				
Commercial	$ 111	$ 80	$ 19	$ 2,039
Commercial real estate	216	59	139	9,295
Real estate construction	—	—	—	3,364
Retail real estate	1,154	294	46	2,855
Retail other	2	2	—	—
Total Illinois/Indiana	$ 1,483	$ 435	$ 204	$ 17,553
Florida				
Commercial	$ —	$ —	$ —	$ —
Commercial real estate	—	—	—	4,754
Real estate construction	—	—	—	—
Retail real estate	364	—	52	2,797
Retail other	—	3	—	—
Total Florida	$ 364	$ 3	$ 52	$ 7,551
Total	$ 1,847	$ 438	$ 256	$ 25,104

A loan is impaired when, based on current information and events, it is probable the Company will be unable to collect scheduled principal and interest payments when due according to the terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. The following loans are assessed for impairment by the Company: loans 60 days or more past due and over $0.25 million, loans graded 8 over $0.5 million and loans graded 9 or below.

Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of the expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures unless such loans are the subject of a restructuring agreement.

The gross interest income that would have been recorded in the three months ended March 31, 2013 if impaired loans had been current in accordance with their original terms was $0.4 million. The amount of interest collected on those loans and recognized on a cash basis that was included in interest income was insignificant for the three months ended March 31, 2013.

The Company's loan portfolio includes certain loans that have been modified in a troubled debt restructuring ("TDR"), where concessions have been granted to borrowers who have experienced financial difficulties. The Company will restructure loans for its customers who appear to be able to meet the terms of their loan over the long term, but who may be unable to meet the terms of the loan in the near term due to individual circumstances.

The Company considers the customer's past performance, previous and current credit history, the individual circumstances surrounding the current difficulties and the customer's plan to meet the terms of the loan in the future prior to restructuring the terms of the loan. Generally, all five primary areas of lending are restructured through short-term interest rate relief, short-term principal payment relief, short-term principal and interest payment relief, or forbearance (debt forgiveness). Once a restructured loan has gone 90+ days past due or is placed on non-accrual status, it is included in the non-performing loan totals. A summary of restructured loans as of March 31, 2013 and December 31, 2012 is as follows:

	March 31,	December 31,

	2013	2012
	(dollars in thousands)	
Restructured loans:		
In compliance with modified terms	$ 18,973	$ 22,023
30 – 89 days past due	—	28
Included in non-performing loans	8,347	6,458
Total	$ 27,320	$ 28,509

All TDRs are considered to be impaired for purposes of assessing the adequacy of the allowance for loan losses and for financial reporting purposes. When the Company modifies a loan in a TDR, it evaluates any possible impairment similar to other impaired loans based on present value of the expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. If the Company determines that the value of the TDR is less than the recorded investment in the loan, impairment is recognized through an allowance estimate in the period of the modification and in periods subsequent to the modification.

Performing loans classified as TDRs, segregated by class and geography, are shown below:

	Three Months Ended March 31, 2013		Three Months Ended March 31, 2012	
	Number of contracts	Recorded investment	Number of contracts	Recorded investment
	(dollars in thousands)			
Illinois/Indiana				
Commercial	—	$ —	2	$ 1,280
Commercial real estate	—	—	—	—
Real estate construction	—	—	1	3,019
Retail real estate	—	—	—	—
Retail other	—	—	—	—
Total Illinois/Indiana	—	$ —	3	$ 4,299
Florida				
Commercial	—	$ —	—	$ —
Commercial real estate	—	—	—	—
Real estate construction	—	—	—	—
Retail real estate	—	—	—	—
Retail other	—	—	—	—
Total Florida	—	$ —	—	$ —
Total	—	$ —	3	$ 4,299

The commercial TDRs for the three months ended March 31, 2012 involve short-term principal payment relief. The real estate construction TDR for the three months ended March 31, 2012 involve a forbearance agreement.

The gross interest income that would have been recorded in the three months ended March 31, 2013 and 2012 if performing TDRs had been in accordance with their original terms instead of modified terms was insignificant.

TDRs that were classified as non-performing and had payment defaults (a default occurs when a loan is 90 days or more past due or transferred to non-accrual), segregated by class and geography, are shown below:

	Three Months Ended March 31, 2013		Three Months Ended March 31, 2012	
	Number of contracts	Recorded investment	Number of contracts	Recorded investment
	(dollars in thousands)			
Illinois/Indiana				
Commercial	—	$ —	—	$ —
Commercial real estate	1	1,700	1	4,068
Real estate construction	—	—	—	—
Retail real estate	—	—	—	—
Retail other	—	—	—	—
Total Illinois/Indiana	1	$ 1,700	1	$ 4,068
Florida				
Commercial	—	$ —	—	$ —
Commercial real estate	—	—	—	—
Real estate construction	—	—	1	657
Retail real estate	3	407	1	143
Retail other	—	—	—	—
Total Florida	3	$ 407	2	$ 800
Total	4	$ 2,107	3	$ 4,868

The following tables provide details of impaired loans, segregated by category and geography. The unpaid contractual principal balance represents the recorded balance prior to any partial charge-offs. The recorded investment represents customer balances net of any partial charge-offs recognized on the loan. The average recorded investment is calculated using the most recent four quarters.

	March 31, 2013					
	Unpaid Contractual Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(dollars in thousands)					
Illinois/Indiana						
Commercial	$ 9,250	$ 4,605	$ 589	$ 5,194	$ 589	$ 8,352
Commercial real estate	14,929	10,358	1,702	12,060	847	13,138
Real estate construction	9,203	5,952	2,794	8,746	1,050	8,958
Retail real estate	6,413	5,308	30	5,338	30	5,142
Retail other	—	—	—	—	—	10
Total Illinois/Indiana	$ 39,795	$ 26,223	$ 5,115	$ 31,338	$ 2,516	$ 35,600
Florida						
Commercial	$ —	$ —	$ —	$ —	$ —	$ 157
Commercial real estate	8,751	5,770	—	5,770	—	6,355
Real estate construction	2,593	2,593	—	2,593	—	3,460
Retail real estate	13,949	11,681	95	11,776	25	14,057
Retail other	—	—	—	—	—	—
Total Florida	$ 25,293	$ 20,044	$ 95	$ 20,139	$ 25	$ 24,029
Total	$ 65,088	$ 46,267	$ 5,210	$ 51,477	$ 2,541	$ 59,629

	December 31, 2012					
	Unpaid Contractual Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(dollars in thousands)					
Illinois/Indiana						
Commercial	$ 11,557	$ 7,214	$ 265	$ 7,479	$ 265	$ 10,109
Commercial real estate	17,656	12,020	1,288	13,308	634	14,607
Real estate construction	6,851	6,394	—	6,394	—	8,625
Retail real estate	6,251	4,666	530	5,196	140	5,206
Retail other	—	—	—	—	—	24
Total Illinois/Indiana	$ 42,315	$ 30,294	$ 2,083	$ 32,377	$ 1,039	$ 38,571
Florida						
Commercial	$ —	$ —	$ —	$ —	$ —	$ 271
Commercial real estate	9,533	5,988	585	6,573	235	6,506
Real estate construction	2,597	2,597	—	2,597	—	3,989
Retail real estate	16,518	12,673	1,373	14,046	483	15,254
Retail other	—	—	—	—	—	—
Total Florida	$ 28,648	$ 21,258	$ 1,958	$ 23,216	$ 718	$ 26,020
Total	$ 70,963	$ 51,552	$ 4,041	$ 55,593	$ 1,757	$ 64,591

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

Allowance for Loan Losses

The allowance for loan losses represents an estimate of the amount of losses believed inherent in the Company's loan portfolio at the balance sheet date. The allowance for loan losses is evaluated geographically, by class of loans. The allowance calculation involves a high degree of estimation that management attempts to mitigate through the use of objective historical data where available. Loan losses are charged against the allowance for loan losses when management believes the uncollectibility of the loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Overall, the Company believes the allowance methodology is consistent with prior periods and the balance was adequate to cover the estimated losses in the Company's loan portfolio at March 31, 2013 and December 31, 2012.

The general portion of the Company's allowance contains two components: (i) a component for historical loss ratios, and (ii) a component for adversely graded loans. The historical loss ratio component is an annualized loss rate calculated using a sum-of-years digits weighted 20 quarter historical average.

The Company's component for adversely graded loans attempts to quantify the additional risk of loss inherent in the grade 8 and grade 9 portfolios. The grade 9 portfolio has an additional allocation placed on those loans determined by a one-year charge-off percentage for the respective loan type/geography. The minimum additional reserve on a grade 9 loan was 3.00% as of March 31, 2013 and December 31, 2012, which is an estimate of the additional loss inherent in these loan grades based upon a review of overall historical charge-offs. As of March 31, 2013, the Company believed this minimum reserve remained adequate.

Grade 8 loans have an additional allocation placed on them determined by the trend difference of the respective loan type/geography's rolling 12 and 20 quarter historical loss trends. If the rolling 12 quarter average is higher (more current information) than the rolling 20 quarter average, the Company adds the additional amount to the allocation. The minimum additional amount for grade 8 loans was 1.00% as of March 31, 2013 and December 31, 2012, based upon

a review of the differences between the rolling 12 and 20 quarter historical loss averages by region. As of March 31, 2013, the Company believed this minimum additional amount remained adequate.

The specific portion of the Company's allowance relates to loans that are impaired, which includes non-performing loans, TDRs and other loans determined to be impaired. The impaired loans are subtracted from the general loans and are allocated specific reserves as discussed above.

Impaired loans are reported at the fair value of the underlying collateral, less estimated costs to sell, if repayment is expected solely from the collateral. Collateral values are estimated using a combination of observable inputs, including recent appraisals discounted for collateral specific changes and current market conditions, and unobservable inputs based on customized discounting criteria.

The general quantitative allocation based upon historical charge off rates is adjusted for qualitative factors based on current general economic conditions and other qualitative risk factors both internal and external to the Company. In general, such valuation allowances are determined by evaluating, among other things: (i) Management & Staff; (ii) Loan Underwriting, Policy and Procedures; (iii) Internal/External Audit & Loan Review; (iv) Valuation of Underlying Collateral; (v) Macro and Local Economic Factor; (vi) Impact of Competition, Legal & Regulatory Issues; (vii) Nature and Volume of Loan Portfolio; (viii) Concentrations of Credit; (ix) Net Charge-Off Trend; and (x) Non-Accrual, Past Due and Classified Trend. Management evaluates the degree of risk that each one of these components has on the quality of the loan portfolio on a quarterly basis. Based on each component's risk factor, a qualitative adjustment to the reserve may be applied to the appropriate loan categories.

During the first quarter of 2013, the Company did not adjust any qualitative factors. The Company bases its assessment on several sources and will continue to monitor its qualitative factors on a quarterly basis.

The following table details activity on the allowance for loan losses. Allocation of a portion of the allowance to one category does not preclude its availability to absorb losses in other categories.

	For the Three Months Ended March 31, 2013 (dollars in thousands)					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
Illinois/Indiana						
Beginning balance	$ 6,597	$ 15,023	$ 2,527	$ 8,110	$ 322	$ 32,579
Provision for loan loss	238	490	737	(404)	(6)	1,055
Charged-off	(183)	(847)	—	(272)	(136)	(1,438)
Recoveries	15	125	182	28	178	528
Ending Balance	$ 6,667	$ 14,791	$ 3,446	$ 7,462	$ 358	$ 32,724
Florida						
Beginning balance	$ 1,437	$ 6,062	$ 2,315	$ 5,614	$ 5	$ 15,433
Provision for loan loss	23	270	29	629	(6)	945
Charged-off	—	(245)	(35)	(1,178)	(2)	(1,460)
Recoveries	25	19	17	63	7	131
Ending Balance	$ 1,485	$ 6,106	$ 2,326	$ 5,128	$ 4	$ 15,049

	For the Three Months Ended March 31, 2012 (dollars in thousands)					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
Illinois/Indiana						
Beginning balance	$ 9,143	$ 18,605	$ 4,352	$ 6,473	$ 464	$ 39,037
Provision for loan loss	(1,973)	7,660	(317)	(262)	(51)	5,057
Charged-off	(279)	(8,424)	(288)	(861)	(146)	(9,998)
Recoveries	91	269	162	164	78	764
Ending Balance	$ 6,982	$ 18,110	$ 3,909	$ 5,514	$ 345	$ 34,860
Florida						
Beginning balance	$ 1,939	$ 8,413	$ 2,936	$ 6,160	$ 21	$ 19,469
Provision for loan loss	(563)	45	(400)	877	(16)	(57)
Charged-off	(40)	(216)	(69)	(764)	—	(1,089)
Recoveries	405	35	73	132	7	652
Ending Balance	$ 1,741	$ 8,277	$ 2,540	$ 6,405	$ 12	$ 18,975

The following table presents the allowance for loan losses and recorded investments in loans by category and geography:

	As of March 31, 2013 (dollars in thousands)					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
Illinois/Indiana						
Amount allocated to:						
Loans individually evaluated for impairment	$ 589	$ 847	$ 1,050	$ 30	$ —	$ 2,516

Loans collectively evaluated for impairment	6,078	13,944	2,396	7,432	358	30,208
Ending Balance	$ 6,667	$ 14,791	$ 3,446	$ 7,462	$ 358	$ 32,724
Loans:						
Loans individually evaluated for impairment	$ 5,194	$ 12,060	$ 8,746	$ 5,338	$ —	$ 31,338
Loans collectively evaluated for impairment	408,769	833,408	63,392	397,524	12,786	1,715,879
Ending Balance	$ 413,963	$ 845,468	$ 72,138	$ 402,862	$ 12,786	$ 1,747,217
Florida						
Amount allocated to:						
Loans individually evaluated for impairment	$ —	$ —	$ —	$ 25	$ —	$ 25
Loans collectively evaluated for impairment	1,485	6,106	2,326	5,103	4	15,024
Ending Balance	$ 1,485	$ 6,106	$ 2,326	$ 5,128	$ 4	$ 15,049
Loans:						
Loans individually evaluated for impairment	$ —	$ 5,770	$ 2,593	$ 11,776	$ —	$ 20,139
Loans collectively evaluated for impairment	11,959	141,731	14,447	93,956	398	262,491
Ending Balance	$ 11,959	$ 147,501	$ 17,040	$ 105,732	$ 398	$ 282,630

