Risk Factors Comparison 2024-02-23 to 2023-02-23 Form: 10-K

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This section highlights the risks management believes could adversely affect our financial performance. Additional possible risks that could affect **Busey** ~~the Company~~ adversely and cannot be predicted may arise at any time. Other risks that are immaterial at this time may also have an adverse impact on our future financial condition. **Contents of Item 1A. Risk Factors** ECONOMIC AND MARKET **RISKS35REGULATORY AND LEGAL RISKS37CREDIT AND LENDING RISKS39CAPITAL AND LIQUIDITY RISKS41COMPETITIVE AND STRATEGIC RISKS42ACCOUNTING AND TAX RISKS44OPERATIONAL** ~~RISKS~~ **RISKS45** Conditions in the financial market and economic conditions, including conditions in the states in which it operates, generally may adversely affect **Busey** ~~the Company~~ ' s business. **Busey** ~~The Company~~ ' s general financial performance is highly dependent upon the business environment in the markets where it operates and, in particular, the ability of borrowers to pay interest on, and repay principal of, outstanding loans, and value of collateral securing those loans, as well as demand for loans and other products and services it offers. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, low unemployment, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity **,** or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation or interest rates; high unemployment ~~,~~ **;** natural disasters ~~,~~ **;** or a combination of these or other factors. Uncertainty regarding economic conditions may result in changes in consumer and business spending, borrowing **,** and savings habits. Downturns in the markets where our banking operations occur could result in a decrease in demand for our products and services, an increase in loan delinquencies and defaults, high or increased levels of problem assets and foreclosures, and reduced wealth management fees resulting from lower asset values. Such conditions could adversely affect the credit quality of our loans, financial condition, and results of operations. **Busey** ~~The Company~~ currently conducts its banking operations in central and suburban Chicago, Illinois; the St. Louis, Missouri metropolitan area; central Indiana; and southwest Florida. **Busey** ~~The financial condition of the State of Illinois, in which the largest portion of the Company' s customer base resides, is characterized with low credit ratings and declines in population. The Company~~ operates in markets with **a** significant university and healthcare presence ~~, which~~ **. These industries** rely heavily on state and federal funding and contracts. Timely payments by the State of Illinois to its vendors and government- sponsored entities, as well as potential federal changes to healthcare laws, could affect **Busey** ~~the Company~~ ' s primary market areas, which could in turn affect its financial condition and results of operations. A small part of **Busey** ~~the company~~ ' s business resides in Florida, which ~~is frequently~~ **can be** affected by inclement weather. ~~On September 28~~ **While high market volatility is not expected** , **managing " higher for longer " interest rates can put pressure on Busey** ~~2022, Hurricane Ian, a large and destructive Category 4 Atlantic hurricane made landfall in southwest Florida and surrounding areas which resulted in the temporary closure of our banking centers. The Company~~ ' s **deposit rates** ~~business continuity practices allowed for rapid restoration of service~~ and **liquidity** ~~strong support of Florida associates~~ . ~~Market volatility and changes in~~ **Prolonged periods of high-** interest rates **pose several risks to Busey** ~~could have an adverse effect on the Company~~ . ~~Changes in~~ **Offering higher** interest rates ~~could affect~~ **to attract deposits elevates** the ~~level~~ **cost** of ~~assets and liabilities held~~ **funding. Concurrently, Busey may experience increased interest expenses** on **its borrowings** ~~the Company' s balance sheet~~ and **debt. Moreover, high-** ~~the revenue that the Company earns from net~~ interest ~~income~~ **rates can deter borrowing and spending** , ~~as earnings~~ **potentially reducing demand for loans and impacting liquidity. In such** ~~and~~ - **an** ~~profitability depend significantly on our net~~ **environment, heightened competition for deposits may necessitate maintaining competitive** interest **rates to retain** ~~income. Net interest income represents the difference between interest income~~ and **attract customers** ~~fees earned on interest- earning assets, such as loans and investment securities, and interest expense incurred on interest- bearing liabilities, such as deposits and borrowed funds~~ . Interest rates are sensitive to many factors ~~that are~~ beyond ~~the Company~~ **First Busey Corporation | 2023 — 35Contents of Item 1A. Risk Factors Busey** ' s control, including general economic conditions and policies of various governmental and regulatory agencies, **such as the FOMC. In March 2022, the Federal Reserve initiated a series of interest rate hikes to combat inflation. After 11 successive increases, as of December 2023, the fed funds target range stood at 5. 25 %- 5. 5 %, reaching its highest level since 2001. Throughout 2023, the health of the U. S. economy improved, surpassing expectations and reducing likelihood of a recession. Despite recent positive economic indicators, certain risks persist,** including **record- high U. S. credit card debt and increasing delinquencies in mortgages, auto loans, and credit cards. In December 2023,** the FOMC **projected U. S. GDP growth to slow to 1. 4 % in 2024** . The ~~Company~~ **Federal Reserve aims for a soft landing by maintaining its 2023 plan into 2024, hoping that sustained elevated interest rates will cool the economy and alleviate inflationary pressures. These effects, combined with other considerations, could have a material impact on our business, financial condition, liquidity, and results of operations. In the context of the multifaceted factors influencing the U. S. economy, uncertainties loom over the persistence of inflation, exacerbated by geopolitical tensions such as the Russia- Ukraine and Israel- Hamas conflicts. Additionally, unforeseen disruptions in the global energy market and challenges in the tight labor market and supply chain add to the complexity. Earlier in the year, there was a substantial risk that central banks, including the Federal Reserve, might raise interest rates excessively, potentially constraining economic growth and triggering a recession. However, as inflation decelerated throughout the year and market data hinted at easing housing price pressures, there is potential for a positive impact on loan demand. Ongoing monetary policy, including the persistence of elevated interest rates, significantly impacts not only**

the interest earned from loans and investment securities, as well as the interest paid on deposits and borrowings, but also influences Busey' s ability to originate loans and attract deposits, and the fair value of its financial assets and liabilities. As interest rates remain elevated, intensified competition for deposits may persist, potentially altering Busey ’ s ~~wealth management business has also been negatively impacted by~~ **funding mix and cost of funding. In addition to the aforementioned risks, Busey acknowledges the potential** ~~changes~~ **challenges arising from falling interest rates. For example** ~~in general economic conditions and the conditions in the financial and securities markets~~ , ~~which has~~ **a decrease in interest rates may adversely** ~~affected~~ -- **affect Busey** ~~the values of assets under care. Management contracts generally provide for fees payable for wealth management services based on the market value of assets under care. Because most of the Company~~ ’ s ~~contracts provide for~~ **floating rate loan portfolios, leading to** a ~~fee based on~~ **reduction in interest income. Any substantial, unexpected, and prolonged changes in** market ~~values of securities, declines in securities prices may have an adverse effect on the Company’ s results of operations from this business. Market declines and reductions in the value of customers’ wealth management accounts could also result in the loss of wealth management customers, including those who are also banking customers. It is currently expected that during 2023, and perhaps beyond, the FOMC will continue to increase~~ interest rates ~~to reduce~~ **, even if** ~~the~~ **they are maintained** ~~rate of inflation. In 2022, the FOMC increased,~~ at ~~various dates throughout the year, the target range for the federal funds rate from 0. 00 % to 0. 25 % to~~ a **high level** ~~range of 4. 25 % to 4. 50 %. All of these increases were expressly made in response to inflationary pressures~~ , ~~which are currently expected to continue in 2023. If the FOMC further increases the targeted federal funds rates, overall interest rates likely will rise, which may negatively impact the entire national economy. In addition, our net interest income~~ could **still** ~~be adversely affected if the rates we pay on deposits and borrowings increase more rapidly than the rates we earn on loans and other assets. Rising interest rates also may reduce the demand for loans and the value of fixed- rate investment securities. These effects from interest rate changes or from other sustained economic stress or a recession, among other matters, could~~ have a material adverse effect on **Busey** ~~our business, financial condition, liquidity, and results of operations. Given the complex factors affecting the strength of the U. S. economy, including uncertainties regarding the persistence of inflation, geopolitical developments such as the war in Ukraine and resulting disruptions in the global energy market, the effects of the pandemic in China, and tight labor market conditions and supply chain issues, there is a meaningful risk that the Federal Reserve and other central banks may raise interest rates too much, thereby limiting economic growth and potentially causing an economic recession. This could decrease loan demand, harm the credit characteristics of our existing loan portfolio, and decrease the value of collateral securing loans in the portfolio. Changes in monetary policy, including changes in interest rates, will influence not only the interest the Company receives on loans and investment securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect the Company’ s ability to originate loans and obtain deposits and the fair value of the Company’ s financial assets and liabilities. In addition, a rise in interest rates has resulted in decreased demand for first mortgages as well as mortgage refinancing, activities which have historically contributed a significant portion of the Company’ s mortgage revenue. When interest rates rise, competition for deposits often increases, which can lead to a change in the Company’ s funding mix and cost of funding. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on the Company~~ ’ s business, financial condition, and results of operations. The **combination of factors such as changes in** ~~transition to an alternative reference rate could cause instability and have a negative effect on financial market conditions. LIBOR represents the~~ interest ~~rate at which banks offer to lend funds to one another in the international interbank market for short- term loans, and has been used globally as a benchmark for financial contracts for more than three decades. Changing industry norms and regulatory directives have driven a transition away from LIBOR, and the Federal Reserve established the ARRC to oversee the transition and select an alternative reference rate as a replacement for LIBOR. On November 30, 2020, a concurrent announcement was issued by LIBOR’ s administrator, its regulator, and U. S. regulators which advised banks to stop new USD LIBOR issuances by the end of 2021, and cited plans to cease the publication of USD LIBOR, with proposed end dates immediately following the December 31, 2021, publication for the one week and two month USD LIBOR settings (which has now occurred), and the June 30, 2023, publication for the other USD LIBOR tenors. The June 30, 2023, end date for the remaining USD LIBOR tenors has now been set, and U. S. regulators issued supplemental guidance in October 2021 reiterating that financial institutions should stop new LIBOR issuances, including renewals and extensions of existing LIBOR- linked financial contracts, by December 31, 2021, and urging banks to address their existing LIBOR exposures and transition to robust and sustainable alternative~~ rates ~~as soon as possible. ARRC has formally endorsed the SOFR as its recommended alternative reference rate for LIBOR~~ , and ~~additional laws and regulations issued in 2022 have also endorsed SOFR as a “ comparable ” rate to LIBOR. However, U. S. regulators have advised that banks should conduct a comprehensive evaluation of any alternative reference rates being considered for use and remain free to choose an alternative reference rate other than SOFR that best suits their clients’ needs. Contracts linked to LIBOR are vast in number and value, are intertwined with numerous financial products and services, and have diverse parties. Although the Company has actively worked to plan for the transition away from LIBOR, the transition is both complex and challenging and the downstream effect of unwinding or transitioning such contracts could cause instability and negatively impact financial markets and individual institutions. If the Company’ s selected alternative reference rate is based on a small transaction volume, it could be susceptible to volatility and disruption during times of market stress. Furthermore, if the Company fails to properly address legacy contracts by adding robust fallback positions, it will be exposed to interest rate risks and potential loss of yields. Finally, if the Company or other market participants fail to properly plan to implement alternative reference rates other than LIBOR, it could have~~ an adverse **credit quality outlook** ~~effect on the Company and the financial system as a whole. In 2021~~ , **economic uncertainties** ~~the Company began the transition to SOFR and other alternative reference rates in anticipation of the cessation of the publication of LIBOR and~~ , ~~in accordance with regulatory guidance,~~ **and geopolitical events can contribute to** ~~ceased~~ **increased fluctuations** ~~new LIBOR issuances as of December 31, 2021. The Company continues to actively work to transition all remaining LIBOR contracts prior to the June 30, 2023, end date.~~

~~Declines~~ in ~~asset~~ **market** values ~~may result in impairment charges and adversely affect the value of our investments, financial performance and capital. The market value of investments in our securities portfolio has become increasingly volatile in recent years. If we are forced to liquidate any of those investments prior to maturity, including because of a lack of liquidity, we would recognize as a charge to earnings the losses attributable to those securities~~ . The market value of investments may be affected by factors other than the underlying performance of the servicer of the securities or the mortgages underlying the securities, such as changes in the interest rate environment, negative trends in the residential and commercial real estate markets, ratings downgrades, adverse changes in the business climate **,** and a lack of liquidity in the secondary market for certain investment securities. On a quarterly basis, we formally evaluate investments and other assets for impairment indicators. Reduction in the value, or impairment of our investment securities, can impact our earnings and common stockholders' equity. Changes in market interest rates can affect the value of these investment securities, with increasing interest rates generally resulting in a reduction of value. Although the reduction in value from temporary increases in market rates does not affect our income until the security is sold, it does result in an unrealized loss recorded in OCI that can reduce our common stockholders' equity. Further, we may have to record provision expense to establish an allowance for credit losses on our carried at fair value debt securities, and we must periodically test our investment securities for other- than- temporary impairment in value. In assessing whether the value of investment securities is impaired, we consider 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 the intent and ability to retain our investment in the security for a period of time sufficient to allow for any anticipated recovery in fair value in the near term. **First Busey** ~~Based on management' s evaluation, it was determined that the gross unrealized losses at December 31, 2022, were primarily a function of the changes in certain market interest rates. A large percentage of our investment securities has fixed interest rates and are classified as available for sale. As is the case with many financial institutions, our emphasis on increasing the development of core deposits, those with no stated maturity date, has resulted in our interest- bearing liabilities having a shorter duration than our interest- earning assets. This imbalance can create significant earnings volatility because interest rates change over time. As interest rates have increased, our cost of funds has increased more rapidly than the yields on a substantial portion~~ **Corporation | 2023 — 36 Ongoing** ~~of our interest- earning assets. In addition, the market value of our fixed- rate assets, for example, our investment securities, has declined in recent periods. In line with the foregoing, we have experienced and may continue to experience an increase in the cost of interest- bearing liabilities primarily due to raising the rates we pay on some of our deposit products to stay competitive within our market and an increase in borrowing costs from increases in the federal funds rate. Community banks rely more heavily than larger institutions on net interest income as a revenue source. Larger institutions generally have more diversified sources of noninterest income. Continued elevated levels of~~ inflation ~~could adversely impact~~ **trends pose potential risks to** our business and ~~results of operations~~ **operational performance** . ~~The United States has recently experienced elevated~~ **Elevated** ~~levels of~~ inflation **poses potential risks to** ~~, with the consumer price index climbing 6. 5 % in 2022. Continued levels of inflation could have complex effects on~~ our business and ~~results of operations~~ **operational performance** , **impacting** ~~some of which could be materially adverse. For example, elevated inflation harms~~ consumer purchasing power ~~, which~~ **and necessitating careful consideration of potential effects on various facets of our operations. Successful measures by the Federal Reserve in stabilizing inflation through interest rate hikes** could **mitigate some of** ~~negatively affect our retail customers and the~~ **these risks** ~~economic environment~~ and **positively influence** ~~, ultimately, many of our business customers, and could also negatively affect our levels of non- interest expense. In addition, if interest rates continue to continue rise in response to elevated levels of inflation, the value of our securities portfolio could be negatively impacted. Continued elevated levels of inflation could also cause increased volatility and uncertainty in the business environment, which could adversely affect~~ loan demand and **mitigate challenges to** our clients' ability to repay indebtedness. It is also possible that governmental responses to the current inflation environment ~~could adversely affect our business~~ , such as changes to monetary and fiscal policy that are too strict, or the imposition or threatened imposition of price controls **, could adversely affect our business** . The duration and severity of the current inflationary period cannot be estimated with precision. ~~Labor shortages~~ **Election- year variables bring additional levels of uncertainty. The evolving landscape of legislative and regulatory actions, influenced by election cycles, introduces** ~~and~~ - **an** ~~failure to attract~~ **additional layer of uncertainty for our operations. Elections can precipitate changes in government policies** and ~~retain qualified employees could negatively~~ **regulations across various industries, potentially** ~~impact~~ **impacting** our business ~~, results of operations, and financial condition~~ . ~~A number of factors~~ **Uncertainty regarding potential changes in regulations or policies related to our industry** may ~~adversely affect the labor force available to us or increase labor costs, including high employment levels, decreased labor force size, and participation rates. Although we have not experienced any material labor shortage to date, we have recently observed an overall tightening and competitive local labor market. A sustained labor shortage or increased turnover rates within our employee base could~~ lead to increased costs ~~, such as increased compensation expense to attract and retain employees. In addition, if we are unable to hire and retain employees capable~~ of **doing business and operational challenges. Economic conditions, including interest rates, inflation, and consumer spending, may be influenced by shifts in government leadership and policies, affecting our ability to maintain historical growth rates. Furthermore, the election process often introduces market volatility, impacting financial markets, currency exchange rates, and commodity prices. This volatility may pose risks to our financial** ~~performing~~ **performance** ~~at a high~~ **, cost of capital, and access to funding. The outcomes of elections may directly affect our industry, influencing regulatory frameworks and industry dynamics. Shifts in political power may shape the competitive landscape, impacting market share and pricing strategies. Unfavorable changes in industry** - **specific regulations** ~~level, or if mitigation measures we may take to respond to a decrease in labor availability have unintended negative effects, our business~~ could ~~be adversely affected. An overall labor shortage, lack of skilled labor, increased turnover, or labor inflation could have a material adverse impact on our operations, results~~ - **result** ~~of operations, liquidity, or cash flows. The COVID- 19 pandemic could continue to have adverse effects on our business. The COVID- 19 pandemic has had a significant~~

~~economic impact on the communities~~ in ~~which we operate, our borrowers and depositors, and the national economy generally. These effects have diminished in the past year, but future developments and uncertainties will be difficult to predict, such as the potential emergence of a new variant, the course of the pandemic in China and other major economies, the persistence of pandemic- related work and lifestyle changes, changes in consumer preferences associated with the emergence of the pandemic, and other market disruptions. Any such developments could have a complex and negative effect on our business, including with respect to the prevailing economic environment, our lending and investment activities, and our business operations. REGULATORY AND LEGAL RISKS Legislative and regulatory actions taken now or in the future may increase our costs and impact our business, governance structure, financial condition, or results of operations. Laws, regulations, rules, policies, and regulatory interpretations governing the Company continue to evolve and will likely continue to change over time as Congress and various regulatory agencies react to adverse economic conditions or other matters. The extent and scope of potential financial regulations is hard to predict, but continued changes are expected to occur as leadership and priorities in various regulatory bodies shift. Implementation of current or proposed regulatory or legislative changes to laws applicable to the financial industry may impact the profitability of the Company' s business activities and may change certain business practices, including the ability to offer new products, obtain financing, attract deposits, make loans, achieve satisfactory interest spreads, and enter into acquisition and merger agreements, and could expose the Company to additional expense, including~~ increased compliance costs ~~. Appointments to the primary banking regulatory agencies affect monetary policy~~ and **operational** ~~interest rates, and changes~~ **challenges** ~~in fiscal policy could affect broader patterns of trade and economic growth~~ . **Political events** ~~Executive orders, future legislation, regulation, and government policy could affect the banking industry as a whole~~ , including **elections, can influence consumer and investor sentiment, affecting demand for** our ~~business~~ **products** and ~~results of operations~~ **services and impacting investor confidence** , ~~in ways that are difficult~~ **which may influence our stock price and access** to ~~predict~~ **capital** . In addition **to these** ~~, our results of operations also could be adversely affected by changes~~ **challenges ,** ~~in the way in which existing statutes~~ and ~~regulations are interpreted or applied by courts and government agencies. These rule and regulatory changes may also require~~ the **added** ~~Company to invest significant management attention and resources so as to make necessary changes to operations in order to comply. In addition to the expense and~~ uncertainty related to **potentially** increased regulation, the financial services industry in recent years has faced more intense scrutiny from regulatory agencies in the examination process and more aggressive enforcement of regulations on both the federal and state levels, particularly with respect to mortgage- related practices; fee- based products and other consumer compliance matters; and compliance with the Bank Secrecy Act, anti- money laundering laws, and the USA PATRIOT Act, which focuses on money laundering in the form of terrorist financing. Federal law grants substantial enforcement powers to financial services' regulators including, among other things, the ability to assess significant civil or criminal monetary penalties, fines, or restitution; to issue cease and desist orders; and to initiate injunctive actions against banking organizations. These enforcement actions may be initiated for violations of laws or regulations and for unsafe or unsound practices. If **Busey** ~~the Company~~ were the subject of an enforcement action, it could have an adverse impact on the Company. As **Busey** ~~the Company~~ continues to grow in asset size and complexity, regulatory expectations and scrutiny will increase and could have a potential impact on **Busey** ~~the Company~~ ' s operations and business. **Busey** ~~The Company~~ has grown steadily over the past several years, increasing **in** size through both organic growth and strategic acquisitions. As financial institutions grow, so do the expectations of regulatory agencies regarding the financial institution' s ability to control for increasingly complex and sophisticated business operations. Certain regulations and laws have embedded asset thresholds that change regulatory expectations, have different financial statement impacts, require different committee and management compositions, or enhance certain reporting **First Busey Corporation | 2023 — 37** requirements. For example, as further discussed in the Supervision and Regulation section, the Dodd- Frank Act included a number of requirements that trigger when a banking entity crosses over $ 10 ~~. 0~~ billion in assets. Beginning on July 1, 2022, **Busey** ~~the Company~~ became subject to **the** Durbin **Amendment** . **The** Durbin **Amendment** requires the Federal Reserve to establish a maximum permissible interchange fee for many types of debit transactions, which reduced **Busey** ~~the Company~~ ' s fee income during the second half of 2022 **and throughout 2023** . Further in August 2022, **Busey** ~~the Company came~~ **became** ~~under the~~ **subject to** oversight of the CFPB **for consumer transactions** . As regulatory expectations, scrutiny, and reporting requirements continue to increase, **Busey** ~~the Company~~ ' s operations and strategies may be affected **. Regulatory change in the areas of cybersecurity and privacy are expected to continue to evolve. Multiple regulators have released updated cyber notification requirements across Busey' s regulatory footprint that may lead to increased regulatory scrutiny and potentially increased costs. Additionally, Busey' s expansion into regions with heightened privacy requirements or passage of privacy legislation within the regions in which Busey operates may impose additional compliance burdens. These changes could necessitate adapting Busey' s practices to meet heightened privacy standards. Failure to comply with these regulations may result in financial penalties, reputational harm, and legal consequences** . Laws impacting cannabis- related businesses in Illinois and other states may have an impact on **Busey** ~~the Company~~ ' s operations and risk profile. The Controlled Substances Act makes it illegal under federal law to manufacture, distribute, or dispense marijuana. Starting January 1, 2020, however, the Illinois Cannabis Regulation and Tax Act began permitting adults to legally purchase marijuana for recreational use from licensed dispensaries. Further, in November 2022 voters in Missouri approved a ballot initiative to legalize recreational use of cannabis. It is Busey Bank' s current practice to avoid knowingly providing banking products or services to entities or individuals that: (~~i~~ **1**) directly or indirectly manufacture, distribute, or dispense marijuana or hemp products, or those with a significant financial interest in such entities; or (~~ii~~ **2**) derive a material amount of revenue from providing products or services to, or other involvement with, such entities. Busey Bank is taking reasonable measures, including appropriate new account screening and customer due diligence measures, to ensure that existing and potential customers that operate in the states in which the Bank operates do not engage in any such activities. Nonetheless, shifts in Illinois and Missouri law legalizing cannabis use, along with shifts in Florida law allowing medicinal use and decriminalizing possession, have