	As of December 31, 2012					
	Commercial	Commercial Real Estate	Real Estate Construction	Retail Real Estate	Retail Other	Total
	(dollars in thousands)					
Illinois/Indiana						
Amount allocated to:						
Loans individually evaluated for impairment	$ 265	$ 634	$ —	$ 140	$ —	$ 1,039
Loans collectively evaluated for impairment	6,332	14,389	2,527	7,970	322	31,540
Ending Balance	$ 6,597	$ 15,023	$ 2,527	$ 8,110	$ 322	$ 32,579
Loans:						
Loans individually evaluated for impairment	$ 7,479	$ 13,308	$ 6,394	$ 5,196	$ —	$ 32,377
Loans collectively evaluated for impairment	415,348	829,654	63,735	404,867	11,944	1,725,548
Ending Balance	$ 422,827	$ 842,962	$ 70,129	$ 410,063	$ 11,944	$ 1,757,925
Florida						
Amount allocated to:						
Loans individually evaluated for impairment	$ —	$ 235	$ —	$ 483	$ —	$ 718
Loans collectively evaluated for impairment	1,437	5,827	2,315	5,131	5	14,715
Ending Balance	$ 1,437	$ 6,062	$ 2,315	$ 5,614	$ 5	$ 15,433
Loans:						
Loans individually evaluated for impairment	$ —	$ 6,573	$ 2,597	$ 14,046	$ —	$ 23,216
Loans collectively evaluated for impairment	10,861	131,597	13,375	95,724	409	251,966
Ending Balance	$ 10,861	$ 138,170	$ 15,972	$ 109,770	$ 409	$ 275,182

Note 5: Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature either daily or within one year from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The underlying securities are held by the Company’s safekeeping agent. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The following table sets forth the distribution of securities sold under agreements to repurchase and weighted average interest rates:

	March 31, 2013	December 31, 2012
	(dollars in thousands)	
Balance	$ 130,809	$ 139,024
Weighted average interest rate at end of period	0.13%	0.15%

Maximum outstanding at any month end	$	133,362	$	146,710
Average daily balance	$	130,093	$	132,150
Weighted average interest rate during period (1)		0.14%		0.21%

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

Note 6: Earnings Per Common Share

Net income per common share has been computed as follows:

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
	(in thousands, except per share data)	
Net income available to common stockholders	$ 5,525	$ 6,735
Shares:		
Weighted average common shares outstanding	86,703	86,620
Dilutive effect of outstanding options, warrants and restricted stock units as determined by the application of the treasury stock method	8	10
Weighted average common shares outstanding, as adjusted for diluted earnings per share calculation	86,711	86,630
Basic earnings per common share	$ 0.06	$ 0.08
Diluted earnings per common share	$ 0.06	$ 0.08

Basic earnings per share are computed by dividing net income available to common stockholders for the period by the weighted average number of common shares outstanding.

Diluted earnings per share are determined by dividing net income available to common stockholders for the period by the weighted average number of shares of common stock and common stock equivalents outstanding. Common stock equivalents assume exercise of stock options, warrants and vesting of restricted stock units and use of proceeds to purchase treasury stock at the average market price for the period. If the average market price for the period is less than the strike price of a stock option, warrant or grant price of a restricted stock unit, that option/warrant/restricted stock unit is considered anti-dilutive and is excluded from the calculation of common stock equivalents. At March 31, 2013, 656,279 outstanding options, 573,833 warrants, and 787,842 restricted stock units were anti-dilutive and excluded from the calculation of common stock equivalents. At March 31, 2012, 804,968 outstanding options, 573,833 warrants, and 535,444 restricted stock units were anti-dilutive and excluded from the calculation of common stock equivalents.

Note 7: Stock-based Compensation

Under the terms of the Company's 2010 Equity Incentive Plan, the Company is allowed, but not required, to source stock option exercises from its inventory of treasury stock. As of March 31, 2013, the Company held 1,595,973 shares in treasury, with 895,655 additional shares authorized for repurchase under its stock repurchase plan. The repurchase plan has no expiration date and expires when the Company has repurchased all of the remaining authorized shares.

A description of the 2010 Equity Incentive Plan can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The Company's 2010 Equity Incentive Plan is designed to encourage ownership of its common stock by its employees and directors, to provide additional incentive for them to promote the success of its business, and to attract and retain talented personnel. All of the Company's employees and directors, and those of its subsidiaries, are eligible to receive awards under the plan.

A summary of the status of and changes in the Company's stock option plans for the three months ended March 31, 2013 follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at beginning of year	857,468	$ 17.01	
Granted	—	—	
Exercised	—	—	
Forfeited	148,689	16.00	
Outstanding at end of period	708,779	$ 17.22	2.79
Exercisable at end of period	708,779	$ 17.22	2.79

The Company did not recognize any compensation expense related to stock options for the three months ended March 31, 2013 or 2012.

A summary of the changes in the Company's stock unit awards for the three months ended March 31, 2013, is as follows:

	Restricted Stock Units	Director Deferred Stock Units	Total	Weighted-Average Grant Date Fair Value
Non-vested at beginning of year	736,412	32,991	769,403	$ 4.92
Granted	13,158	—	13,158	4.56
Dividend Equivalents Earned	—	—	—	—
Vested	(18,648)	—	(18,648)	5.24
Forfeited	—	—	—	—
Non-vested at end of period	730,922	32,991	763,913	$ 4.90
Outstanding at end of period	730,922	56,920	787,842	$ 4.91

All recipients earn quarterly dividend equivalents on their respective units. These dividend equivalents are not paid out during the vesting period, but instead entitle the recipients to additional units. Therefore, dividends earned each quarter will compound based upon the updated unit balances. Upon vesting/delivery, shares are expected to be issued from treasury.

On March 26, 2013, under the terms of the 2010 Equity Incentive Plan, the Company granted 13,158 restricted stock units ("RSUs") to a certain member of management. As the stock price on the grant date of March 26, 2013 was $4.56, total compensation cost to be recognized is $60,000. This cost will be recognized over a period of one to three years. Per the respective agreements, 4,386 RSUs vest over a requisite service period of one year, 4,386 RSUs vest over a requisite service period of two years, and the remaining 4,386 RSUs vest over a requisite service period of three years. Subsequent to each requisite service period, the awards will vest 100%.

A listing of RSUs granted in 2012 under the terms of the 2010 Equity Incentive Plan can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

The Company recognized $0.3 million and $0.2 million of compensation expense related to non-vested stock units for the three months ended March 31, 2013 and 2012, respectively. As of March 31, 2013, there was $2.0 million of total unrecognized compensation cost related to these non-vested stock units. This cost is expected to be recognized over a period of 2.7 years.

Note 8: Income Taxes

At March 31, 2013, the Company was under examination by the Illinois Department of Revenue for the Company's 2009 and 2010 income tax filings. This examination is expected to be finalized in the second quarter of 2013.

Note 9: Outstanding Commitments and Contingent Liabilities

Legal Matters

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

Credit Commitments and Contingencies

The Company and its subsidiary are parties to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company and its subsidiary's exposure to credit loss are represented by the contractual amount of those commitments. The Company and its subsidiary use the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. A summary of the contractual amount of the Company and its subsidiary's exposure to off-balance-sheet risk relating to the Company and its subsidiary's commitments to extend credit and standby letters of credit follows:

	March 31, 2013	December 31, 2012
	(dollars in thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 495,670	$ 483,373
Standby letters of credit	12,327	12,305

Commitments to extend credit are agreements to lend to a customer as long as no condition established in the contract has been violated. These commitments are generally at variable interest rates and generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company and its subsidiary upon extension of credit, is based on management's credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company and its subsidiary to guarantee the performance of a customer's obligation to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including bond financing and similar transactions and primarily have terms of one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company and its subsidiary holds collateral, which may include accounts receivable, inventory, property and equipment, and income producing properties, supporting those commitments if deemed necessary. In the event the customer does not perform in accordance with the terms of

the agreement with the third party, the Company and its subsidiary would be required to fund the commitment. The maximum potential amount of future payments the Company and its subsidiary could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded, the Company and its subsidiary would be entitled to seek recovery from the customer. As of March 31, 2013 and December 31, 2012, no amounts were recorded as liabilities for the Company and its subsidiary's potential obligations under these guarantees.

As of March 31, 2013, the Company had no futures, forwards, swaps or option contracts, or other financial instruments with similar characteristics with the exception of rate lock commitments on mortgage loans to be held for sale.

Note 10: Reportable Segments and Related Information

The Company has three reportable segments, Busey Bank, FirsTech and Busey Wealth Management. Busey Bank provides a full range of banking services to individual and corporate customers through its branch network in downstate Illinois, through its branch in Indianapolis, Indiana, and through its branch network in southwest Florida. FirsTech provides remittance processing for online bill payments, lockbox and walk-in payments. Busey Wealth Management is the parent company of Busey Trust Company, which provides a full range of asset management, investment and fiduciary services to individuals, businesses and foundations, tax preparation and philanthropic advisory services.

The Company'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 accounting system used by management to monitor and manage the financial performance of the Company. The accounting policies of the three segments are the same as those described in the summary of significant accounting policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Following is a summary of selected financial information for the Company's business segments:

	Goodwill		Total Assets	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
	(dollars in thousands)		(dollars in thousands)	
Goodwill & Total Assets:				
Busey Bank	$ —	$ —	$ 3,571,224	$ 3,567,637
FirsTech	8,992	8,992	26,453	26,401
Busey Wealth Management	11,694	11,694	26,523	26,653
All Other	—	—	24,110	(2,635)
Total	$ 20,686	$ 20,686	$ 3,648,310	$ 3,618,056

	Three Months Ended March 31,	
	2013	2012
	(dollars in thousands)	
Interest income:		
Busey Bank	$ 27,040	$ 30,013
FirsTech	13	16
Busey Wealth Management	60	66
All Other	2	1
Total interest income	$ 27,115	$ 30,096
Interest expense:		
Busey Bank	$ 2,232	$ 4,064
FirsTech	—	—
Busey Wealth Management	—	—
All Other	300	334
Total interest expense	$ 2,532	$ 4,398
Other income:		
Busey Bank	$ 10,497	$ 10,064
FirsTech	2,129	2,189
Busey Wealth Management	4,103	3,932
All Other	(88)	1,695
Total other income	$ 16,641	$ 17,880
Net income:		
Busey Bank	$ 5,793	$ 6,029
FirsTech	262	265
Busey Wealth Management	820	863
All Other	(442)	486
Total net income	$ 6,433	$ 7,643

Note 11: Fair Value Measurements

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. FASB ASC Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 Inputs - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs - Unobservable inputs for determining the fair values of assets or liabilities that reflect the Company's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to those Company assets and liabilities that are carried at fair value.

Corporate debt securities were transferred to level 2 as of March 31, 2013 because the Company could no longer obtain evidence of unadjusted quoted prices.

In general, fair value is based upon quoted market prices, when available. If such quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable data. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect, among other things, counterparty credit quality and the company's creditworthiness as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates and, therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Securities Available for Sale. Securities classified as available for sale are reported at fair value utilizing level 1 and level 2 measurements. For mutual funds and other equity securities, unadjusted quoted prices in active markets for identical assets are utilized to determine fair value at the measurement date and have been classified as level 1 in the ASC 820 fair value hierarchy. For all other securities, the Company obtains fair value measurements from an independent pricing service. The independent pricing service evaluations are based on market data. The independent pricing service utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed income securities do not trade on a daily basis, the independent pricing service evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. In addition, the independent pricing service uses model processes, such as the Option Adjusted Spread model to assess interest rate impact and develop prepayment scenarios. The models and processes take into account market convention. For each asset class, a team of evaluators gathers information from market sources and integrates relevant credit information, perceived market movements and sector news into the evaluated pricing applications and models.

The market inputs that the independent pricing service normally seeks for evaluations of securities, listed in approximate order of priority, include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. The independent pricing service also monitors market indicators, industry and economic events. Information of this nature is a trigger to acquire further market data. For certain security types, additional inputs may be used or some of the market inputs may not be applicable. Evaluators may prioritize inputs differently on any given day for any security based on market conditions, and not all inputs listed are available for use in the evaluation process for each security evaluation on a given day. Because the data utilized was observable, the securities have been classified as level 2 in the ASC 820 fair value hierarchy.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2013 and December 31, 2012, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
March 31, 2013				
Securities available for sale:				
U.S. Treasury securities	$ —	$ 104,517	$ —	$ 104,517
Obligations of U.S. government corporations and agencies	—	338,211	—	338,211
Obligations of states and political subdivisions	—	281,794	—	281,794
Residential mortgage-backed securities	—	198,094	—	198,094
Corporate debt securities	—	24,628	—	24,628
Mutual funds and other equity securities	5,335	—	—	5,335
	$ 5,335	$ 947,244	$ —	$ 952,579
December 31, 2012				

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Securities available for sale:				
U.S. Treasury securities	$ —	$ 104,656	$ —	$ 104,656
Obligations of U.S. government corporations and agencies	—	370,194	—	370,194
Obligations of states and political subdivisions	—	280,288	—	280,288
Residential mortgage-backed securities	—	217,715	—	217,715
Corporate debt securities	24,714	—	—	24,714
Mutual funds and other equity securities	3,930	—	—	3,930
	$ 28,644	$ 972,853	$ —	$ 1,001,497

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

Impaired Loans. The Company does not record loans at fair value on a recurring basis. However, periodically, a loan is considered impaired and is reported at the fair value of the underlying collateral, less estimated costs to sell, if repayment is expected solely from the collateral. Impaired loans measured at fair value typically consist of loans on non-accrual status and restructured loans in compliance with modified terms. Collateral values are estimated using a combination of observable inputs, including recent appraisals and unobservable inputs based on customized discounting criteria. Due to the significance of the unobservable inputs, all impaired loan fair values have been classified as level 3 in the ASC 820 fair value hierarchy.

Foreclosed Assets. Non-financial assets and non-financial liabilities measured at fair value include foreclosed assets (upon initial recognition or subsequent impairment). Foreclosed assets are measured using a combination of observable inputs, including recent appraisals, and unobservable inputs based on customized discounting criteria. Due to the significance of the unobservable inputs, all foreclosed asset fair values have been classified as level 3 in the ASC 820 fair value hierarchy.

The following table summarizes assets and liabilities measured at fair value on a non-recurring basis as of March 31, 2013 and December 31, 2012, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
March 31, 2013				
Impaired loans	$ —	$ —	$ 2,669	$ 2,669
Foreclosed assets	—	—	123	123
December 31, 2012				
Impaired loans	$ —	$ —	$ 2,284	$ 2,284
Foreclosed assets	—	—	511	511

The following table presents additional quantitative information about assets measured at fair value on a non-recurring basis for which the Company has utilized level 3 inputs to determine fair value:

	Quantitative Information about Level 3 Fair Value Measurements			
March 31, 2013	**Fair Value Estimate**	**Valuation Techniques**	**Unobservable Input**	**Range**
	(dollars in thousands)			
Impaired loans	$ 2,669	Appraisal of collateral	Appraisal adjustments	-2.3% to -100.0%
Foreclosed assets	123	Appraisal of collateral	Appraisal adjustments	-38.2% to -100.0%

FASB ASC Topic 825 requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis. A detailed description of the valuation methodologies used in estimating the fair value of financial instruments is set forth in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012.