increased the number of direct and indirect cannabis- related businesses in some of the states in which **Busey** ~~the Company~~ operates, and therefore increases the likelihood that Busey Bank could interact with such businesses, as well as their owners and employees. Such interactions could create additional legal, regulatory, strategic, and reputational risk to Busey Bank and ~~the Company~~ **First Busey Corporation** . **Busey** ~~The Company~~ is or may become involved from time to time in suits, legal proceedings, information- gathering requests, investigations, and proceedings by governmental and self- regulatory agencies that may lead to adverse consequences. Many aspects of our business and operations involve the risk of legal liability, and in some cases we or our subsidiaries have been named or threatened to be named as defendants in various lawsuits arising from our business activities. In addition, companies in our industry are frequently the subject of governmental and self- regulatory agency information- gathering requests, reviews, investigations, and proceedings. The results of such proceedings could lead to significant civil or criminal penalties, including monetary penalties, damages, adverse judgments, settlements, fines, injunctions, restrictions on the way in which we conduct our business, or reputational harm. Although we establish accruals for legal proceedings when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated, we do not have accruals for all legal proceedings where we face a risk of loss. In addition, due to the inherent subjectivity of the assessments and unpredictability of the outcome of legal proceedings, amounts accrued may not represent the ultimate loss to us from the legal proceedings in question. Accordingly, our ultimate losses may **First Busey Corporation | 2023 — 38** be higher, and possibly significantly so, than the amounts accrued for legal loss contingencies, which could adversely affect our financial condition and results of operations. ~~CREDIT AND LENDING RISKS~~ **See " Note 16. Outstanding Commitments and Contingent Liabilities " in the Notes to the Consolidated Financial Statements for information regarding an inquiry from the ISOS, pursuant to which the ISOS asked for additional information regarding certain of our franchise tax filings and the calculation of amounts due thereunder.** Heightened credit risk associated with lending activities may result in insufficient ~~loan~~ **credit** loss provisions, which could have material adverse effect on **Busey** ~~the Company~~ ' s results of operations and financial condition. There are risks in making any loan, including risks inherent in dealing with individual borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and cash flows available to service debt, and risks resulting from economic and market conditions. In general, these risks have increased as a result of the recent increases in prevailing interest rates and uncertainties associated with inflation, which have potentially increased the risk of a near- term decline in growth or an economic downturn. **Busey** ~~The Company~~ attempts to reduce its credit risk through loan application approval procedures, monitoring the concentration of loans within specific industries and geographic locations, and periodic independent reviews of outstanding loans by its loan review and audit departments as well as external parties. **Credit risk related to the increasing interest rates are monitored through loan stress testing performed internally at the borrower level and by external parties for the portfolio- level analyses.** However, while such procedures help reduce risks, they cannot be expected to completely eliminate **Busey** ~~the Company~~ ' s credit risks. Borrowers may experience difficulties in repaying their loans for any of a variety of reasons resulting in a rise in the level of nonperforming loans, charge- offs, delinquencies, and / or a need for increases in the provision for ~~loan losses. The Company estimates and establishes reserves for~~ credit losses **. Busey estimates and establishes the ACL** and maintains ~~them~~ **it** at a level considered adequate by management to absorb probable credit losses based on a continual analysis of **Busey** ~~the Company~~ ' s portfolio and market environment. ~~These~~ -- **The** ~~reserves~~ **ACL** represent **Busey** ~~the Company~~ ' s estimate of probable losses in the portfolio at each balance sheet date and ~~are~~ **is** based upon ~~other relevant information available. In 2016, the FASB published CECL, which required recording loss estimates for the life of the instrument for loans, a change from the 40- year standard in which losses were recorded under the " incurred loss " concept. These measurements require significant use of~~ management judgments as well as forward- looking information and forecasts. Any failure of these judgments or forecasts ~~to be correct~~ could negatively affect our results of operations and financial condition. ~~Adoption of CECL in 2020 resulted in additional reserves being set aside to protect against future credit losses.~~ Although management believes the ~~reserves are~~ **ACL is** adequate to absorb losses on existing loans that may become uncollectible, management cannot guarantee that additional provisions for credit losses will not be required in the future. Non- performing assets take significant time to resolve and adversely affect **Busey** ~~the Company~~ ' s results of operations and financial condition and could result in further losses in the future. **Busey'** ~~The Company'~~ s **net income is impacted by** non- performing assets ~~adversely affect its net income~~ in ~~various~~ **several** ways **, presenting challenges amid both rising and stable higher interest rate environments** . While **Busey incurs** ~~the Company pays~~ interest expense to ~~fund~~ **finance** non- performing assets, it does not record interest income on non- accrual loans or other real estate owned ~~, thereby adversely affecting its~~ **. This lack of interest income negatively impacts Busey' s overall** income and returns on assets and equity. **Additionally** ~~In addition~~ , loan administration costs ~~increase~~ **rise** , **contributing to** ~~and~~ - **an** ~~the Company'~~ **adverse impact on Busey'** s efficiency ratio ~~is adversely affected~~ . When **Busey acquires** ~~the Company takes~~ collateral in foreclosures and similar proceedings, it **must** ~~is required to~~ mark the collateral to its **current** ~~then-~~ fair market value, ~~which,~~ **potentially resulting in losses** when compared to the outstanding **loan** balance ~~of the loan, may result in a loss~~ . Non- performing loans and other real estate owned **elevate Busey** ~~also increase the Company~~ ' s risk profile and **influence** the **regulatory** capital **deemed** ~~its regulators believe is~~ appropriate ~~in light of such risks~~ . The resolution of non- performing assets ~~requires~~ **demands** significant time commitments from management, **potentially affecting** ~~which can be detrimental to the performance of~~ their **ability to fulfill** other responsibilities. Credit leaders **monitor signs of stress in borrowers, particularly those susceptible to the effects of both gradual and rapid increases in interest rates. However, default risk may arise from events or circumstances that** are **difficult to detect, such as fraud, or difficult to predict, such as catastrophic events affecting certain industries. Therefore, we cannot assure you that such** monitoring **procedures will reduce these credit risks** ~~for signs of stress in borrowers who may be most affected by continuous and rapid interest rate increases~~ . **First Busey Corporation | 2023 — 39** Concentrations of credit and market risk could increase the potential for significant losses. **Busey** ~~The Company~~ may have higher credit risk, or experience higher credit losses, to the extent its loans are

concentrated by loan type, industry segment, borrower type, or geographic location of the borrower or collateral. A significant portion of **Busey** ~~the Company~~ ' s loan portfolio is made up of commercial, commercial real estate, and retail real estate loans. Because payments on such loans are often dependent on the successful operation of the borrower involved, repayment of such loans is often more sensitive than other types of loans to adverse conditions in the general economy. For example, the cumulative effects of decreased economic activity, changes in the economy and overall business environment, labor availability shortages, and supply chain constraints **which began** as a result of the COVID- 19 pandemic **, but have continued due to inflationary concerns and significant increases in the interest rate,** have adversely affected commercial loans, and we expect this trend to continue for certain portions of our loan portfolio, depending on the strength and speed of economic recovery and other factors, particularly if general economic conditions worsen. **Busey** ~~The Company~~ ' s commercial loans are made primarily based on the identified cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. Credit support provided by the borrower for most of these loans and the probability of repayment is based on the liquidation of the pledged collateral and enforcement of a personal guarantee, which **Busey** ~~the Company~~ requires whenever appropriate on commercial loans. As a result, in the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers, which could decline in the case of an economic recession. ~~The collateral~~ **Collateral** securing other loans may depreciate over time, may be difficult to appraise, and may fluctuate in value based on the success of the business. As a result of the larger average size of each commercial loan, as well as collateral that is generally less readily- marketable, losses incurred on a small number of commercial loans could have a material adverse impact on **Busey** ~~the Company~~ ' s financial condition and results of operations. **Our loan portfolio has a significant concentration of real estate loans, which involve risks specific to real estate values.** A significant portion of **Busey** ~~the Company~~ ' s loans are collateralized by real estate. **Specifically, commercial real estate loans were $ 3. 3 billion, or approximately 43. 6 % of our total loan portfolio, as of December 31, 2023. Of this amount, $ 914. 5 million, or approximately 27. 4 %, was owner- occupied.** The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the area in which the real estate is located. **Additionally,** ~~Adverse changes in the economy affecting~~ real estate **lending typically involves higher loan principal amounts and the repayment of the loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events, including decreases in office occupancy following the COVID- 19 pandemic, or governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flow and market** values ~~and liquidity generally, and in markets in which the Company has banking operations, could significantly impair the value~~ of **the** ~~property pledged as collateral on loans and affect~~ **affected properties** ~~the Company' s ability to sell the collateral upon foreclosure without a loss or additional losses~~ . Collateral may have to be sold for less than the outstanding balance of the loan which would result in losses. Real estate construction, land acquisition, and development loans are based upon estimates of costs and values associated with the complete project. These estimates may be inaccurate, and **Busey** ~~the Company~~ may be exposed to significant losses on loans for these projects. Construction, land acquisition, and development loans involve additional risks because funds are advanced upon the security of the project, which is of uncertain value prior to its completion, and costs may exceed realizable values in declining real estate markets. Because of the uncertainties inherent in estimating construction costs and the realizable market value of the completed project, and the effects of governmental regulation on real property, it is relatively difficult to evaluate accurately the total funds required to complete a project and the related loan- to- value ratio. As a result, construction loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the **First Busey Corporation | 2023 — 40** borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest. If **Busey** ~~the Company~~ ' s appraisal of the value of the completed project proves to be overstated, or market values or rental rates decline, there may be inadequate security for the repayment of the loan upon completion of construction of the project. If **Busey** ~~the Company~~ is forced to foreclose on a project prior to or at completion due to a default, there can be no assurance that it will be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs. In addition, **Busey** ~~the Company~~ may be required to fund additional amounts to complete the project and may have to hold the property for an unspecified period of time while it attempts to dispose of it. Credit risk associated with concentration of securities in **Busey** ~~the Company~~ ' s investment portfolio may increase the potential for loss. **Busey** ~~The Company~~ ' s investment portfolio consists, in part, of securities issued by government or government sponsored agencies and non- government entities. A downturn in the financial condition of the issuers, the performance of the underlying collateral, or the financial condition of the individual mortgagors with respect to the underlying securities could create results such as rating agency downgrades of the securities and default by issuers or individual mortgagors. Any of the foregoing factors could result in realized losses, which could adversely affect **Busey** ~~the Company~~ ' s financial condition and results of operations. **Busey** ~~CAPITAL AND LIQUIDITY RISKS The Company~~ is required to maintain capital to meet regulatory requirements, and if it fails to maintain sufficient capital, whether as a result of losses, inability to raise additional capital, or otherwise, its financial condition, liquidity, and results of operations, as well as its ability to maintain regulatory compliance would be adversely affected. ~~First~~ Busey and Busey Bank must meet regulatory capital requirements and maintain sufficient liquidity. **Busey** ~~The Company~~ ' s ability to raise additional capital, when and if needed, will depend on conditions in the capital markets, economic conditions, and a number of other factors, including investor perceptions regarding the banking industry and market condition, and governmental activities, many of which are outside **Busey** ~~the Company~~ ' s control, and on its financial condition and performance. Accordingly, **Busey** ~~the Company~~ cannot guarantee that it will be able to raise additional capital if needed or on terms acceptable to the Company. In particular, if **Busey** ~~the Company~~ is required to raise additional capital in the current interest rate environment, we believe the pricing and other terms investors may require in such an offering may not be attractive to us. **Busey** ~~The Company~~ ' s failure to continue to maintain capital ratios in excess of the amounts necessary to be considered "

well- capitalized " for bank regulatory purposes could affect customer confidence, its ability to grow, its costs of funds and FDIC insurance costs, its ability to pay dividends to its stockholders on outstanding stock, its ability to make acquisitions, and its business, results of operations, and financial condition. Furthermore, under FDIC rules, if **Busey** ~~the Company~~ ceases to meet the requirements to be considered a " well- capitalized " institution for bank regulatory purposes, the interest rates it pays on deposits and its ability to accept, renew, or rollover deposits, particularly brokered deposits, may be restricted. Liquidity risks could affect operations and jeopardize **Busey** ~~the Company~~ ' s business, financial condition, and results of operations. Liquidity is essential to **Busey** ~~the Company~~ ' s business. An inability to raise funds through deposits, borrowings, sales of securities, sales of loans, and other sources could have a substantial negative effect on liquidity. **Busey** ~~The Company~~ ' s primary sources of funds consist of deposits and funds from sales of investment securities, investment maturities and sales, and cash from operations. Additional liquidity is available through repurchase agreements, brokered deposits, and the ability to borrow from the Federal Reserve Bank and the FHLB. Access to funding sources in amounts adequate to finance or capitalize **Busey** ~~the Company~~ ' s activities or on terms that are acceptable to the Company could be impaired by factors that affect it directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry. In addition, increased competition with the largest banks and Fintechs for retail deposits may impact our ability to raise funds through deposits and could have a negative effect on our liquidity. Any decline in available funding and / or capital could adversely impact **Busey** ~~the Company~~ ' s ability to originate loans, invest in securities, meet its expenses, pay dividends to its stockholders, or meet deposit withdrawal demands, any of which could have a material adverse impact on its liquidity, business, financial condition, and results of operations. **External financial institution failures could impact the soundness of the Company. Liquidity is a cornerstone of the Company, vital for sustaining day- to- day operations and strategic initiatives. Recent events, such as the bank failures in early 2023, underscore the critical nature of our ongoing efforts to manage liquidity risk effectively. As a core deposit- funded institution, our ability to raise funds through deposits is integral to our liquidity strategy. An inability to raise funds through deposits, borrowings, or other channels poses a substantial risk to our liquidity. Our primary funding sources, supplemented by channels like repurchase agreements and borrowing facilities, are crucial for sustaining day- to- day operations. External factors, such as disruptions in financial markets and increased competition for retail deposits, may challenge our access to funding sources.