The estimated fair values of financial instruments that are reported at amortized cost in the Company’s consolidated balance sheets, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value, were as follows:

	March 31, 2013		December 31, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	(dollars in thousands)			
Financial assets:				
Level 2 inputs:				
Cash and due from banks	$ 447,608	$ 447,608	$ 351,255	$ 351,255
Loans held for sale	30,833	31,463	40,003	40,971
Accrued interest receivable	12,795	12,795	12,275	12,275
Level 3 inputs:				
Loans, net	1,982,074	1,998,039	1,985,095	2,006,588
Financial liabilities:				
Level 2 inputs:				
Deposits	$ 3,016,945	$ 3,022,715	$ 2,980,292	$ 2,987,524
Securities sold under agreements to repurchase	130,809	130,809	139,024	139,024

Long-term debt	6,000	6,042	7,000	7,120
Junior subordinated debt owed to unconsolidated trusts	55,000	55,000	55,000	55,000
Accrued interest payable	963	963	1,128	1,128

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 (referred to herein as "First Busey", "Company", "we", or "our") at March 31, 2013 (unaudited), as compared with December 31, 2012, and the results of operations for the three months ended March 31, 2013 and 2012 (unaudited) and December 31, 2012 when applicable. Management's discussion and analysis should be read in conjunction with the Company's consolidated financial statements and notes thereto appearing elsewhere in this quarterly report, as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

EXECUTIVE SUMMARY

Operating Results

Net income for the first quarter of 2013 was $6.4 million and net income available to common shareholders was $5.5 million, or $0.06 per fully-diluted common share. Net income was $1.5 million higher than the fourth quarter of 2012 and reflected the highest quarterly results since the first quarter of 2012 when the Company reported net income of $7.6 million and net income available to common shareholders of $6.7 million, or $0.08 per fully-diluted common share. Year-over-year results were primarily impacted by a $2.1 million gain on the Company's private equity funds in 2012, compared to nominal gains in the 2013 period.

Net interest income decreased to $24.6 million in the first quarter of 2013 from $25.6 million in the fourth quarter of 2012 and from $25.7 million for the first quarter of 2012. Overall net interest income declines were driven by decreases in yields and were further influenced by comparatively fewer days falling within the first quarter of 2013 relative to the fourth quarter of 2012 and the first quarter of 2012. Additional liquidity generated by our growing deposit base has primarily been deployed into both our loan and investment portfolios over the past year.

Net interest margin fell to 3.10% for the first quarter of 2013 as compared to 3.20% for the fourth quarter of 2012 and 3.31% for the first quarter of 2012. The Company continued to experience downward pressure on its yield on interest-earning assets resulting from a protracted period of historically low rates and heightened competition for assets, which has been experienced throughout the banking industry.

Busey Wealth Management's net income of $0.8 million for the first quarter of 2013 rose slightly from $0.7 million for the fourth quarter of 2012, but was down from the $0.9 million earned in the first quarter of 2012. Our wealth teams drove growth in new assets under management during the first quarter of 2013 suggesting future income will be positively impacted. FirsTech's net income of $0.3 million for the first quarter of 2013 was slightly higher than the fourth quarter of 2012 and was generally consistent with the amount earned in the first quarter of 2012.

Asset Quality

While much internal focus has been directed toward organic growth, our commitment to credit quality remains strong, as evidenced by another quarter of meaningful improvement across a range of credit indicators. At March 31, 2013, various asset quality measures were at their lowest levels in recent years. We continue to expect gradual improvement in our overall asset quality during 2013; however, this remains dependent upon market-specific economic conditions, and specific measures may fluctuate from quarter to quarter. The key metrics are as follows:

- Non-performing loans decreased to $23.2 million at March 31, 2013 from $25.4 million at December 31, 2012 and $34.1 million at March 31, 2012.
    - Illinois/Indiana non-performing loans slightly decreased to $16.5 million at March 31, 2013 from $17.8 million at December 31, 2012 and $25.6 million at March 31, 2012.
    - Florida non-performing loans decreased to $6.7 million at March 31, 2013 from $7.6 million at December 31, 2012 and $8.5 million at March 31, 2012.

- Loans 30-89 days past due increased to $7.1 million at March 31, 2013 from $2.3 million at December 31, 2012 but decreased from $15.9 million at March 31, 2012. We are actively pursuing collection on these loans.
- Other non-performing assets, primarily consisting of other real estate owned, decreased to $2.6 million at March 31, 2013 from $3.5 million at December 31, 2012 and $8.7 million at March 31, 2012.
- The ratio of non-performing assets to total loans plus other non-performing assets at March 31, 2013 decreased to 1.25% from 1.39% at December 31, 2012 and 2.13 % at March 31, 2012.
- The allowance for loan losses to non-performing loans ratio increased to 205.87% at March 31, 2013 from 189.32% at December 31, 2012 and 157.75% at March 31, 2012.
- The allowance for loan losses to total loans ratio remained unchanged at 2.32% in the first quarter compared to the prior quarter, but decreased from 2.68% in March 31, 2012.
- Net charge-offs of $2.2 million recorded in the first quarter of 2013 were significantly lower than the $4.7 million recorded in the fourth quarter of 2012 and the $9.7 million recorded in the first quarter of 2012. This trend further emphasizes the improvements in overall asset quality.
- Provision expense of $2.0 million recorded in the first quarter was a reduction from the prior quarter expense of $3.5 million, and from the $5.0 million recorded in the first quarter of 2012 reflecting the lower level of risk in the portfolio.

Overview and Strategy

Recognizing that the banking landscape would rapidly change as our country emerged from a difficult economic cycle, the Company embraced strong measures to position itself for greater opportunities in the future. We believed that long term success could be best derived from internal reorganization that would make us a better partner to our Pillars — our customers, associates, communities and shareholders. We are excited to have much of the hard work to rebuild our enterprise behind us and can now see positive momentum increasing around our growing book of commercial loans, assets under care, and core deposit franchise. We also acknowledge that true progress requires constant adjustment and renewed commitment to our common purpose, and have underscored our unwavering drive for success with the discipline to contain costs.

As we continue to focus on low-risk and profitable growth, it is important that we strengthen our customer service. During 2012, we launched the Net Promoter ® System (NPS) to garner specific, tangible and immediate input on our customers' experiences with Busey Bank. Sent to customers via email, our survey is designed to gather feedback that will aid Busey Bank in improving customer relationships. Information shared by customers with friends and family enhances Busey Bank's reputation for premier customer service in an authentic and relevant way. We will continue to use this responsive and personal engagement to further differentiate Busey Bank — strengthening our ability to serve and build solid, lasting relationships with our customers.

With our strong capital position, a stable platform of earnings and an improving credit dynamic, we are actively engaged in growing our Company and communities through both organic and external measures. We understand there is still great work to be done and embrace the resolve to drive our business in a continually positive direction for the success of our Pillars - our customers, associates, communities and shareholders.

Economic Conditions of Markets

The Illinois markets we operate in possess strong industrial, academic and healthcare employment bases. Our primary downstate Illinois markets of Champaign, Macon, McLean and Peoria counties are anchored by several strong, familiar and stable organizations. Although our downstate Illinois and Indiana markets experienced economic distress in recent years, they did not experience it to the level of many other areas, including our southwest Florida market. Our primary markets in stable micro-urban communities of central Illinois are distinct from the dense competitive landscapes of Chicago and the smaller rural populations of southern Illinois. While future economic conditions remain uncertain, we believe our markets have generally stabilized following a few years of economic downturn and, as a whole, have begun to show signs of improvement.

Champaign County is home to the University of Illinois — Urbana/Champaign ("U of I"), the University's primary campus. U of I has in excess of 42,000 students. Additionally, Champaign County healthcare providers serve a significant area of downstate Illinois and western Indiana. Macon County is home to Archer Daniels Midland ("ADM"), a Fortune 100 company and one of the largest agricultural processors in the world. ADM's presence in Macon County supports many derivative businesses in the agricultural processing arena. Additionally, Macon County is home to Millikin University, and its healthcare providers serve a significant role in the market. McLean County is home to State Farm, Country Financial, Illinois State University and Illinois Wesleyan University. State Farm, a Fortune 100 company, is the largest employer in McLean County, and Country Financial and the universities provide additional stability to a growing area of downstate Illinois. Peoria County is home to Caterpillar, a Fortune 100 company, and Bradley University, in addition to a large healthcare presence serving much of the western portion of downstate Illinois. The institutions noted above, coupled with a large agricultural sector, anchor the communities in which they are located, and have provided a comparatively stable foundation for housing, employment and small business.

In 2012, the agriculture sector in the United States dealt with the nation's worst drought in decades. Loans to finance agricultural production and other loans to farmers and loans secured by farmland do not represent a significant portion of our total loan portfolio. The economic impact of the drought appeared to be less than originally anticipated in our markets. Furthermore, farmland values are continuing to increase. The financial condition of these clients and the agriculture base in our communities will continue to be monitored by management for negative effects in future periods.

Southwest Florida has shown continuing signs of improvement in areas such as unemployment and home sales since 2011. As southwest Florida's economy is based primarily on tourism and the secondary/retirement residential market, declines in discretionary spending brought on by uncertain economic conditions caused damage to that economy and, the recent improvement in certain economic indicators notwithstanding, we expect it will take southwest Florida a number of years to return to peak economic strength.

The largest portion of the Company's customer base is within the State of Illinois, the financial condition of which is among the most troubled of any state in the United States with severe pension under-funding, recurring bill payment delays, and budget gaps. Additionally, the Company is located in markets with significant universities and healthcare companies, which rely heavily on state funding and contracts. The State of Illinois continues to be significantly behind on payments to its vendors and government sponsored entities. Further and continued payment lapses by the State of Illinois to its vendors and government sponsored entities may have significant, negative effects on our primary market areas.

OPERATING PERFORMANCE

NET INTEREST INCOME

Net interest income is the difference between interest income and fees earned on earning assets and interest expense incurred on interest-bearing liabilities. Interest rate levels and volume fluctuations within earning assets and interest-bearing liabilities impact net interest income. Net interest margin is tax-equivalent net interest income as a percent of average earning assets.

Certain assets with tax favorable treatment are evaluated on a tax-equivalent basis. Tax-equivalent basis assumes a federal income tax rate of 35%. Tax favorable assets generally have lower contractual pre-tax yields than fully taxable assets. A tax-equivalent analysis is performed by adding the tax savings to the earnings on tax favorable assets. After factoring in the tax favorable effects of these assets, the yields may be more appropriately evaluated against alternative earning assets. In addition to yield, various other risks are factored into the evaluation process.

The following table shows the consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the interest expense paid for the interest-bearing liabilities, and the related interest rates for the periods, or as of the dates, shown. All average information is provided on a daily average basis.

AVERAGE BALANCE SHEETS AND INTEREST RATES
THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	2013			2012			Change in income/ expense due to (1)		
	Average Balance	Income/ Expense	Yield/ Rate (3)	Average Balance	Income/ Expense	Yield/ Rate (3)	Average Volume	Average Yield/Rate	Total Change
	(dollars in thousands)								
Assets									
Interest-bearing bank deposits	$ 272,209	$ 162	0.24%	$ 282,097	$ 177	0.25%	$ (7)	$ (8)	$ (15)
Investment securities									
U.S. Government obligations	460,810	1,622	1.43%	422,617	2,034	1.94%	166	(578)	(412)
Obligations of states and political subdivisions(1)	280,165	1,885	2.73%	170,990	1,454	3.42%	770	(339)	431
Other securities	238,443	1,014	1.72%	278,833	1,338	1.93%	(187)	(137)	(324)
Loans(1) (2)	2,037,113	23,028	4.58%	2,028,711	25,630	5.08%	96	(2,698)	(2,602)
Total interest-earning assets	$ 3,288,740	$ 27,711	3.42%	$ 3,183,248	$ 30,633	3.87%	$ 838	$ (3,760)	$ (2,922)
Cash and due from banks	74,768			78,598					
Premises and equipment	70,941			69,646					
Allowance for loan losses	(48,740)			(57,567)					
Other assets	173,028			191,482					
Total Assets	$ 3,558,737			$ 3,465,407					
Liabilities and Stockholders' Equity									
Interest-bearing transaction deposits	$ 47,631	$ 9	0.08%	$ 39,075	$ 21	0.22%	$ 4	$ (16)	$ (12)
Savings deposits	209,267	20	0.04%	194,259	76	0.16%	5	(61)	(56)
Money market deposits	1,473,233	485	0.13%	1,298,458	899	0.28%	106	(520)	(414)
Time deposits	676,350	1,583	0.95%	781,876	2,752	1.42%	(340)	(829)	(1,169)
Short-term borrowings:									
Repurchase agreements	130,093	44	0.14%	138,012	78	0.23%	(4)	(30)	(34)
Other	—	9	—%	—	9	—%	—	—	—
Long-term debt	6,022	81	5.45%	19,417	226	4.68%	(177)	32	(145)
Junior subordinated debt owed to unconsolidated trusts	55,000	301	2.22%	55,000	337	2.46%	—	(36)	(36)
Total interest-bearing liabilities	$ 2,597,596	$ 2,532	0.40%	$ 2,526,097	$ 4,398	0.70%	$ (406)	$ (1,460)	$ (1,866)
Net interest spread			3.02%			3.17%			
Noninterest-bearing deposits	522,256			502,127					
Other liabilities	28,666			26,854					
Stockholders' equity	410,219			410,329					
Total Liabilities and Stockholders' Equity	$ 3,558,737			$ 3,465,407					
Interest income / earning assets(1)	$ 3,288,740	$ 27,711	3.42%	$ 3,183,248	$ 30,633	3.87%			
Interest expense / earning assets	$ 3,288,740	$ 2,532	0.32%	$ 3,183,248	$ 4,398	0.56%			
Net interest margin (1)		$ 25,179	3.10%		$ 26,235	3.31%	$ 1,244	$ (2,300)	$ (1,056)

(1) On a tax-equivalent basis assuming a federal income tax rate of 35% for 2012 and 2011.
(2) Non-accrual loans have been included in average loans.
(3) Annualized.

Average earning assets increased for the three month period ended March 31, 2013 as compared to the same period of 2012. Average loans increased $8.4 million for the three month period ended March 31, 2013 compared to the same period of 2012. The Company is focused on rebuilding its loan portfolio with new assets and made significant investments in tools and talent in 2011 and 2012 to support organic growth. Securities increased by $107.0 million for the three month period ended March 31, 2013 compared to the same period of 2012; however, these assets earn a much lower yield than loans.

Interest-bearing liabilities increased for the three month period ended March 31, 2013 as compared to the same period of 2012. Interest-bearing deposits increased $92.8 million for the three month period ended March 31, 2013 as compared to the same period of 2012. The Company has focused on reducing more expensive non-core funding, which we were able to do in light of the continued increase in our average core deposits.