** The **bank failures serve as a stark reminder of potential challenges faced by financial institutions. As we navigate these complexities, any decline in funding and / or capital could adversely impact our ability to meet obligations, pay dividends, or address deposit withdrawals, with significant consequences for our liquidity, business, financial condition, and results of operations. Furthermore, the actions and commercial** soundness of other financial institutions **are pivotal for our** ~~could negatively affect the Company. The Company' s ability to engage in~~ routine funding and ~~other~~ transactions ~~could be negatively affected by the actions and commercial soundness of other financial institutions~~ . ~~Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. Defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market~~ **Market** - wide liquidity problems **triggered by defaults or rumors in the financial services industry could erode confidence** and **lead to** losses ~~of depositor, creditor, and counterparty confidence and could lead to losses~~ or defaults ~~by the Company or by other institutions~~ . ~~The Company could experience growth as a result of the difficulties or failures of other banks or government- sponsored financial institutions, which would increase its funding needs. COMPETITIVE AND STRATEGIC RISKS~~ If securities or industry analysts do not publish or cease publishing research reports about us, if they adversely change their recommendations regarding our stock, or if our operating results do not meet their expectations, the price of our stock could decline. The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If there is limited or no securities or industry analyst coverage of us, the market price for our stock would be negatively impacted. Moreover, if any of the analysts who elect to cover us downgrade our common stock, provide more favorable relative recommendations about our competitors, or if our operating results or prospects do not meet their expectations, the market price of our common stock may decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline. **Busey** ~~The Company~~ faces strong competition from financial service companies and other companies that offer banking and wealth management services, which could harm its business. **Busey** ~~The Company~~ currently conducts its banking operations in central and suburban Chicago, Illinois; the St. Louis, Missouri, metropolitan area; central Indiana; and southwest Florida. In addition, the Company currently offers fiduciary and wealth management services, which account for a significant portion of its non- interest income. Many competitors offer the same, or a wider variety of, banking and wealth management services within **Busey** ~~the Company~~ ' s market areas. These competitors include national banks, regional banks, and other community banks. **Busey** ~~The Company~~ also faces competition from many other types of financial institutions, including savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks, digital banks and online lenders, and other financial intermediaries. In addition, a number of out- of- state financial intermediaries have opened production offices or otherwise solicit deposits in **Busey** ~~the Company~~ ' s market areas. Also, technology and other changes have lowered barriers to entry and made it possible for non- banks or financial technology companies, as well as other large technology corporations, to offer products and services traditionally provided by banks. For example, customers can maintain funds that would have historically been held as bank deposits in brokerage accounts or mutual funds, can apply for and receive credit, and can also complete transactions such as paying bills and / or transferring funds without the assistance of banks. The process of eliminating banks as intermediaries, known as " disintermediation, " could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. Increased competition in **Busey** ~~the Company~~ ' s markets may result in reduced loans, deposits, and commissions and brokers' fees, as

well as reduced net interest margin and profitability. Ultimately, **Busey** ~~the Company~~ may not be able to compete successfully against current and future competitors. If **Busey** ~~the Company~~ is unable to attract and retain banking and wealth management customers, it may be unable to grow its loan and deposit portfolios or its wealth management commissions, which could adversely affect its business, results of operations, and financial condition. While we do not offer products relating to digital assets, including cryptocurrencies, stablecoins and other similar assets, there has been a significant increase in digital asset adoption globally over the past several years. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, and the anonymous nature of the transactions, are appealing to certain consumers notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers — which, at present are not subject to the same degree of scrutiny and oversight as banking organizations and other financial institutions — are becoming active competitors to more traditional financial institutions. Rapid speed of disruptive innovations enabled by new and emerging technologies and / or other market forces may outpace **Busey** ~~the Company~~ ' s ability to compete. The financial services industry is undergoing rapid technological changes with frequent introductions of new technology driven products and services. In addition to better serving clients, the effective use of technology increases efficiency and enables financial institutions to both reduce costs and service customers beyond the bank' s traditional branch footprint. The widespread adoption of new technologies, including mobile banking services, cryptocurrencies, and payment systems could require us in the future to make substantial expenditures to modify or adapt our existing products and services as we grow and develop new products to satisfy our customers' expectations and comply with regulatory guidance. Our future success will depend in part upon our ability to address the needs of our clients by using technology to provide products and services that will satisfy client demands for convenience as well as to create additional efficiencies in our operations. Ultimately, **there is no end for digital transformation and** if we fall behind in our ability to be adaptive and innovative, attracting new customers and sustaining customer loyalty and retention may be increasingly difficult as a result of evolving customer preferences and / or demographic shifts in our existing customer base. Our strategy of pursuing acquisitions exposes us to financial, execution, and operational risks that could negatively affect us. To help us fulfill our strategic objectives and enhance our earnings, part of our strategy is to supplement organic growth by acquiring other financial institutions in our market areas and in nearby markets **. The recently announced planned acquisition of M & M exemplifies this strategy** . As our capital position and asset quality allow, we may continue to supplement organic growth through acquisitions, as we have in the past. There are risks associated with acquisition strategies, including the following: • We are exposed to potential asset and credit quality risks and unknown or contingent liabilities of the banks or businesses we acquire. If these issues or liabilities exceed our estimates, our earnings and financial condition may be materially and adversely affected. • Prices at which acquisitions can be made fluctuate with market conditions. We have experienced times during which acquisitions could not be made in specific markets at prices our management considered acceptable, and we expect that we will experience this condition in the future in one or more markets. • The acquisition of other entities generally requires integration of systems, procedures, and **First Busey Corporation | 2023 — 43** personnel of the acquired entity in order to make the transaction economically feasible. This integration process is complicated and time consuming and can also be disruptive to the customers of the acquired business. If the integration process is not conducted successfully and with minimal effect on the acquired business and its customers, we may not realize the anticipated economic benefits of particular acquisitions within the expected time frame, and we may lose customers or employees of the acquired business. Furthermore, the integration of personnel can be challenging and the likelihood of turnover of personnel from acquired institutions presents potential risks to both operational efficiency as well as customer retention. **Busey** ~~The Company~~ may also experience greater than anticipated customer losses even if the integration process is successful. • We are subject to due diligence expenses which may not result in an acquisition. • To finance an acquisition, we may borrow funds, thereby increasing our leverage and diminishing our liquidity, or issue capital stock to the sellers in an acquisition or to third- parties to raise capital, which could dilute the interests of our existing stockholders. • The time period in which anticipated benefits of a merger are fully realized may take longer than anticipated, or we may be unsuccessful in realizing the anticipated benefits from mergers and future acquisitions. New lines of business or new products and services may subject us to additional risks. From time to time, we may seek to implement new lines of business or offer new products, services, or delivery channels within existing lines of business in our current markets or new markets. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are either highly competitive or, conversely, not fully developed. In developing and marketing new lines of business and / or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and / or new products or services may not be achieved, and price and profitability targets may not prove feasible, which could in turn have a material negative effect on our operating results. ~~ACCOUNTING AND TAX RISKS~~ Financial statements are created, in part, by estimates, assumptions, and methods used by management, which, if incorrect, could cause unexpected losses in the future. **Busey** ~~The Company~~ ' s financial performance is impacted by accounting principles, policies, and guidelines. Some of these policies require the use of estimates and assumptions that may affect the value of assets or liabilities and financial results. Certain accounting policies are critical and require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain, and materially different amounts could be reported under different conditions or using different assumptions. If such estimates or assumptions underlying **Busey** ~~the Company~~ ' s Consolidated Financial Statements are incorrect, the Company may experience material losses. One such assumption and estimate is the valuation analysis of its goodwill and other intangible assets. Although **Busey** ~~the Company~~ ' s analysis does not indicate impairments exist, the Company is required to perform additional impairment assessments on at least an annual basis, which could result in ~~further~~ **future** impairment charges. Any future goodwill or other intangible assets impairment charges, based on the current balances or future balances arising out of acquisitions, could have a material adverse effect on the results of operations by reducing net income or increasing net losses.