Interest income, on a tax-equivalent basis, decreased $2.9 million for the three month period ended March 31, 2013 as compared to the same period of 2012. The interest income decline related to repricing of assets in a low interest rate environment and heightened competition for assets which is generally being experienced in the banking industry. Interest expense decreased $1.9 million for the three month period ended March 31, 2013 as compared to the same period of 2012. The interest expense declines were a result of reductions in non-core funding sources and decreases in interest rates offered on certain deposit products as the interest rate environment remains low. Both interest income and expense for the first three months of 2013 include 90 days compared to 91 days for the first three months of 2012 as a result of leap year.

Net interest margin

Net interest margin, our net interest income expressed as a percentage of average earning assets stated on a tax-equivalent basis, decreased to 3.10% for the three month period ended March 31, 2013 from 3.31% for the same period in 2012.

Quarterly net interest margins for 2013 and 2012 are as follows:

	2013	2012
First Quarter	3.10%	3.31%
Second Quarter	—	3.21%
Third Quarter	—	3.25%
Fourth Quarter	—	3.20%

The net interest spread, also on a tax-equivalent basis, was 3.02% for the three month period ended March 31, 2013, compared to 3.17% for the same period in 2012.

We continue to experience downward pressure on our yield in interest-earning assets as have most financial institutions. We have limited ability to improve margin through funding rate decreases due to the historically low interest rate environment and we believe further improvements in margin will be achieved in the short term through redeployment of our liquid funds at higher yields.

Management attempts to mitigate the effects of an unpredictable interest-rate environment through effective portfolio management, prudent loan underwriting and operational efficiencies. Please refer to the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for accounting policies underlying the recognition of interest income and expense.

OTHER INCOME

	Three Months Ended March 31,		
	2013	2012	% Change
	(dollars in thousands)		
Trust fees	$ 5,208	$ 5,195	0.3%
Commissions and brokers' fees, net	540	506	6.7%
Remittance processing	2,098	2,167	(3.2)%
Service charges on deposit accounts	2,727	2,811	(3.0)%
Other service charges and fees	1,439	1,381	4.2%
Gain on sales of loans	3,497	2,413	44.9%
Other	1,132	3,407	(66.8)%
Total other income	$ 16,641	$ 17,880	(6.9)%

Combined wealth management revenue, trust and commissions and brokers' fees, net, increased for the three month period ended March 31, 2013 as compared to the same period in 2012. The increase was led by organic growth, which increased assets under management ("AUM") and increased securities market valuations. AUM averaged $4.3 billion for the first three months of 2013 compared to $4.0 billion for the first three months of 2012. Continued growth in new AUM driven by our wealth teams during the first quarter of 2013 suggest future income will also be positively impacted as wealth management revenues are typically highly correlated to AUM.

Remittance processing revenue relates to our payment processing company, FirsTech. FirsTech's revenue decreased for the three month period ended March 31, 2013 as compared to the same period of 2012 due to decreased volume of online bill payments and walk-in payment income.

Overall, service charges on deposit accounts combined with other service charges and fees were stable for the three month period ended March 31, 2013 as compared to the same period in 2012. Evolving regulation, changing behaviors by our client base to avoid fees and changes in product mix are affecting general growth trends in service charges.

Gain on sales of loans increased for the three month period ended March 31, 2013 as compared to the same period in 2012. Residential mortgage fee activity continued to increase in 2013, based on strong loan production, an active market for refinancing and positive momentum in the home purchase market. These fee revenues provide a good balance to our revenue stream and represent a valued service to our clients and communities to refinance and purchase homes.

Other income decreased for the three month period ended March 31, 2013 as compared to the same period in 2012. The decrease was primarily due to the income fluctuation in the Company's private equity investment funds. The majority of the gain in 2012 related to income earned from an investment in a local, community-focused fund. The gain was non-recurring; therefore, the Company did not expect other income to show significant increases in future periods.

OTHER EXPENSE

	Three Months Ended March 31,		
	2013	2012	% Change
	(dollars in thousands)		
Compensation expense:			
Salaries and wages	$ 13,560	$ 12,111	12.0%
Employee benefits	3,227	2,896	11.4%
Total compensation expense	$ 16,787	$ 15,007	11.9%
Net occupancy expense of premises	2,182	2,205	(1.0)%
Furniture and equipment expenses	1,254	1,272	(1.4)%
Data processing	2,639	2,159	22.2%
Amortization of intangible assets	783	827	(5.3)%
Regulatory expense	646	626	3.2%
OREO expense	543	5	NM
Other	4,733	5,101	(7.2)%
Total other expense	$ 29,567	$ 27,202	8.7%

Income taxes	$ 3,224	$ 3,733	(13.6)%
Effective rate on income taxes	33.4%	32.8%	
Efficiency ratio	68.83%	59.79%	

NM=Not Meaningful

Total compensation expense increased for the three months ended March 31, 2013 as compared to the same period in 2012, although full-time equivalent employees decreased to 893 at March 31, 2013 from 915 one year earlier. Starting late 2011, the Company executed a long-term plan and began to rebuild in select areas of the organization to spur organic growth and support a diversified revenue stream, including our addition of Trevett Capital Partners. In the later part of 2012, the Company engaged in a renewed focus to carefully reexamine our structure and we reduced our workforce in select areas based on our collective vision of the strongest path for broad-based future strength, profitability and growth, while renewing our strong commitment to superior customer service. This reduction and other cost containment efforts in recent months are expected to maintain or slightly reduce staffing costs from the current period on a forward looking basis.

Combined occupancy expenses and furniture and equipment expenses declined slightly for the three months ended March 31, 2013 as compared to the same period in 2012. We continue to evaluate our operations for appropriate cost control measures while seeking improvements in service delivery to our customers.

Data processing expense increased for the three months ended March 31, 2013 as compared to the same period in 2012. We continue to invest to support the developing product needs of our customers including online banking and mobile capabilities, while continually enhancing measures for data safety and risk containment.

Amortization of intangible assets expense decreased as we are now in the sixth year of amortization arising from our merger with Main Street Trust, Inc. The amortization is on an accelerated basis; thus, exclusive of any further acquisitions in the future, we expect amortization expense to continue to gradually decline.

Regulatory expense increased slightly for the three months ended March 31, 2013 as compared to the same period in 2012. We anticipate that our regulatory expenses will remain at current levels for the near future.

Our costs associated with OREO, such as collateral preservation and legal fees, increased for the three months ended March 31, 2013 as compared to the same period in 2012. This expense fluctuates based on commercial properties we hold throughout the year.

Other expense decreased for the three months ended March 31, 2013 as compared to the same period in 2012 primarily as a result of a widespread reduction in expenses due to an enhanced emphasis on cost control.

The effective rate on income taxes, or income taxes divided by income before taxes, of 33.4% and 32.8% for the three months ended March 31, 2013 and 2012, respectively, was lower than the combined federal and state statutory rate of approximately 41% due to fairly stable amounts of tax preferred interest income, such as municipal bond interest and bank owned life insurance income, accounting for a portion of our taxable income. As taxable income increases, we expect our effective tax rate to increase.

The efficiency ratio represents total other expense, less amortization charges, as a percentage of tax equivalent net interest income plus other income, excluding the effects of security gains and losses. The efficiency ratio, which is a non-GAAP financial measure commonly used by management and the investment community in the banking industry, measures the amount of expense that is incurred to generate a dollar of revenue. The efficiency ratio for the three month period ended March 31, 2013 increased from the comparable period in 2012. The primary reason for the increase was the increase in compensation expense, as noted above. We expect to continue the process of examining appropriate avenues to improve efficiency in future periods.

FINANCIAL CONDITION

SIGNIFICANT BALANCE SHEET ITEMS

	March 31, 2013	December 31, 2012	% Change
	(dollars in thousands)		
Assets			
Securities available for sale	$ 952,579	$ 1,001,497	(4.9)%
Loans, net	2,012,907	2,025,098	(0.6)%
Total assets	$ 3,648,310	$ 3,618,056	0.8%
Liabilities			
Deposits:			
Noninterest-bearing	$ 547,226	$ 611,043	(10.4)%
Interest-bearing	2,469,719	2,369,249	4.2%
Total deposits	$ 3,016,945	$ 2,980,292	1.2%
Securities sold under agreements to repurchase	130,809	139,024	(5.9)%
Long-term debt	6,000	7,000	(14.3)%
Total liabilities	$ 3,234,605	$ 3,209,259	0.8%

Stockholders’ equity	$	413,705	$	408,797	1.2%

First Busey’s balance sheet at March 31, 2013 increased slightly as compared with its balance sheet at December 31, 2012.

Securities available for sale decreased by $48.9 million, or 4.9%, at March 31, 2013 compared to December 31, 2012. Net loans, including loans held for sale, declined by $12.2 million, or 0.6%, at March 31, 2013 compared to December 31, 2012. The loan decline was concentrated in our retail loan portfolio as gross commercial loan balances increased as of March 31, 2013 compared to December 31, 2012. The banking industry as a whole continues to face challenges with respect to quality asset growth; however, we are encouraged by the volumes building in our loan pipeline. In 2011 and 2012, we invested in additional talent to help drive future business expansion.

Liabilities increased by $25.3 million, or 0.8%, at March 31, 2013 compared to December 31, 2012. Total deposits increased $36.7 million, or 1.2%, at March 31, 2013 compared to December 31, 2012. We believe our deposit growth is indicative of the success of our relationship sales model, which includes improved cross-sales to our customer base. Securities sold under agreements to repurchase decreased $8.2 million, or 5.9%, and long-term debt decreased $1.0 million, or 14.3%, at March 31, 2013 compared to December 31, 2012. Core growth has generally supported the reduction in higher cost funding alternatives.

Stockholders’ equity increased to $413.7 million at March 31, 2013 as compared to $408.8 million at December 31, 2012. This increase was the result of first quarter earnings. No dividends on common stock were paid in the first quarter, as the Company accelerated its 2013 first quarter dividend of $0.04 per common share into the fourth quarter of 2012 due to uncertainty surrounding U.S. tax policy and our desire to maximize shareholder value and return while potentially reducing shareholder dividend income tax burden.

ASSET QUALITY

Loan Portfolio

Geographic distributions of loans by category were as follows:

	March 31, 2013			
	Illinois	Florida	Indiana	Total
	(dollars in thousands)			
Commercial	$ 392,171	$ 11,959	$ 21,792	$ 425,922
Commercial real estate	776,674	147,501	68,794	992,969
Real estate construction	69,263	17,040	2,875	89,178
Retail real estate	421,790	107,254	10,383	539,427
Retail other	12,677	398	109	13,184
Total	$ 1,672,575	$ 284,152	$ 103,953	$ 2,060,680
Less held for sale(1)				30,833
				$ 2,029,847
Less allowance for loan losses				47,773
Net loans				$ 1,982,074

(1) Loans held for sale are included in retail real estate.

	December 31, 2012			
	Illinois	Florida	Indiana	Total
	(dollars in thousands)			
Commercial	$ 399,300	$ 10,861	$ 23,527	$ 433,688
Commercial real estate	777,752	138,170	65,210	981,132
Real estate construction	67,152	15,972	2,977	86,101
Retail real estate	435,911	112,052	11,873	559,836
Retail other	11,831	409	113	12,353
Total	$ 1,691,946	$ 277,464	$ 103,700	$ 2,073,110
Less held for sale(1)				40,003
				$ 2,033,107
Less allowance for loan losses				48,012
Net loans				$ 1,985,095

(1) Loans held for sale are included in retail real estate.

As noted previously, the blend of strong agricultural, manufacturing, academic and healthcare industries prevalent in our downstate Illinois markets anchored the area during the economic challenges of recent years. Although our downstate Illinois and Indiana markets experienced some economic distress during such period, they did not experience it to the level of many other areas, including our southwest Florida market. As southwest Florida's economy is based primarily on tourism and the secondary/retirement residential market, declines in discretionary spending brought on by uncertain economic conditions have impacted that economy, notwithstanding recent improvement in certain economic indicators. Achieving meaningful organic growth remains a significant focus for us and our commitment to credit quality remains strong, as evidenced by another quarter of meaningful progress across a range of credit indicators.

Allowance for loan losses

Our allowance for loan losses was $47.8 million, or 2.32% of loans, at March 31, 2013 and $48.0 million, or 2.32% of loans, at December 31, 2012.

Typically, when we move loans into nonaccrual status, the loans are collateral dependent and charged down to the fair value of our interest in the underlying collateral. Our loan portfolio is collateralized primarily by real estate.

We continue to attempt to identify problem loan situations on a proactive basis. Once problem loans are identified, adjustments to the provision for loan losses are made based upon all information available at that time. The provision reflects management's analysis of additional allowance for loan losses necessary to cover probable losses in our loan portfolio.

As of March 31, 2013, management believed the level of the allowance and coverage of non-performing loans to be appropriate based upon the information available. However, additional losses may be identified in our loan portfolio as new information is obtained. We may need to provide for additional loan losses in the future as management continues to identify potential problem loans and gains further information concerning existing problem loans.

First Busey does not originate or hold any Alt-A or subprime loans or investments.

Provision for Loan Losses

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

Our provision for loan losses was $2.0 million during the first quarter of 2013 and $5.0 million in the same period of 2012. The provision expense during 2013 and 2012 was reflective of management's assessment of the lower level of risk in the portfolio.

Sensitive assets include non-accrual loans, loans on our classified loan reports and other loans identified as having more than reasonable potential for loss. Management reviews sensitive assets on at least a quarterly basis for changes in the customers' ability to pay and changes in valuation of underlying collateral in order to estimate probable losses. The majority of these loans are being repaid in conformance with their contracts.

Non-performing Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on non-accrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following table sets forth information concerning non-performing loans as of each of the dates:

	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
	(dollars in thousands)			
Non-accrual loans	$ 23,001	$ 25,104	$ 25,129	$ 33,760
Loans 90+ days past due and still accruing	204	256	59	57
Total non-performing loans	$ 23,205	$ 25,360	$ 25,188	$ 33,817
OREO	$ 2,632	$ 3,450	$ 8,486	$ 7,783
Total non-performing assets	$ 25,837	$ 28,810	$ 33,674	$ 41,600
Allowance for loan losses	$ 47,773	$ 48,012	$ 49,213	$ 50,866
Allowance for loan losses to loans	2.3%	2.3%	2.4%	2.5%
Allowance for loan losses to non-performing loans	205.9%	189.3%	195.4%	150.4%
Non-performing loans to loans, before allowance for loan losses	1.1%	1.2%	1.2%	1.7%
Non-performing loans and OREO to loans, before allowance for loan losses	1.3%	1.4%	1.7%	2.1%

We continue to drive positive trends across a range of credit indicators. We expect to continue to see gradual improvements in non-performing assets as we remove under and non-performing loans from our loan portfolio and realize the benefits of gradually improving overall economic conditions. Total non-performing assets were $25.8 million at March 31, 2013, compared to $28.8 million at December 31, 2012.

As of March 31, 2013, the Bank had charged-off $13.6 million of principal balance on loans that were on non-accrual status at March 31, 2013. Partial charge-offs reduce the reported principal of the balance of the loan, whereas, a specific allocation of allowance for loan losses does not reduce the reported

principal balance of the loan. Non-accrual loans are reported net of charge-offs, but include related specific allocations of the allowance for loan losses. In summary, if we had not charged-off $13.6 million in loans, our non-accrual loans would have been that amount greater than the $23.0 million reported.

Potential Problem Loans

Potential problem loans are those loans which are not categorized as impaired, restructured, non-accrual or 90+ days past due, but where current information indicates that the borrower may not be able to comply with present loan repayment terms. Management assesses the potential for loss on such loans as it would with other problem loans and has considered the effect of any potential loss in determining its provision for probable loan losses. Potential problem loans increased to $67.9 million at March 31, 2013 compared to $58.1 million at December 31, 2012. The balance of potential problem loans is a reflection of continued economic challenges, however we do not believe the potential losses will be as great as seen in the past. Management continues to monitor these credits and anticipates that restructurings, guarantees, additional collateral or other planned actions will result in full repayment of the debts. As of March 31, 2013, management identified no other loans that represent or result from trends or uncertainties which management reasonably expected to materially impact future operating results, liquidity or capital resources. As of March 31, 2013, management was not aware of any information about any other credits which caused management to have serious doubts as to the ability of such borrower(s) to comply with the loan repayment terms.

LIQUIDITY

Liquidity management is the process by which we ensure that adequate liquid funds are available to meet the present and future cash flow obligations arising in the daily operations of our business. These financial obligations consist of needs for funds to meet commitments to borrowers for extensions of credit, funding capital expenditures, withdrawals by customers, maintaining deposit reserve requirements, servicing debt, paying dividends to stockholders and paying operating expenses. Our most liquid assets are cash and due from banks, interest-bearing bank deposits, and federal funds sold. The balances of these assets are dependent on the Company's operating, investing, lending and financing activities during any given period.

First Busey's primary sources of funds consist of deposits, investment maturities and sales, loan principal repayments, and capital funds. Additional liquidity is provided by bank lines of credit, repurchase agreements, the ability to borrow from the Federal Reserve Bank and the Federal Home Loan Bank, and brokered deposits. We also have an operating line of credit in the amount of $20.0 million from our primary correspondent bank, all of which was available as of March 31, 2013. Management intends to satisfy long-term liquidity needs primarily through retention of capital funds.

Based upon the level of investment securities that reprice within 30 days and 90 days, as of March 31, 2013, management believed that adequate liquidity existed to meet all projected cash flow obligations. We seek to achieve a satisfactory degree of liquidity through actively managing both assets and liabilities. Asset management guides the proportion of liquid assets to total assets, while liability management monitors future funding requirements and prices liabilities accordingly.

OFF-BALANCE-SHEET ARRANGEMENTS

At March 31, 2013, the Company had outstanding standby letters of credit of $12.3 million and commitments to extend credit of $495.7 million. Since these commitments generally have fixed expiration dates and many will expire without being drawn upon, the total commitment level does not necessarily represent future cash requirements.

CAPITAL RESOURCES

The ability of the Company to pay cash dividends to its stockholders and to service its debt historically was dependent on the receipt of cash dividends from its subsidiaries. However, Busey Bank sustained significant losses during 2008 and 2009 resulting in pressure on capital, which has been enhanced through injections by the Company. State chartered banks have certain statutory and regulatory restrictions on the amount of cash dividends they may pay. Due to the significant retained earnings deficit and the Company's desire to maintain a strong capital position at Busey Bank, dividends were not paid out of Busey Bank in 2011 or 2012. Until such time as retained earnings have been restored, Busey Bank will not be permitted to pay dividends and we will need to request permission from Busey Bank's primary regulator to receive any capital out of Busey Bank. On January 22, 2013, with the approval of its primary regulator, Busey Bank transferred $50.0 million to the Company representing a return of capital and associated surplus as a result of an amendment to Busey Bank's charter.

The Company and Busey Bank are subject to regulatory capital requirements administered by federal and state banking agencies that involve the quantitative measure of their assets, liabilities, and certain off-balance-sheet items, as calculated under regulatory accounting practices. Quantitative measures established by regulation to ensure capital adequacy require the Company and Busey Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and, for the Bank, Tier 1 capital (as defined) to average assets (as defined in the regulations). Failure to meet minimum capital requirements may cause regulatory bodies to initiate certain discretionary and/or mandatory actions that, if undertaken, may have a direct material effect on our financial statements. The Company, as a financial holding company, is required to be "well capitalized" in the two capital categories based on risk-weighted assets, as shown in the table below. We believe, as of March 31, 2013, that the Company and Busey Bank met all capital adequacy requirements to which they were subject, including the guidelines to be considered "well capitalized".

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
			(dollars in thousands)			
As of March 31, 2013:						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 426,980	19.33%	$ 176,678	8.00%	$ 220,847	10.00%
Busey Bank	$ 364,329	16.61%	$ 175,465	8.00%	$ 219,331	10.00%

Tier I Capital (to Risk Weighted Assets)									
Consolidated	$	398,328	18.04%	$	88,339	4.00%	$	132,508	6.00%
Busey Bank	$	335,864	15.31%	$	87,733	4.00%	$	131,599	6.00%
Tier I Capital (to Average Assets)									
Consolidated	$	398,328	11.45%	$	139,151	4.00%		N/A	N/A
Busey Bank	$	335,864	9.77%	$	137,440	4.00%	$	171,800	5.00%

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) mandates the Board of Governors of the Federal Reserve System to establish minimum capital levels for bank holding companies on a consolidated basis that are as stringent as those required for insured depository institutions. The components of Tier 1 capital will be restricted to capital instruments that are currently considered to be Tier 1 capital for insured depository institutions. As a result, the proceeds of trust preferred securities will be excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by bank holding companies with less than $15 billion of assets. As First Busey has assets of less than $15 billion, it will be able to maintain its trust preferred proceeds as Tier 1 capital but it will have to comply with new capital mandates in other respects, and it will not be able to raise Tier 1 capital in the future through the issuance of trust preferred securities.

In June 2012, the federal bank regulatory agencies issued joint proposed rules that would implement an international capital accord called “Basel III”, developed by the Basel Committee on Banking Supervision, a committee of central bank supervisors. The proposed rules would apply to all depository organizations in the United States and most of their parent companies and would increase minimum capital ratios, add a new minimum common equity ratio, add a new capital conservation buffer, and change the risk-weightings of certain assets for purposes of calculating certain capital ratios. The proposed changes, if implemented, were to be phased in from 2013 through 2019. The comment period on these proposed rules expired on October 22, 2012 and the regulatory agencies have since delayed adoption of final rules indefinitely. It is unclear when the final rules will be adopted and what changes, if any, may be made to the proposed rules. Management continues to assess the effect of the proposed rules on the Company and the Bank’s capital position and will monitor continuing developments relating to the proposed rules.

FORWARD LOOKING STATEMENTS

Statements made in this report, other than those concerning historical financial information, may be considered 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 First Busey. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of First Busey’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 we undertake no obligation to update any statement in light of new information or future events. A number of factors, many of which are beyond our ability to control or predict, could cause actual results to differ materially from those in our forward-looking statements. These factors include, among others, the following: (i) the strength of the local and national economy; (ii) the economic impact of any future terrorist threats or attacks; (iii) changes in state and federal laws, regulations and governmental policies concerning First Busey’s general business (including the impact of the Dodd-Frank Act and the extensive regulations to be promulgated thereunder, as well as the rules proposed by the federal bank regulatory agencies to implement Basel III, the effectiveness of which is currently indefinitely postponed); (iv) changes in interest rates and prepayment rates of First Busey’s assets; (v) increased competition in the financial services sector and the inability to attract new customers; (vi) changes in technology and the ability to develop and maintain secure and reliable electronic systems; (vii) the loss of key executives or employees; (viii) changes in consumer spending; (ix) unexpected results of acquisitions; (x) unexpected outcomes of existing or new litigation involving First Busey; and (xi) 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 First Busey and its business, including additional factors that could materially affect its financial results, is included in First Busey’s filings with the Securities and Exchange Commission.

Critical Accounting Estimates

Critical accounting estimates are those that are critical to the portrayal and understanding of First Busey’s financial condition and results of operations and require management to make assumptions that are difficult, subjective or complex. These estimates involve judgments, estimates and uncertainties that are susceptible to change. In the event that different assumptions or conditions were to prevail, and depending on the severity of such changes, the possibility of a materially different financial condition or materially different results of operations is a reasonable likelihood.

Our significant accounting policies are described in Note 1 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2012. The majority of these accounting policies do not require management to make difficult, subjective or complex judgments or estimates or the variability of the estimates is not material. However, the following policies could be deemed critical:

Fair Value of Investment Securities. Securities are classified as held-to-maturity when First Busey has the ability and management has the positive intent to hold those securities to maturity. Accordingly, they are stated at cost, adjusted for amortization of premiums and accretion of discounts. First Busey had no securities classified as held-to-maturity or trading at March 31, 2013. Securities are classified as available for sale when First Busey may decide to sell those securities due to changes in market interest rates, liquidity needs, changes in yields on alternative investments, and for other reasons. They are carried at fair value with unrealized gains and losses, net of taxes, reported in other comprehensive income. All of First Busey’s securities are classified as available for sale. For equity securities, unadjusted quoted prices in active markets for identical assets are utilized to determine fair value at the measurement date. For all other securities, we obtain fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security’s terms and conditions, among other things. Due to the limited nature of the market for certain securities, the fair value and potential sale proceeds could be materially different in the event of a sale.

Realized securities gains or losses are reported in securities gains (losses), net in the consolidated statements of income. The cost of securities sold is based on the specific identification method. Declines in the fair value of available for sale securities below their amortized cost are evaluated to determine whether the loss is temporary or other-than-temporary. If the Company (a) has the intent to sell a debt security or (b) will more-likely-than-not be required to sell the debt security before its anticipated recovery, then the Company recognizes the entire unrealized loss in earnings as an other-than-temporary loss. If neither of these conditions are met, the Company evaluates whether a credit loss exists. The impairment is separated into the amount of the total impairment related to the credit loss and the amount of total impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings and the amount related to all other factors is recognized in other comprehensive income.

The Company also evaluates whether the decline in fair value of an equity security is temporary or other-than-temporary. In determining whether an unrealized loss on an equity security is temporary or other-than-temporary, management considers various factors including the magnitude and duration of the impairment, the financial condition and near-term prospects of the issuer, and the intent and ability of the Company to hold the equity security to forecasted recovery.

Allowance for Loan Losses. First Busey has established an allowance for loan losses which represents its estimate of the probable losses inherent in the loan portfolio as of the date of the financial statements and reduces the total loans outstanding by an estimate of uncollectible loans. Loans deemed uncollectible are charged against and reduce the allowance. A provision for loan losses is charged to current expense. This provision acts to replenish the allowance for loan losses and to maintain the allowance at a level that management deems adequate.

To determine the adequacy of the allowance for loan losses, a formal analysis is completed quarterly to assess the risk within the loan portfolio. This assessment is reviewed by senior management of Busey Bank and the Company. The analysis includes review of historical performance, dollar amount and trends of past due loans, dollar amount and trends in non-performing loans, review of certain impaired loans, and review of loans identified as sensitive assets. Sensitive assets include non-accrual loans, past-due loans, loans on First Busey's watch loan reports and other loans identified as having probable potential for loss.

The allowance consists of specific and general components. The specific component considers loans that are classified as impaired. For such loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying amount of that loan. The general component covers non-classified loans and classified loans not considered impaired, and is based on historical loss experience adjusted for qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss experience.

A loan is considered to be impaired when, based on current information and events, it is probable First Busey will not be able to collect all principal and interest amounts due according to the contractual terms of the loan agreement. When a loan becomes impaired, management generally calculates the impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate. If the loan is collateral dependent, the fair value of the collateral is used to measure the amount of impairment. The amount of impairment and any subsequent changes are recorded through a charge to earnings as an adjustment to the allowance for loan losses. Because a significant majority of First Busey's loans are collateral dependent, First Busey has determined the required allowance on these loans based upon the estimated fair value, net of selling costs, of the respective collateral. The required allowance or actual losses on these impaired loans could differ significantly if the ultimate fair value of the collateral is significantly different from the fair value estimates used by First Busey in estimating such potential losses.

Deferred Taxes. We have maintained significant net deferred tax assets for deductible temporary differences, the largest of which relates to the net operating loss carryforward and the allowance for loan losses. For income tax return purposes, only actual charge-offs are deductible, not the provision for loan losses. Under generally accepted accounting principles, a valuation allowance is required to be recognized if it is "more likely than not" that the deferred tax asset will not be realized. The determination of the recoverability of the deferred tax assets is highly subjective and dependent upon judgment concerning management's evaluation of both positive and negative evidence, the forecasts of future income, applicable tax planning strategies, and assessments of the current and future economic and business conditions. We consider both positive and negative evidence regarding the ultimate recoverability of our deferred tax assets. Positive evidence includes available tax planning strategies and the probability that taxable income will continue to be generated in future periods, as it was in periods since March 31, 2010, while negative evidence includes a cumulative loss in 2009 and 2008 and certain business and economic trends. We evaluated the recoverability of our net deferred tax asset and established a valuation allowance for certain state net operating loss and credit carryforwards that are not expected to be fully realized. Management believes that it is more likely than not that the other deferred tax assets included in the accompanying consolidated financial statements will be fully realized. We determined that no valuation allowance was required for any other deferred tax assets as of March 31, 2013, although there is no guarantee that those assets will be recognizable in future periods.

We must assess the likelihood that any deferred tax assets will be realized through the reduction of taxes in future periods and establish a valuation allowance for those assets for which recovery is not more likely than not. In making this assessment, we must make judgments and estimates regarding the ability to realize the asset through the future reversal of existing taxable temporary differences, future taxable income, and the possible application of future tax planning strategies. The Company's evaluation gave consideration to the fact that all net operating loss carrybacks have been utilized. Therefore, utilization of net operating loss carryforwards are dependent on implementation of tax strategies and continued profitability.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of change in asset values due to movements in underlying market rates and prices. Interest rate risk is the risk to earnings and capital arising from movements in interest rates. Interest rate risk is the most significant market risk affecting First Busey 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 First Busey's business activities.

The Bank has an asset-liability committee which meets at least quarterly to review current market conditions and attempts to structure the Bank's balance sheet to ensure stable net interest income despite potential changes in interest rates with all other variables constant.