Busey ~~The Company~~ is subject to changes in accounting principles, policies, or guidelines. Periodically, agencies such as the FASB or the SEC change the financial accounting and reporting standards or the interpretation of those standards that govern the preparation of **Busey** ~~the Company~~ ' s Financial Statements. These changes are beyond the Company' s control, can be difficult to predict, and could materially impact how **Busey** ~~the Company~~ reports its financial condition and results of operations. In addition, trends in financial and business reporting, including environmental **, First Busey Corporation | 2023 — 44** social **,** and governance related disclosures, could require us to incur additional reporting expense. Changes in these standards are continuously occurring and the implementation of such changes could have a material adverse effect on **Busey** ~~the Company~~ ' s financial condition and results of operations. **Busey** ~~The Company~~ is subject to changes in tax law and may not realize tax benefits which could adversely affect our results of operations. Changes in tax laws at national or state levels could have an effect on **Busey** ~~the Company~~ ' s short- term and long- term earnings. Tax law changes are both difficult to predict and are beyond the Company' s control. Changes in tax laws could affect **Busey** ~~the Company~~ ' s earnings as well as its customers' financial positions, or both. Deferred tax assets are designed to reduce subsequent period' s income tax expense and arise, in part, as a result of net loss carry- overs, and other book accounting to tax accounting differences including expected credit losses, stock- based compensation, and deferred compensation. Such items are recorded as assets when it is anticipated the tax consequences will be recorded in future periods. A valuation allowance is established against a deferred tax asset when it is unlikely the future tax effects will be realized. Significant judgment by management about matters that are by nature uncertain is required to record a deferred tax asset and establish a valuation allowance. In evaluating the need for a valuation allowance, **Busey** ~~the Company~~ estimates future taxable income based on management forecasts and tax planning strategies that may be available to us. While **Busey** ~~the Company~~ has determined that no valuation allowance is currently required for any deferred tax assets, if future events differ significantly from ~~our~~ current forecasts, ~~it~~ **the Company** may need to establish a valuation allowance against its net deferred tax assets, which would have a material adverse effect on its results of operations and financial condition. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods prior to the expiration of the related net operating losses and may be limited by Section 382 of the Internal Revenue Code. Further, **Busey** ~~the Company~~ ' s investments in certain tax- advantaged projects may not generate returns as anticipated and may have an adverse impact on **Busey** ~~the Company~~ ' s financial results. **Busey** ~~The Company~~ invests in certain tax- advantaged projects promoting affordable housing, community development, and other community revitalization projects. **Busey** ~~The Company~~ ' s investments in these projects are designed to generate a return primarily through the realization of federal and state income tax credits, and other tax benefits, over specified time periods. **Busey** ~~The Company~~ is subject to the risk that previously recorded tax credits, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, will fail to meet certain government compliance requirements and will not be ~~able to be~~ realized. The possible inability to realize these tax credit and other tax benefits ~~can~~ **could** have a negative impact on **Busey** ~~the Company~~ ' s financial results. The ultimate realization of the tax credits and other tax benefits depends upon having sufficient taxable income and on many factors outside of the Company' s control, including changes in the applicable tax code and the ability of the projects to be completed. **Busey** ~~OPERATIONAL RISKS The Company~~ ' s framework for managing risks may not be effective in mitigating risk and loss. **Busey** ~~The Company~~ ' s risk management framework seeks to mitigate risk and loss. It has established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which it is subject, compliance risk and reputational risk, among others. However, as with any risk management framework, there are inherent limitations. Risks may exist, or emerge in the future, that have not been appropriately identified or anticipated. As it continues to grow, **Busey** ~~the Company~~ ' s ability to successfully identify and manage the risks it faces is an important factor that can significantly impact results. If its risk management framework is not commensurate with its risk profile, **Busey** ~~the Company~~ could suffer unexpected losses and could be materially adversely affected. ~~The Company~~ **First Busey Corporation | 2023 — 45 Busey** relies on the integrity of its operating systems and employees, and those of third- parties, and certain failures of such systems or error by employees or customers could materially and adversely affect **Busey** ~~the Company~~ ' s operations. Communications and information systems are essential to conduct **Busey** ~~the Company~~ ' s business, as it uses such systems to manage customer transactions and relationships ~~,~~ **;** the general ledger ~~,~~ **;** and deposits, loans, and investments. However, the computer systems and network infrastructure **Busey** ~~the Company~~ uses could be vulnerable to unforeseen problems as operations are dependent upon the protection of computer equipment against damage from physical theft, fire, power loss, telecommunications failure, or a similar catastrophic event, as well as from security events. In addition, **Busey** ~~the Company~~ outsources certain processing functions to third- party providers **introducing additional layers of risk when these providers, in turn, outsource to fourth or fifth parties. This cascading outsourcing structure can heighten the complexity and potential challenges in communication, coordination, and risk management** . If **downstream** ~~third- party~~ providers encounter difficulties **,** or if **Busey faces challenges** ~~the Company has difficulty~~ in communicating with them, **it may impact** the ability to adequately process and account for customer transactions **, adversely affecting** ~~may be affected and~~ business operations ~~may be adversely impacted~~ . ~~If third~~ **Moreover, downstream providers could introduce specific risks related to compliance. Involvement of downstream parties in regions subject to sanctions or dealing with entities on prohibited lists poses an additional layer of regulatory risk. Risks associated with multi** - **layered outsourcing arrangements include compliance concerns** ~~party providers are unable to meet service expectations~~ , ~~experience~~ **potential disruptions,** system or processing ~~failure~~ **failures** , **and increased difficulty in overseeing and controlling actions of distant parties** ~~or incur disruptions affecting operations, results could adversely impact the Company~~ . While **Busey implements** ~~the Company follows certain~~ due diligence procedures in reviewing and vetting its third- parties, ~~it~~ **the indirect risks arising from subsequent outsourcing levels are inherently more challenging to control or** cannot **be** ~~control~~ **controlled** ~~their actions~~ . Although **Busey** ~~the Company~~ has **established** procedures ~~in place~~ to prevent or ~~limit~~ **mitigate** the effects of ~~any of these~~ potential problems ~~and intends to continue to implement security technology and establish operational procedures to prevent such occurrences~~ ,

technology- related disruptions, failures, and cybersecurity risks **remain** ~~are a~~ constant ~~threat~~ **threats . Involvement of downstream** ~~, both for the Company and for the third-~~ parties **further amplifies these risks** ~~it works with. Therefore~~ , ~~it~~ **as Busey** cannot guarantee ~~that these~~ -- **the success of** measures ~~will be successful~~ **to prevent security breaches and disruptions** . Any failure, interruption ~~in~~ , or breach in **the** security of ~~, its~~ computer systems and network infrastructure, **including** ~~as well as~~ those of **downstream parties** ~~its customers engaging in internet banking activities or electronic funds transfers~~ , could have a material adverse effect on ~~its~~ **Busey' s** financial condition and results of operations. Similarly, **Busey** ~~the Company~~ is reliant upon its employees. Such dependencies create risks for potential losses resulting from employee errors, breakdowns in process or control, failures to properly execute change management, negligence, or a number of other factors outside **Busey** ~~the Company~~ ' s control. **Busey** ~~The Company~~ maintains a system of internal controls and insurance coverage to mitigate operational risks, including data processing system failures and errors, customer or employee fraud, and other disruptions which might impact its business. **Further** ~~In addition~~ , **Busey** ~~the Company~~ ' s Internal Audit department routinely reviews operations and high- risk areas for error, deficient controls, and failure to adhere to policy. Potential legal actions, fines, and civil money penalties could arise as results of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. A breach in the security of **Busey** ~~the Company~~ ' s systems could disrupt its businesses, result in the disclosure of confidential information, damage its reputation, and create significant financial and legal exposure for **Busey** ~~the Company~~ . Although **Busey** ~~the Company~~ devotes significant resources to maintain and regularly upgrade systems and processes designed to protect the security of its computer systems, software, networks, and other technology assets, these measures do not provide absolute security **for** ~~in the security of their~~ -- **the Company' s** websites or other systems, some of which have ~~involved~~ **been targeted with** sophisticated ~~and targeted attacks~~ intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyber- attacks, and other means. In addition, cyber attackers have **persistently employed sophisticated** ~~taken advantage of the pandemic to create~~ campaigns to leverage individuals **'** fears and uncertainties **. They** ~~as well as~~ capitalize on the increased ~~number~~ **First Busey Corporation | 2023 — 46 volume** of transactions occurring on digital channels **, employing social engineering techniques to manipulate human psychology and perpetuate security breaches** . ~~The implementation~~ **Implementation** of remote working arrangements that use virtual private networks, virtual conferencing services, and telecommunication technologies can increase insider risk, cybersecurity vulnerabilities, and other operational exposures. Industry trends in ransomware, phishing, and other intrusion methods have increased significantly and will continue to pose increased risk. Threats to security also exist in the processing of customer information through various other third- parties, their personnel, and their use of subcontractors. Advances in computer capabilities, new discoveries in the field of cryptography **,** or other developments could result in a compromise or breach of the algorithms **Busey** ~~the Company~~ and its third- party service providers use to encrypt and protect customer transaction data. Such cyber incidents may go undetected for a period of time. An inability by our third- party providers, and their third- party providers, **to anticipate, detect, or adequately mitigate, breaches of security,** known as " supply chain risk, " ~~to anticipate, detect, or adequately mitigate, breaches of security~~ could result in a number of negative events, including losses to us or our clients, loss of business or clients, damage to our reputation, the incurrence of additional expenses, additional regulatory scrutiny or penalties, or exposure to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects. **Busey** ~~The Company~~ also faces risks related to cyber- attacks and other security breaches in connection with credit card, debit card, and other payment- related transactions that typically involve the transmission of sensitive information regarding **Busey** ~~the Company~~ ' s customers through various third- parties, including merchant acquiring banks, payment processors, payment card networks, and ~~its~~ processors. Cyber- attacks or other breaches, whether affecting **Busey** ~~the Company~~ or others, could intensify consumer concern and regulatory focus and result in breach and fraud- related losses as well as increased costs, all of which could have a material adverse effect on **Busey** ~~the Company~~ ' s business. Penetration or circumvention of **Busey** ~~the Company~~ ' s security systems could result in serious negative consequences for the Company, including significant disruption of **Busey** ~~the Company~~ ' s operations, misappropriation of **Busey' s** confidential information ~~of the Company~~ or that of its customers or employees, or damage to **Busey' s** computers or systems ~~of the Company~~ and those of its customers and counterparties. Such events could result in violations of applicable privacy and other laws, financial loss to **Busey** ~~the Company~~ or its customers, loss of confidence in **Busey** ~~the Company~~ ' s security measures, customer dissatisfaction, significant litigation exposure, and harm to **Busey** ~~the Company~~ ' s reputation, all of which would adversely affect the Company. These risks have increased for all financial institutions globally as new technologies, the use of the Internet and telecommunications technologies, including mobile devices, to conduct financial and other business transactions, and the sophistication and activities of malicious individuals and organizations have increased substantially. Despite **Busey** ~~the Company~~ ' s significant investment in security resources and its continued efforts to prevent or limit the effects of potential threats, it is possible that **Busey** ~~the Company~~ may not be able to anticipate or implement effective preventative measures against all security incidents. Customer or employee misconduct or fraud may affect operations, result in significant financial loss, and have an adverse impact on **Busey** ~~the Company~~ ' s reputation. Misconduct by employees and customers could include hiding unauthorized activities, conducting improper or unauthorized activities, or improper use of confidential information. Customer or other outsiders may also attempt to perpetuate fraud or scams in the form of identity theft, money laundering, fraudulent or altered deposits, or use of counterfeit instruments, as a few examples. **Busey** ~~The Company~~ also faces fraud risk associated with the origination of loans, including the intentional misstatement of information in property appraisals or other underwriting documentation provided to it by customers or by third- parties. Customers may expose **Busey** ~~the Company~~ to certain fraud risks associated with the compromise of their computing systems or accounts, as well. **First Busey Corporation | 2023 — 47** Both the number and sophistication level of attempted fraudulent transactions are increasing. Should our internal controls fail to prevent or detect an occurrence of fraud, or if any

resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on **Busey** ~~the Company~~ ' s business, results of operations, and financial condition. **Busey** ~~The Company~~ ' s ability to attract and retain ~~management and~~ key personnel may affect future growth and earnings ~~and legislation imposing new compensation restrictions could adversely affect its ability to do so~~ . ~~Much of~~ **Busey' s leadership landscape recently underwent changes as Busey and Robin N. Elliott,** the ~~Company~~ **President and Chief Executive Officer of Busey Bank, who also served as Chairman of the Board and Chief Executive Officer of FirsTech, mutually agreed upon the decision to part ways. In connection with this transition, Van A. Dukeman, the Chairman, President, and Chief Executive Officer of First Busey Corporation has taken on the additional role of President and Chief Executive Officer of Busey Bank. Busey** ' s ~~success and growth has been influenced by its~~ ability to attract and retain management experienced in banking and financial services **, including** ~~and familiar with the communities in~~ its **current** ~~market areas. The Company' s ability to retain~~ executive officers, ~~current~~ management teams, lending and retail banking officers, and administrative staff of its subsidiaries **, is crucial for** ~~continues to be important to~~ the successful implementation of its strategy. **Additionally** ~~In addition~~ , **Busey'** ~~the Company'~~ s ability to retain key personnel at acquired financial institutions is ~~vitally~~ -- **vital** ~~important to the Company~~ **for its growth strategy through mergers and acquisitions. Equally critical is Busey** ' s ~~strategy~~ **commitment** to ~~grow through mergers and acquisitions. Also critical is the Company' s ability to attract~~ **attracting** and ~~retain~~ **retaining** diverse and qualified staff with the appropriate level of experience and knowledge about its market areas ~~so as to~~ **, essential for** ~~implement~~ **implementing** its community- based operating strategy. The unexpected loss of services of key personnel ~~,~~ or the inability to recruit and retain qualified personnel in the future ~~,~~ could have an adverse effect on **Busey** ~~the Company~~ ' s business, financial condition, and results of operation. Damage resulting from negative publicity could harm **Busey** ~~the Company~~ ' s reputation and adversely impact its business and financial condition. **Busey** ~~The Company~~ ' s ability to attract and ~~maintain~~ **retain** customers, investors, and employees is contingent upon maintaining trust. Negative public opinion could result from the Company' s actual or alleged conduct in a number of activities, including, but not limited to, employee misconduct, a failure or perceived failure to deliver appropriate standards of service and quality or to treat customers fairly, faulty lending practices, compliance failures, security breaches, corporate governance, sharing or inadequate protection of customer information, failure to comply with laws or regulations, and actions taken by government regulators and community organizations in response to that conduct. The results of such actual or alleged misconduct could include customer dissatisfaction, inability to attract potential acquisition prospects, litigation, and heightened regulatory scrutiny, all of which could lead to lost revenue, higher operating costs, and harm to **Busey** ~~the Company~~ ' s reputation. No assurance can be made, despite the cost or efforts made by the Company to address the issues arising from reputational harm, that results could not adversely affect **Busey** ~~the Company~~ ' s business, financial condition, and results of operations. ~~Climate change or~~ **Emerging risks associated with Generative Artificial Intelligence and** other ~~adverse~~ **Large Language Models are dynamic and evolving rapidly as the technology advances and regulatory frameworks develop. While our current operational framework excludes the use of GAI in our** ~~external~~ **internal processes** ~~events could significantly impact the Company' s business. Severe weather~~ , ~~natural disasters, geopolitical~~ **the usage of such technologies introduces a spectrum of** risks **across various dimensions: • Fraud** and ~~acts of terrorism~~ **Security – Advanced social engineering capabilities** ~~or~~ **for phishing** ~~war, widespread disease or pandemics, effects of which are still being felt,~~ and **vishing attacks, as well as** ~~other~~ -- **the** ~~adverse external events could have a significant impact on the Company' s~~ ability to ~~conduct business~~ **generate impersonation attacks using so called " deep fakes " leading to impacts including, but not limited to, unauthorized access, fraudulent transactions, and data breach** . ~~Climate~~ **• Intellectual Property and Copyright Concerns – Risks stemming from unclear legal disputes and potential financial liabilities due to the unauthorized use of copyrighted materials leading to legal** ~~change~~ **challenges** ~~,~~ **. • Potential Opacity and Bias** in ~~particular~~ **Models – Challenges related to the interpretability of models and potential biases** , ~~presents~~ **presenting** ~~multi - faceted~~ risks ~~including operational risk from the physical effects~~ of ~~climate events on~~ **model misinterpretation and unintended consequences. First Busey Corporation | 2023 — 48 • Data Privacy – Unauthorized use of company** ~~our~~ - **or** ~~and our customers~~ - **customer data in** ~~'~~ ~~facilities and other~~ -- **the** ~~assets; credit risk from borrowers~~ **training of GAI models. • Compliance Challenges – The potential inability to quickly adapt to, or the high costs associated** with **adapting** ~~significant exposure~~ to ~~climate risk; and reputational risk from stakeholder concerns about our practices related to climate change. Climate change exposes the Company to physical risk as its effects may lead to more frequent shifts in weather patterns and more extreme weather events that could damage~~ , ~~destroy, or otherwise impact the value or productivity of our properties and other assets; reduce the availability of insurance to cover losses; and / or disrupt our operations through prolonged outages. Such events and long - term shifts may also have a significant impact on our customers, which could amplify credit risk by diminishing borrowers' repayment capacity or collateral values, and other businesses and counterparties with whom we transact, which could have a broader impact on the economy, supply chains, and distribution networks. Furthermore, banking regulators and other supervisory authorities, investors, and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their customers, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. Given that climate change could impose systemic risks upon the financial sector, either via disruptions in economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon - intensive environment, we face regulatory risk of increasing focus on our resilience to climate - related risks, including in the context of stress testing for various climate stress scenarios. Ongoing legislative or~~ regulatory changes **,** ~~regarding~~ -- **leading** ~~climate~~ **to compliance gaps and associated penalties. Moreover, an additional concern with GAI pertains to the utilization of voice- enabled AI for communicating promotional messages to our customer base. As we proactively assess and address these emerging risks, our commitment to robust** risk management **remains integral to sustaining operational resilience** ~~and practices may result in higher regulatory, compliance, credit, and reputational risks and costs~~ .