As interest rate changes do not impact all categories of assets and liabilities equally or simultaneously, the asset-liability committee primarily relies on balance sheet and income simulation analysis to determine the potential impact of changes in market interest rates on net interest income. In these standard simulation models, the balance sheet is projected over a one-year period and net interest income is calculated under current market rates, and then assuming

permanent instantaneous shifts of +/-100, +/-200, +/-300 and +/-400 basis points. Management measures such changes assuming immediate and sustained shifts in the federal funds rate and other market rate indices and the corresponding shifts in other non-market rate indices based on their historical changes relative to changes in the federal funds rate and other market indices. The model assumes assets and liabilities remain constant at March 31, 2013 balances. The model uses repricing frequency on all variable-rate assets and liabilities. Prepayment speeds on loans have been adjusted to incorporate expected prepayment speeds in both a declining and rising rate environment. As of March 31, 2013, due to the current low interest rate environment, a downward adjustment in federal fund rates was not possible.

Utilizing this measurement concept, the interest-rate risk of First Busey due to an immediate and sustained change in interest rates, expressed as a change in net interest income as a percentage of the net interest income calculated in the constant base model, was as follows:

	Basis Point Changes							
	-400	-300	-200	-100	+100	+200	+300	+400
March 31, 2013	NA	NA	NA	NA	(1.61)%	(2.61)%	(4.09)%	(5.84)%

First Busey's Asset, Liability and Liquidity Management Policy defines a targeted range of:

Change in	
Basis points	Net interest income
+/-100	+/-10.0%
+/-200	+/-15.0%
+/-300	+/-22.5%
+/-400	+/-30.0%

As indicated in the table above, as of March 31, 2013, First Busey was within each of the targeted ranges on a consolidated basis. The calculation of potential effects of hypothetical interest rate changes was based on numerous assumptions and should not be relied upon as indicative of actual results.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out as of March 31, 2013, under the supervision and with the participation of our Chief Executive Officer, Chief Financial Officer and several other members of our senior management. Our management concluded that, as of March 31, 2013, our disclosure controls and procedures were effective in ensuring that the information we are required to disclose in the reports we file or submit under the Exchange Act is (i) accumulated and communicated to our management (including the Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding required disclosure, and (ii) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Controls over Financial Reporting

During the quarter ended March 31, 2013, First Busey did not make any changes in its internal control over financial reporting or other factors that could materially affect, or were reasonably likely to materially affect, its internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1: Legal Proceedings

None

ITEM 1A: Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A of Part I of the Company's 2012 Annual Report on Form 10-K.

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

Repurchases

There were no purchases made by or on behalf of First Busey of shares of its common stock during the quarter ended March 31, 2013.

On January 22, 2008, First Busey announced that its board of directors had authorized the repurchase of 1,000,000 shares of common stock. First Busey's repurchase plan has no expiration date and is active until all the shares are repurchased or action is taken by the board of directors to discontinue the plan. As of March 31, 2013, under the Company's stock repurchase plan, 895,655 shares remained authorized for repurchase.

ITEM 3: Defaults upon Senior Securities

None

ITEM 4: Mine Safety Disclosures

Not Applicable

ITEM 5: Other Information

(a) None

(b) None

ITEM 6: Exhibits

10.1 Employment Agreement between First Busey Corporation and John J. Powers, dated December 29, 2011.

31.1 Certification of Principal Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a).

31.2 Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a).

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

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

101* Interactive Data File

Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets at March 31, 2013 and December 31, 2012; (ii) Consolidated Statements of Income for the three months ended March 31, 2013 and March 31, 2012; (iii) Consolidated Statements of Other Comprehensive Income for the three months ended March 31, 2013 and March 31, 2012; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and March 31, 2012; and (v) Notes to Unaudited Consolidated Financial Statements.

---

*As provided in Rule 406T of Regulation S-T, this information shall not be deemed "filed" for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

SIGNATURES

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

FIRST BUSEY CORPORATION
(Registrant)

By: /s/ VAN A. DUKEMAN

Van A. Dukeman
President and Chief Executive Officer
(Principal executive officer)

By: /s/ DAVID B. WHITE

David B. White
Chief Financial Officer
(Principal financial and accounting officer)

Date: May 9, 2013

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "**Agreement**") is by and among First Busey Corporation ("**First Busey**"), Busey Bank (the "**Bank**," and together with First Busey, "**Employer**") and John J. Powers ("**Executive,**" and together with Employer, the "**Parties**").

RECITALS

A. The Bank is a wholly owned subsidiary of First Busey.

B. Employer has determined it to be in its best interests to secure the employment of Executive and to enter into this Agreement pertaining to the employment of Executive as of and following the Effective Date, as defined below.

C. Executive desires to be employed by Employer as of and following the Effective Date in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the Parties contained herein, the Parties hereby agree as follows:

AGREEMENTS

Section 1. **Term with Automatic Renewal Provision.** This Agreement shall be effective as of the first (1st) day of Executive's employment with Employer (the "**Effective Date**"), which shall be no later than January 1, 2012. Subject to the terms of this Agreement, the term of this Agreement (the "**Term**") and Executive's employment hereunder shall be for a period of one (1) year commencing as of the Effective Date. The Term shall automatically renew for one (1) additional year at the end of the then existing Term, unless either Party provides written notice to the other Party not less than ninety (90) days prior to the end of the then existing Term that such Party does not intend to extend the Term.

Section 2. **Employment.**

(a) **Positions and Duties.** Subject to the terms of this Agreement, Executive shall devote Executive's full business time, energies and talent to serving as the Executive Vice President, General Counsel of First Busey and the Bank, at the direction of the Chief Executive Officer of First Busey (the "**CEO**"). Executive shall perform all duties assigned to Executive faithfully, loyally and efficiently, and shall have such duties, authority and responsibilities as may be assigned to Executive from time to time by the CEO, which duties, authority and responsibilities shall include those customarily held by such officer of comparable companies, subject always to the charter and bylaw provisions and the policies of Employer and the directions of the CEO. Executive shall perform the duties required by this Agreement at Employer's principal place of business unless the nature of such duties requires otherwise. Notwithstanding the foregoing, during the Term, Executive may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations) to the extent such activities do not in any material way inhibit, prohibit, interfere with or conflict with Executive's duties under this Agreement or conflict in any material way with the business of Employer.

During the Term, Executive shall at all times maintain in good standing Executive's law license in the State of Illinois. Employer shall pay or reimburse Executive for (i) all license fees and pre-approved bar association dues and expenses, (ii) the cost of adequate professional liability insurance in connection with the Executive's duties hereunder and (iii) all reasonable expenses incurred by Executive in complying with any continuing legal education requirements.

(b) **Transfers.** The Board of Directors of First Busey (the "**Board**") may, in its sole discretion, cause Executive's employment to be transferred from Employer to any wholly-owned subsidiary of First Busey, in which case all references in this Agreement to "**Employer**" shall be deemed to refer to such subsidiary (and First Busey, if applicable).

Section 3. **Compensation and Benefits.** Subject to the terms of this Agreement, during the Term of this Agreement, Employer shall compensate Executive for Executive's services as follows:

(a) **Base Compensation.** Executive's annual base salary rate shall be two hundred and thirty-seven thousand dollars ($237,000.00) (the "**Base Salary**"), which shall be payable in accordance with Employer's normal payroll practices as are in effect from time to time. Beginning in 2012 and annually thereafter, the Board shall review Executive's Base Salary at such time as it reviews its executives' compensation to determine whether Executive's Base Salary should be maintained at its existing level or increased, with any increase being effective as determined by the Board.

(b) **Discretionary Performance Bonus.** Employer shall consider Executive for a bonus each year during the Term based on performance criteria established by the Board and/or the CEO and any other factors deemed by the Board to be appropriate. Bonuses shall be awarded, if at all, in the sole discretion of the Board, and nothing in this Agreement shall require the payment of a bonus in any given year. For purposes of this Agreement, bonuses shall be considered earned when all corporate action has been taken to determine such bonuses. Payment of any such bonus shall be made as soon as practicable after it is earned, but in no event later than two and one-half (2½) months following the end of the calendar year in which it is earned. Provided Executive is employed by Employer on the payment date, Executive shall be entitled to a bonus of not less than fifty thousand dollars ($50,000.00), when bonuses are paid to other senior executives of Employer for the 2011 year, but in no event later than May 1, 2012.

(c) **Long Term Incentive Program.** Executive shall be eligible to participate in Employer's long-term equity incentive program, as determined in the sole discretion of the Board (or an authorized committee thereof). Executive shall be recommended for a grant of restricted stock or restricted stock units when such equity awards are granted to other senior executives of Employer on or around July 1, 2012. In addition to the foregoing, Employer shall recommend to the Board that the Board grant, on or before January 31, 2012, a restricted stock or restricted stock unit award, with a grant date value of fifty thousand dollars ($50,000.00), which shall vest annually in three equal installments over a period of three (3) years from the grant date.

(d) **Profit Sharing Benefit.** Executive shall be eligible to receive an annual profit sharing benefit based on the combined amount of Executive's Base Salary and, if applicable, Executive's discretionary performance bonus, after Executive meets the eligibility

requirements of the applicable profit sharing plan. The Board shall decide the exact amount of this benefit annually in its sole discretion. Employer shall contribute this benefit for the account of Executive to Employer's tax-qualified retirement plan and/or any nonqualified deferred compensation plan that Employer establishes or maintains. All such profit sharing benefit payments shall be determined and governed by the terms of the applicable plan. Employer shall have no obligation to continue to maintain any particular benefit plan or arrangement and the profit sharing benefit described in this **Section 3(d)** may be amended or terminated by Employer at any time for any reason or no reason, *provided* such amendment or termination applies to all other similarly situated officers of Employer.

(e) **<u>Reimbursement of Expenses</u>.** Employer shall reimburse Executive for all travel, entertainment and other out-of-pocket expenses that Executive reasonably and necessarily incurs in the performance of Executive's duties under this Agreement. Executive shall document these expenses to the extent necessary to comply with all applicable laws and Employer policies. Any reimbursement payments hereunder shall be made as soon as practicable, and when taxable to Executive, in no event later than two and one-half (2½) months following the end of the year in which the corresponding expenses are incurred.

(f) **<u>Other Benefits</u>.** Executive shall be eligible to participate, subject to the terms thereof, in all Employer retirement plans and health, dental, life and similar plans, as may be in effect from time to time with respect to similarly situated senior executives. In addition to the foregoing benefits, Executive shall be eligible to participate in Employer's key life insurance program on the first entry date following the Effective Date (which entry date is March 1, 2012) with a death benefit amount of one million dollars ($1,000,000.00), subject to insurability and all other terms of such program.

(g) **<u>Vacations</u>.** Executive shall be subject to Employer's general vacation policy as may be in effect from time to time, but shall accrue not less than twenty (20) days of paid vacation annually.

(h) **<u>Withholding</u>.** Employer may withhold any applicable federal, state and local withholding and other taxes from payments that become due or allowances that are provided to Executive.

Section 4. **<u>Rights and Payments Upon Termination</u>.** Either Party may terminate Executive's employment under this Agreement pursuant to the terms of this **Section 4**. Executive's right to benefits and payments, if any, for periods after the effective date of Executive's termination of employment with Employer (the "**Termination Date**") shall be determined in accordance with this **Section 4**:

(a) **<u>Termination Without Cause</u>.** Either Party may terminate this Agreement and Executive's employment hereunder for any reason by delivering written notice of termination to the other Party no fewer than thirty (30) days before the Termination Date (*provided* that such notice shall not be required in a Termination for Cause), which date shall be specified in the notice of termination. Employer may provide for an earlier Termination Date, *provided* Employer pays to Executive the Base Salary that would have been earned during such notice period. Any payment in lieu of notice pursuant to this **Section 4(a)** shall be made in a

single lump sum on the first payroll date following the Termination Date. If Executive voluntarily terminates Executive's employment under this Agreement other than pursuant to **Section 4(c)** (Termination for Good Reason) or **Section 4(d)** (Termination upon Change in Control), then Employer shall be required to pay Executive the Accrued Amounts, and Employer shall have no further obligations to Executive under this Agreement. "**Accrued Amounts**" shall include the following amounts as have accrued through the Termination Date: (i) earned but unpaid Base Salary, (ii) earned but unpaid bonus under **Section 3(b)**, (iii) accrued but unpaid vacation pay; and (iv) provided Executive submits the required documentation in accordance with established policies and within thirty (30) days of the Termination Date, unreimbursed business expenses incurred during the Term.

(b) **<u>Termination for Cause</u>.** Employer may terminate this Agreement and Executive's employment hereunder immediately for Cause by delivering written notice of termination to Executive (with such notice being delivered no less than thirty (30) day before the effective date of termination in the event of a termination based on either a curable breach under subsection (vii) below or subsection (viii) below). "**Cause**" for termination shall exist if: (i) Executive engages in one (1) or more unsafe and unsound banking practices or material violations of a law or regulation applicable to Employer or any subsidiary; (ii) Executive engages in any repeated violations of a policy of Employer after being warned in writing by the Board or the CEO not to violate such policy; (iii) Executive engages in any single violation of a policy of Employer if such violation materially and adversely affects the business or affairs of Employer; (iv) Executive fails to timely implement a direction or order of the Board or the CEO, unless such direction or order would violate the law; (v) Executive engages in a breach of fiduciary duty or act of dishonesty involving the affairs of Employer; (vi) Executive is removed or suspended from banking pursuant to Section 8(e) of the Federal Deposit Insurance Act or any other applicable state or federal law; (vii) Executive commits a material breach of Executive's obligations under this Agreement, and if such breach is determined to be curable by the CEO or the Board, Executive fails to cure such breach during the thirty (30) day notice period, if applicable; (viii) Executive materially fails to perform Executive's duties to Employer with the degree of skill, care or competence expected by the Board or the CEO following written notice by the CEO or the Board; or (ix) Executive is found guilty of, or pleads *nolo contendere* to, a felony or an act of dishonesty in connection with the performance of Executive's duties as an officer of Employer, or an act that disqualifies Executive from serving as an officer or director of Employer. If Executive's employment is terminated pursuant to this **Section 4(b)**, then Employer shall be required to pay Executive the Accrued Amounts, and Employer shall have no further obligations to Executive under this Agreement.

(c) **<u>Termination for Good Reason</u>.** Prior to Executive's termination for Good Reason (as defined below), Executive shall give Employer written notice of the occurrence of the event or condition that Executive believes constitutes a Good Reason within thirty (30) days of the initial existence of such event or condition, which written notice shall provide detailed facts, and not mere conclusions, to support Executive's claim of termination for Good Reason. If Employer determines that the events or conditions exist as alleged by Executive, and does not cure such events or conditions within thirty (30) days of Executive's written notice, then this Agreement and Executive's employment hereunder shall terminate on the thirtieth (30th) day following Executive's written notice. "**Good Reason**" means the occurrence of any one (1) or more of the following, without Executive's prior consent: (i) a material adverse change in the

nature, scope or status of Executive's position, authorities or duties from those in effect in accordance with **Section 2(a)** immediately following the Effective Date; (ii) a reduction in Executive's Base Salary, unless such reduction applies to all similarly situated senior executives of Employer; (iii) Employer changes the primary location of Executive's employment to a place that is more than fifty (50) miles from Executive's primary location of employment as of the Effective Date; or (iv) Employer otherwise commits a material breach of its obligations under this Agreement.

(d) **Termination upon Change in Control.** Following a Change in Control, this Agreement and Executive's employment hereunder may be terminated in accordance with **Section 4(a)**, **(b)**, or **(c)** by delivering written notice of termination to the other Party no less than thirty (30) days before the Termination Date.

(i) A "**Change in Control**" shall be deemed to have occurred upon the first to occur of the following: (A) any "person" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 (the "**1934 Act**")), other than a trustee or other fiduciary holding securities under an employee benefit plan of First Busey or a corporation owned directly or indirectly by the stockholders of First Busey in substantially the same proportions as their ownership of stock of First Busey, is or becomes a "beneficial owner" (within the meaning of Rule 13d-3 of the 1934 Act), directly or indirectly, of securities representing more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of First Busey; (B) during any period of twelve (12) consecutive months, the individuals who at the beginning of such period constitute the Board (and any new director whose election by the Board or nomination for election by First Busey's stockholders was approved by a vote of at least a majority of the directors when still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board; or (C) the consummation of (1) a merger or consolidation of First Busey with any other corporation, other than a merger or consolidation that would result in the voting securities of First Busey outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the total voting power represented by the voting securities of First Busey or such surviving entity outstanding immediately after such merger or consolidation; or (2) a complete liquidation or dissolution or an agreement for the sale or other disposition of all or substantially all of the assets of First Busey.

(ii) Notwithstanding **Section 4(d)(i)**, a Change in Control shall not be deemed to have occurred if Executive agrees in writing that the transaction or event in question does not constitute a Change in Control for the purposes of this Agreement.

(e) **Termination upon Disability.** Employer shall not terminate this Agreement and Executive's employment hereunder if Executive becomes "disabled" within the meaning of Employer's then current employee disability program or, at Employer's election, as determined by a physician selected by Employer, unless, as a result of such disability, Executive is unable to perform Executive's duties with the requisite level of skill and competence for a period of six (6) consecutive months. Thereafter, Employer may terminate this Agreement for Cause in accordance with **Section 4(b)**.

(f) **Termination upon Death.** This Agreement shall terminate if Executive dies during the Term, effective on the date of Executive's death. Any payments that are owing to Executive under this Agreement or otherwise at the time of Executive's death shall be made to whomever Executive may designate in writing as Executive's beneficiary, or absent such a designation, to the executor or administrator of Executive's estate. Termination of this Agreement under this **Section 4(f)** shall be deemed to be a termination in accordance with **Section 4(b)**.

(g) **Severance Benefits.** Employer shall pay severance benefits to Executive as follows:

(i) If this Agreement and Executive's employment hereunder are terminated by Employer without Cause pursuant to **Section 4(a)**, or by Executive for Good Reason pursuant to **Section 4(c)**, Employer shall pay Executive an amount equal to one hundred percent (100%) (or two hundred percent (200%) if the foregoing terminations occur within one (1) year after the occurrence of a Change in Control) of Executive's then applicable Base Salary (the "**Severance Payment**"). Employer shall also reimburse Executive for up to twelve (12) months (or eighteen (18) months if the foregoing terminations occur within one (1) year after the occurrence of a Change in Control) for continuing coverage under Employer's health insurance pursuant to the health care continuation rules of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), *provided* that Executive remains eligible for, and elects, such COBRA continuation for such period following the effective date of termination, *provided further* that to the extent Executive paid a portion of the premium for such benefit while employed Executive shall continue to pay such portion during the period of continuation hereunder and any period of continuation hereunder shall be credited against the continuation rights under COBRA.

(ii) All payments that become due to Executive under this **Section 4(g)** shall be made in substantially equal installments in accordance with Employer's regular payroll practices then in effect over the one (1)-year period following termination (two (2) year period if following a Change in Control); *provided* that the initial payment shall be made on the first regular payroll date occurring on or after the thirtieth (30th) day following the Termination Date; *provided, however*, that no payment or benefit shall ever be due to Executive under this **Section 4(g)** unless Executive has delivered to Employer on or before the thirtieth (30th) day following the Termination Date an irrevocable general release and waiver of claims as required by **Section 4(j)**. For avoidance of doubt, any applicable revocation period associated with such release and waiver shall expire on or before the thirtieth (30th) day following the Termination Date in order for Executive to be eligible to receive any payments or benefits under this **Section 4(g)**. Employer shall be obligated to make all payments that become due to Executive under this **Section 4(g)** whether or not Executive obtains other employment following termination or takes steps to mitigate any damages that Executive claims to have sustained as a result of termination. The payments provided for in this **Section 4(g)** are intended to supplement any compensation or other benefits that have accrued or vested with respect to Executive or for Executive's account as of the Termination Date.

(iii) Employer and Executive intend that no portion of any payment under this Agreement, or payments to or for the benefit of Executive under any other agreement

---

or plan, be deemed to be an "**Excess Parachute Payment**" as defined in Section 280G of the Internal Revenue Code of 1986 (the "**Code**"). The present value of any payments to or for the benefit of Executive in the nature of compensation, as determined by the legal counsel or certified public accountants for Employer in accordance with Code Section 280G(d)(4), receipt of which is contingent on the Change in Control of Employer, and to which Code

Section 280G applies (in the aggregate "**Total Payments**"), shall be reduced, as necessary, such that the payment does not exceed an amount equal to one dollar ($1.00) less than the maximum amount that Employer may pay without loss of deduction under Code Section 280G(a), *provided* that any such reduction shall be in accordance with Code Section 409A.

(iv) If Employer is not permitted to make any payments that may become due to Executive under this **Section 4(g)** because First Busey or the Bank is not in compliance with any regulatory-mandated minimum capital requirements or if making the payments would cause the Bank's capital to fall below such minimum capital requirements, then Employer shall delay making such payments until the earliest possible date it could resume making the payments without violating such minimum capital requirements. Further, if Employer is not permitted to make any payments that may become due to Executive under this **Section 4(g)** because of the operation of any other applicable law or regulation, then Employer shall delay making such payments until the earliest possible date it could resume making the payments without violating such applicable law or regulation.

(h) **Payment Equalization.** If Employer is paying, or in the case of a lump sum, has paid, Executive a Severance Payment pursuant to **Section 4(g)(i)**, then Executive shall not seek or apply for unemployment compensation under the Illinois Unemployment Act 820 ILCS 405/100 et seq. or any other state or federal unemployment compensation law at any time prior to a date following the final payment made hereunder or with respect to the period during which such payments were or were to be made until the final payment is made.

(i) **Specified Employee.** If at the time of any payment hereunder Executive is considered to be a Specified Employee (as defined below) and such payment is required to be treated as deferred compensation under Code Section 409A, then, to the extent required by Code Section 409A, payments may be delayed to the date that is six (6) months after the Termination Date. For purposes of Code Section 409A, all installment payments of deferred compensation made hereunder, or pursuant to another plan or arrangement, shall be deemed to be separate payments and, accordingly, the aforementioned deferral shall only apply to separate payments that would occur during the six (6)-month deferral period and all other payments shall be unaffected.

(i) All payments delayed pursuant to this **Section 4(i)** shall be accumulated and paid in a lump-sum, catch-up payment as of the first (1st) day of the seventh (7th) month following the Termination Date (or, if earlier, the date of death of Executive), with all such delayed payments being credited with interest (compounded monthly) for such period of delay equal to the prime rate in effect on the first (1st) day of such six (6)-month period. Any portion of the benefits hereunder that were not otherwise due to be paid during the six (6)-month period following the Termination Date shall be paid to Executive in accordance with the payment schedule established herein.

(ii) The term "**Specified Employee**" means any person who holds a position with Employer of senior vice president or higher and has compensation greater than that stated in Code Section 416(i)(1)(A)(i). The determination of whether Executive is a Specified Employee shall be based upon the twelve (12)-month period ending on each December 31st (such twelve (12)-month period is referred to below as the "identification period"). If Executive is determined to be a Specified Employee during the identification period, he shall be treated as a Specified Employee for purposes of this Agreement during the twelve (12)-month period that begins on the April 1st following the close of such identification period. For purposes of determining whether Executive is a Specified Employee under Code Section 416(i), compensation shall mean Executive's W-2 compensation as reported by Employer for a particular calendar year.

(j) **Release.** As a condition to Employer's obligation to pay any severance benefit under **Section 4(g)**, Executive shall execute a general release of, and waiver of claims against, Employer and its subsidiaries and affiliates, substantially in the form attached hereto as Exhibit A on or before the thirtieth (30th) day following the Termination Date. For the avoidance of doubt, in order for such release to be deemed effective for purposes of this Agreement, any applicable revocation period with respect to such release and wavier must have expired on or before such thirtieth (30th) day.

Section 5. **Confidentiality.** Executive acknowledges that the nature of Executive's employment shall require that Executive produce and have access to records, data, trade secrets and information that are not available to the public regarding Employer and its subsidiaries and affiliates ("**Confidential Information**"). Executive shall hold in confidence and not directly or indirectly disclose any Confidential Information to third parties unless disclosure becomes reasonably necessary in connection with Executive's performance of Executive's duties hereunder, or the Confidential Information lawfully becomes available to the public from other sources, or Executive is authorized in writing by Employer to disclose it or Executive is required to make disclosure by a law or pursuant to the authority of any administrative agency or judicial body. All Confidential Information and all other records, files, documents and other materials or copies thereof relating to the business of Employer or any of its subsidiaries or affiliates that Executive prepares or uses shall be the sole property of Employer. Executive's access to and use of Employer's computer systems, networks and equipment, and all Employer information contained therein, shall be restricted to legitimate business purposes on behalf of Employer; any other access to or use of such systems, network and equipment is without authorization and is prohibited. The restrictions contained in this **Section 5** shall extend to any personal computers or other electronic devices of Executive that are used for business purposes relating to Employer. Executive shall not transfer any Employer information to any personal computer or other electronic device that is not otherwise used for any business purpose relating to Employer. Executive shall promptly return all originals and copies of any Confidential Information and other records, files, documents and other materials to Employer if Executive's employment with Employer is terminated for any reason.

Section 6. **Non-Competition and Non-Solicitation Covenants.** The primary service area of Employer's business in which Executive will actively participate extends separately to an area that encompasses a twenty-five (25)-mile radius from each banking and other office location of Employer and its subsidiaries and affiliates and a fifty (50)-mile radius

from Employer's main office in Champaign, Illinois (collectively, the "**Restrictive Area**"). As an essential ingredient and in consideration of this Agreement and Executive's employment by Employer, Executive shall not, for a period of one (1) year after termination of Executive's employment with Employer for any reason and whether such termination of employment is during the Term or after the termination or expiration of the Term (the "**Restrictive Period)**, directly or indirectly compete with the business of Employer, including by doing any of the following (the "**Restrictive Covenant**"):

(a) engage or invest in, own, manage, operate, control, finance, participate in the ownership, management, operation or control of, be employed by, associate with or in any manner be connected with, serve as an employee, officer or director of or consultant to, lend his name or any similar

name to, lend his credit to, or render services or advice to any person, firm, partnership, corporation, trust or other entity that owns or operates, a bank, savings and loan association, credit union or similar financial institution (a "**Financial Institution**") with any office located, or to be located at an address identified in a filing with any regulatory authority, within the Restrictive Area;

(b) directly or indirectly, for himself or any Financial Institution: (i) induce or attempt to induce any officer of Employer or any of its subsidiaries or affiliates, or any employee who previously reported to Executive, to leave the employ of Employer or any of its subsidiaries or affiliates; (ii) in any way interfere with the relationship between Employer or any of its subsidiaries or affiliates and any such officer or employee; (iii) employ, or otherwise engage as an employee, independent contractor or otherwise, any such officer or employee; or (iv) induce or attempt to induce any customer, supplier, licensee or business relation of Employer of any of its subsidiaries or affiliates to cease doing business with Employer or any of its subsidiaries or affiliates or in any way interfere with the relationship between Employer or any of its subsidiaries or affiliates and any of their respective customers, suppliers, licensees or business relations, where Executive had personal contact with, or has accessed Confidential Information in the preceding twelve (12) months with respect to, such customers, suppliers, licensees or business relations; or

(c) directly or indirectly, for himself or any Financial Institution, solicit the business of any person or entity known to Executive to be a customer of Employer or any of its subsidiaries or affiliates, where Executive, or any person reporting to Executive, had personal contact with such person or entity, with respect to products, activities or services that compete in whole or in part with the products, activities or services of Employer or any of its subsidiaries or affiliates.

The foregoing Restrictive Covenant shall not prohibit Executive from (i) owning directly or indirectly capital stock or similar securities that are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System that do not represent more than one percent (1%) of the outstanding capital stock of any Financial Institution, or (ii) subject to Executive's compliance with **Section 5**, practicing law as a sole practitioner or as a member of a law firm, whether as a partner, shareholder, associate or of counsel.

Section 7. **<u>Remedies for Breach</u>.** Executive has reviewed the provisions of this Agreement with legal counsel, or has been given adequate opportunity to seek such counsel, and Executive acknowledges that the covenants contained herein are reasonable with respect to their duration, geographical area and scope. Executive further acknowledges that the restrictions contained in this Agreement are reasonable and necessary for the protection of the legitimate business interests of Employer, that they create no undue hardships, that any violation of these restrictions would cause substantial injury to Employer and its interests, that Employer would not have agreed to enter into this Agreement without receiving Executive's agreement to be bound by these restrictions and that such restrictions were a material inducement to Employer to enter into this Agreement. During the Restrictive Period, Employer shall have the right to communicate the existence and terms of this Agreement to any third party with whom Executive may seek or obtain future employment or other similar arrangement. In addition, in the event of any violation or threatened violation of the restrictions contained in this Agreement, Employer, in addition to and not in limitation of, any other rights, remedies or damages available to Employer under this Agreement or otherwise at law or in equity, shall be entitled to preliminary and permanent injunctive relief to prevent or restrain any such violation by Executive and any and all persons directly or indirectly acting for or with him, as the case may be. If Executive violates the Restrictive Covenant and Employer brings legal action for injunctive or other relief, Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified herein computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by Executive.

Section 8. **<u>Indemnity; Other Protections</u>.**

(a) **<u>Indemnification</u>.** Employer shall indemnify Executive (and, upon Executive's death, Executive's heirs, executors and administrators) to the fullest extent permitted by law against all expenses, including reasonable attorneys' fees, court and investigative costs, judgments, fines and amounts paid in settlement (collectively, "**Expenses**") reasonably incurred by Executive in connection with or arising out of any pending, threatened or completed action, suit or proceeding in which Executive becomes involved by reason of Executive's having been an officer or director of Employer. The indemnification rights provided for herein are not exclusive and shall supplement any rights to indemnification that Executive may have under any applicable bylaw or charter provision of Employer, or any resolution of Employer or any applicable statute.

(b) **<u>Advancement of Expenses</u>.** In the event that Executive becomes a party, or is threatened to be made a party, to any pending, threatened or completed action, suit or proceeding for which Employer is permitted or required to indemnify Executive under this Agreement, any applicable bylaw or charter provision of Employer, any resolution of Employer, or any applicable statute, Employer shall, to the fullest extent permitted by law, advance all Expenses incurred by Executive in connection with the investigation, defense, settlement, or appeal of any threatened, pending or completed action, suit or proceeding, subject to receipt by Employer of a written undertaking from Executive to reimburse Employer for all Expenses actually paid by Employer to or on behalf of Executive in the event it shall be ultimately determined that Employer cannot lawfully indemnify Executive for such Expenses, and to assign

---

to Employer all rights of Executive to indemnification under any policy of directors' and officers' liability insurance to the extent of the amount of Expenses actually paid by Employer to or on behalf of Executive.

(c) **<u>Litigation</u>.** Unless precluded by an actual or potential conflict of interest, Employer shall have the right to recommend counsel to Executive to represent Executive in connection with any claim covered by this **Section 8**. Further, Executive's choice of counsel, Executive's decision to contest or settle any such claim and the terms and amount of the settlement of any such claim shall be subject to Employer's prior written approval, which approval shall not be unreasonably withheld by Employer.

Section 9. **<u>General Provisions</u>.**

(a) **<u>Amendment</u>.** Except as set forth explicitly herein, this Agreement may not be amended or modified except by written agreement signed by Executive and First Busey.

(b) **Successors; Assignment.** This Agreement shall be binding upon and inure to the benefit of Executive, Employer and their respective personal representatives, successors and assigns. For the purposes of this Agreement, any successor or assign of Employer shall be deemed to be "**Employer**." Employer shall require any successor or assign of Employer or any direct or indirect purchaser or acquirer of all or substantially all of the business, assets or liabilities of Employer, whether by transfer, purchase, merger, consolidation, stock acquisition or otherwise, to assume and agree in writing to perform this Agreement and Employer's obligations hereunder in the same manner and to the same extent as Employer would have been required to perform them if no such transaction had occurred.

(c) **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral. The provisions of this Agreement shall be regarded as divisible and separate; if any provision is declared invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected. In the event any provision of this Agreement (including any provision of the Restrictive Covenant) is held to be overbroad as written, such provision shall be deemed to be amended to narrow the application of such provision to the extent necessary to make such provision enforceable according to applicable law.

(d) **Survival.** The provisions of **Section 5** (Confidentiality), **Section 6** (Non-Competition and Non-Solicitation Covenants), **Section 7** (Remedies for Breach), **Section 8** (Indemnity; Other Protections) and **Section 9** (General Provisions) shall survive the expiration or termination of this Agreement for any reason.

(e) **Governing Law and Enforcement.** This Agreement shall be construed and the legal relations of the Parties shall be determined in accordance with the laws of the State of Illinois without reference to the law regarding conflicts of law.

(f) **Arbitration.** Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted at a location selected

by Employer within fifty (50) miles from Champaign-Urbana, Illinois, in accordance with the rules of the American Arbitration Association.

(g) **Prevailing Party Legal Fees.** Should either Party initiate any action or proceeding to enforce this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or of any provision hereof, or for a declaration of rights hereunder, the prevailing Party in any such action or proceeding shall be entitled to receive from the other Party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing Party in connection with such action or proceeding; *provided*, *however*, that reasonable attorneys' fees shall be limited to the fees of the last attorney to represent the Party and to the lesser of the fees incurred as a result of the reasonable hourly rate of the attorney or any contingent or other arrangement for the payment of legal fees. The payment, if any, of costs and expenses to either Party under this **Section 9(g)** shall be made no later than two and one-half (2½) months following the end of the year in which a final adjudication is made in the action or proceeding.

(h) **Waiver.** No waiver by either Party at any time of any breach by the other Party of, or compliance with, any condition or provision of this Agreement to be performed by the other Party shall be deemed a waiver of any similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(i) **Notices.** Notices pursuant to this Agreement shall be in writing and shall be deemed given when received; and, if mailed, shall be mailed by United States registered or certified mail, return receipt requested, postage prepaid; and if to Employer, addressed to the principal headquarters of First Busey, attention: President and Chief Executive Officer; and if to Executive, to the address for Executive as most currently reflected in the corporate records or to such other address as Executive has most recently provided to Employer.

(j) **Code Section 409A.** To the extent any provision of this Agreement or action by the Company would subject Executive to liability for interest or additional taxes under Code Section 409A, it shall be deemed null and void, to the extent permitted by law and deemed advisable by Employer. It is intended that this Agreement will comply with Code Section 409A, and this Agreement shall be administered accordingly, and interpreted and construed on a basis consistent with such intent. Notwithstanding anything herein to the contrary, no termination or other similar payments and benefits hereunder shall be payable on account of Executive's termination of employment unless Executive's termination of employment constitutes a "separation from service" within the meaning of Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Code Section 409A, such reimbursements and in-kind benefit payments shall be made in accordance with Treasury Regulation §1.409A-3(i)(1)(iv). This Agreement may be amended to the extent necessary (including retroactively) by Employer to maintain to the maximum extent practicable the original intent of this Agreement while avoiding the application of taxes or interest under Code Section 409A. The preceding shall not be construed as a guarantee of any particular tax effect for Executive's compensation and benefits and Employer does not guarantee that any compensation or benefits provided under this Agreement will satisfy the provisions of Code Section 409A.

(k) **Construction.** This Agreement shall be deemed drafted equally by the Parties. Any presumption or principle that the language of this Agreement is to be construed against any Party shall not apply. Whenever used in this Agreement, the singular includes the plural and vice versa (where applicable); the words "hereof," "herein," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole (including exhibits); all references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Agreement unless otherwise specified; the words "include," "includes" and "including" means "include, without limitation," "includes, without limitation" and "including, without limitation," respectively; any reference to a document or set of documents, and the rights and obligations of the parties under any such documents, means such document or documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof; and references to a statute shall refer to the statute and any amendments and any successor statutes, and to all regulations promulgated under or implementing the statute, as amended, or its successors, as in effect at the relevant time. The headings used in this Agreement are for convenience only, shall not be deemed to constitute a part hereof, and shall not be deemed to limit, characterize or in any way affect the construction or enforcement of the provisions of this Agreement. This Agreement may be executed in any number of identical counterparts, any of which may contain the signatures of less than all Parties, and all of which together shall constitute a single agreement. All remedies of any Party are cumulative and not alternative, and are in addition to any other remedies available at law, in equity or otherwise.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

FIRST BUSEY CORPORATION and BUSEY BANK	**EXECUTIVE**
By: /s/ VAN DUKEMAN	/s/ JOHN J. POWERS
Van Dukeman	John J. Powers
President and Chief Executive Officer of First Busey Corporation	

Signature Page to J. Powers Employment Agreement

Exhibit A to Employment Agreement

AGREEMENT AND RELEASE

This Agreement and Release (this "**Release**") is made and entered into as of (the "**Release Date**"), by and among First Busey Corporation ("**First Busey**"), Busey Bank (the "**Bank**" and together with First Busey, "**Employer**") and ("**Executive**," and together with Employer, the "**Parties**"). In consideration of the mutual covenants hereinafter set forth, the Parties hereby agree as follows:

Section 1. **Separation.** Executive's employment with Employer shall end effective .

Section 2. **Payment and Benefits.** In consideration of the promises made in this Release, First Busey has agreed to pay Executive the compensation and benefits as provided in that certain employment agreement made and entered into as of , by and among the Parties (the "**Employment Agreement**"). Executive understands and acknowledges that the compensation and benefits provided under this Section 2 constitute an amount in excess of that to which Executive would be entitled without entering into this Release. Executive acknowledges that such compensation and benefits are being provided by First Busey as consideration for Executive entering into this Release, including the release of claims and waiver of rights provided in Section 3 of this Release.

Section 3. **Release of Claims and Waiver of Rights.** Executive, on Executive's own behalf and that of Executive's heirs, executors, attorneys, administrators, successors and assigns, fully releases and discharges Employer, its predecessors, successors, subsidiaries, affiliates and assigns, and its and their directors, officers, trustees, employees, and agents, in their individual and official capacities, and the current and former trustees and administrators of any retirement or other benefit plan applicable to the employees or former employees of Employer, in their individual and official capacities (the "**Released Parties**"), from any and all liability, claims, demands and actions, including liability, claims, demands and actions arising under Employer's policies and procedures, whether formal or informal; the United States or State of Illinois Constitutions; the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Illinois Human Rights Act; the Employee Retirement Income Security Act of 1974; the Age Discrimination in Employment Act; Executive Order 11246; and any other federal, state or local statute, ordinance or regulation with respect to employment, and in addition thereto, from any other liability, claims, demands and actions with respect to Executive's employment with Employer or other association with Employer through the Release Date, including the termination of Executive's employment with Employer, any right of payment for disability or any other statutory or contractual right of payment or any claim for relief on the basis of any alleged tort or breach of contract under the common law of the State of Illinois or any other state, including defamation, intentional or negligent infliction of emotional distress, breach of the covenant of good faith and fair dealing, promissory estoppel, and negligence. Executive represents that Executive has not assigned or filed any claim, demand, action or charge against the Released Parties. Executive further acknowledges that Executive is aware that statutes exist that render null and void releases and discharges of any claims, rights, demands, liabilities, actions and causes of action that are unknown to the releasing or discharging party at the time of execution of the release and discharge. Executive hereby expressly waives, surrenders and

agrees to forego any protection to which Executive would otherwise be entitled by virtue of the existence of any such statute in any jurisdiction, including the State of Illinois.

Section 4. Covenant Not to Sue. Executive shall not bring, file, charge, claim, sue or cause, assist, or permit to be brought, filed, charged or claimed any action, cause of action, or proceeding regarding or in any way related to any of the claims described in Section 3 of this Release; Executive's release of claims and waiver of rights provided in Section 3 of this Release is, shall constitute and may be pleaded as, a bar to any such claim, action, cause of action or proceeding. If any government agency or court assumes jurisdiction of any charge, complaint or cause of action covered by this Release, Executive shall not seek and shall not accept any personal equitable or monetary relief in connection with any investigation, civil action, suit or legal proceeding.

Section 5. Mutual Non-Disparagement. At all times following the signing of this Release, neither Party shall engage in any vilification of the other, and each Party shall refrain from making any false, negative, critical or disparaging statements, implied or expressed, concerning the other, including management style, methods of doing business, the quality of products and services, role in the community, or treatment of employees. Executive acknowledges that the only persons whose statements may be attributed to Employer for purposes of this covenant not to make disparaging statements shall

be each member of the Board of Directors of Employer, the CEO and executive officers that report directly to the CEO. The Parties shall do nothing that would damage the other's business reputation or good will.

Section 6. **Representations by Executive.** Executive warrants that Executive is legally competent to execute this Release and that Executive has not relied on any statements or explanations made by Employer or its attorneys. Moreover, Executive acknowledges that Executive has been afforded the opportunity to be advised by legal counsel regarding the terms of this Release, including the release of all claims and waiver of rights set forth in Section 3 of this Release. Executive acknowledges that Executive has been offered **[twenty-one (21)]** days to consider this Release. After being so advised, and without coercion of any kind, Executive freely, knowingly and voluntarily enters into this Release. **[Executive further acknowledges that Executive may revoke this Release within seven (7) days after Executive has signed this Release and further understands that this Release shall not become effective or enforceable until seven (7) days after Executive has signed this Release, as evidenced by the date set forth below Executive's signature on this Release. Any revocation of this Release by Executive must be in writing and addressed to the principal headquarters of First Busey, attention: President and Chief Executive Officer. If sent by mail, any revocation must be postmarked within the seven (7)-day period and sent by certified mail, return receipt requested.]** In addition, Executive represents that Executive has returned all property of Employer that is in Executive's possession, custody or control, including all documents, records and tangible property that are not publicly available and reflect, refer or relate to Employer or Employer's business affairs, operations or customers, and all copies of the foregoing.

Section 7. **No Admissions.** Employer denies that it or any of its employees or agents have taken any improper action against Executive. This Release shall not be admissible in any proceeding as evidence of improper action by Employer or any of its employees or agents.

Section 8. **Confidentiality.** Executive and Employer shall keep the existence and the terms of this Release confidential, except for Executive's immediate family members or their legal or tax advisors in connection with services related hereto and except as may be required by law or in connection with the preparation of tax returns.

Section 9. **Non-Waiver.** Employer's waiver of a breach of this Release by Executive shall not be construed or operate as a waiver of any subsequent breach by Executive of the same or of any other provision of this Release.

Section 10. **Restrictive Covenants.** Executive shall abide by the terms set forth in Sections 5 and 6 of the Employment Agreement.

Section 11. **Construction.** The terms set forth in Section 9 of the Employment Agreement shall apply to this Release, *provided* that the word "Release" shall take the place of the word "Agreement" in such Section 9, where applicable.

IN WITNESS WHEREOF, the Parties have executed this Release as of dates set forth below their respective signatures below.

FIRST BUSEY CORPORATION and BUSEY BANK	**EXECUTIVE**
By: ______________________________	______________________________
[Name] President and Chief Executive Officer of First Busey Corporation	[Name]
Date: ______________________________	Date: ______________________________

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Van A. Dukeman, President and Chief Executive Officer of First Busey Corporation, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of First Busey Corporation;

2) Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3) Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ VAN A. DUKEMAN

Van A. Dukeman
President and Chief Executive Officer

Date: May 9, 2013

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David B. White, Chief Financial Officer of First Busey Corporation, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of First Busey Corporation;

2) Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3) Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ DAVID B. WHITE

David B. White
Chief Financial Officer

Date: May 9, 2013

EXHIBIT 32.1

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

CERTIFICATION

I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the accompanying Quarterly Report of First Busey Corporation on Form 10-Q for the quarter ended March 31, 2013, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of First Busey Corporation as of and for the periods covered by the Quarterly Report.

/s/ VAN A. DUKEMAN

Van A. Dukeman
President and Chief Executive Officer

Date: May 9, 2013

EXHIBIT 32.2

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

CERTIFICATION

I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the accompanying Quarterly Report of First Busey Corporation on Form 10-Q for the quarter ended March 31, 2013, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of First Busey Corporation as of and for the periods covered by the Quarterly Report.

/s/ DAVID B. WHITE

David B. White
Chief Financial Officer

Date: May 9, 2013