
# First Bankers Trustshares, Inc.
# 2001 Annual Report

**In honor of the occasion of the retirement of**

# Mr. David E. Connor

**Chairman of the Board**
**First Bankers Trustshares, Inc.**
**1988-2002**

This annual report is dedicated to him in grateful appreciation of his years of service, dedication and friendship.

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### Corporate Description

First Bankers Trustshares, Inc. (FBTI) is a bank holding company for First Bankers Trust Company, N.A. and FBIL Statutory Trust I. The company was incorporated on August 25, 1988 and is headquartered in Quincy, Illinois.

First Bankers Trustshares' mission, through its subsidiaries, is to provide comprehensive financial products and services to its retail, institutional, and corporate customers in the Tri-State area of West Central Illinois and Northeastern Missouri.

As a community oriented financial institution, the Bank, which traces its beginnings to 1946, operates five banking facilities located in Quincy, Illinois, one facility in Mendon, Illinois in northern Adams County and facilities located in Chicago, Illinois and Phoenix, Arizona that provide trust services.

FBIL Statutory Trust I was capitalized in September 2000 for the purpose of issuing Company Obligated Mandatorily Redeemable Preferred Securities.

For additional financial information contact:

Joe J. Leenerts, Senior Vice President/Treasurer
First Bankers Trustshares, Inc.
Telephone (217) 228-8000

### Stockholder Information

Common shares authorized: 6,000,000

Common shares outstanding: 2,579,230

Stockholders of record: 253*
*As of December 31, 2001

Inquiries regarding transfer requirements, lost certificates, changes of address and account status should be directed to the corporation's transfer agent:

First Bankers Trust Company, N.A.
(Attn: Julie Kenning)
1201 Broadway
P.O. Box 3566
Quincy, IL 62305-3566

### Corporate Address

First Bankers Trustshares, Inc.
P.O. Box 3566
Quincy, IL 62305-3566

### Independent Auditors

McGladrey & Pullen, LLP
220 N. Main, Suite 900
Davenport, IA 52801

### General Counsel

Hinshaw and Culbertson
222 N. LaSalle, Suite 300
Chicago, IL 60601-1081

### Board of Directors
### First Bankers Trustshares, Inc.

**Carl Adams, Jr.**
President, Illinois Ayers Oil Company

**David E. Connor**
Chairman of the Board, First Bankers Trustshares, Inc.
President, David E. Connor & Associates

**David G. Cosby**
Senior Vice President, Commerce Bank St. Louis

**William D. Daniels**
Chairman of the Board, First Bankers Trust Company, N.A.
Member, Harborstone Group, LLC.

**Mark E. Freiburg**
Owner, Freiburg Insurance Agency and Freiburg Development Company, President, Freiburg, Inc.

**Donald K. Gnuse**
President & Chief Executive Officer, First Bankers Trustshares, Inc.
President & Chief Executive Officer, First Bankers Trust Company, N.A.

**Phyllis J. Hofmeister**
Secretary/Treasurer, Robert Hofmeister, Inc.

**Steven E. Siebers**
Secretary of the Board, First Bankers Trustshares, Inc.
Attorney, Scholz, Loos, Palmer, Siebers & Duesterhaus

**Dennis R. Williams**
Consultant, Self Employed

### EXECUTIVE OFFICERS

**Donald K. Gnuse**
President and CEO

**Joe J. Leenerts**
Senior Vice President/Treasurer

**Steven E. Siebers**
Secretary

**FIRST BANKERS TRUSTSHARES, INC. Stock Prices**

| Market Value | 12/31/01 | 09/30/01 | 06/30/01 | 03/31/01 | 12/31/00 |
|---|---|---|---|---|---|
| High | $ 14.50 | $ 18.50 | $ 19.00 | $ 20.00 | $ 19.00 |
| Low | $ 14.00 | $ 14.00 | $ 15.00 | $ 19.00 | $ 13.13 |
| Period End Close | $ 14.25 | $ 18.50 | $ 16.00 | $ 20.00 | $ 19.00 |

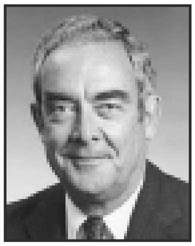
**The following companies make a market in FBTI common stock:**

Howe Barnes Investments, Inc.
135 South LaSalle Street
Chicago, IL 60603
Phone (800) 800-4693

First Union Securities, Inc.
Maine Center, 535 Maine
Quincy, IL 62301
Phone (800) 223-1037

Stifel Nicolas & Co. Inc
Sears Tower
233 Wacker Drive, Suite 85
Chicago, IL 60606-6300
Phone (800) 745-7110

Monroe Securities, Inc.
47 State Street
Rochester, NY 14614
Phone (716) 546-5560



David E. Connor, Chairman

Dear Shareholders:

*Midwest firms are finding that their locale has become a drawing point for potential employers. — Wall Street Journal, January 2, 2002.*

Tom Wolfe, that trenchant observer of American Society, describes in a recent article the attitude of the radical-chic about Middle America. These people who tend to be concentrated on our two coasts (mainly New York and Los Angeles) refer to the heart of America as "fly-over land" since this is the part of the country over which they fly as they travel from coast to coast. We think a better term for "fly -over land" is "Heartland."

At a small New Year's Eve party in Quincy, the guests were whiling away the time waiting for midnight so they could go home. (The age of the guests was a factor in this attitude.) The conversation touched on this and that – never really staying long enough on any subject to develop any worthwhile conclusions. Late in the evening, the conversation got around to the events of 9/11. One of the guests posed the following questions: "Does the outpouring of volunteer support, prayer, money, and medical assistance, for example, which has characterized the country's reaction to the events of 9/11 surprise you? How would Quincy react to some similar trauma? There followed the first significant in-depth discussion of the evening.

After a time, a two-fold consensus was reached. There was unanimous support in the group for the President's leadership and course of action. The consensus on the nation's outpouring of support was briefly this: the events were unimaginably shocking. The realities of terrorism have reached our shores in a manner never to be forgotten. However, our reaction to the outpouring of the various kinds of support was "that's what we around Quincy would expect to be doing if a disaster of proportionate size struck here." Maybe in New York, people live such compartmentalized lives that they find it hard to reach out to "neighbors," but in Quincy (member in good standing of the fly-over land/Heartland), coming to the aid of people, any people, in distress is, so to say, normal procedure – the amount and the speed of reaction depending on the gravity of the disaster. We don't 'ooh and ah' over the level of succor needed. We provide it. 9/11 is a national disaster. Thus, a national response is called for, nay expected. The country's response is gratifying, but to us Quincy-ites, not that surprising.

In Quincy, the arch-typical Heartland city, we respond as a community to all manner of crises and in ways proportionate to the nature of the problem. This attitude, a mixture of caring and duty, is bred in our bones. One time when General Patton was bestowing a medal for heroism on a buck private who had risked his life to save his platoon mates, he (Patton) asked the GI "Son, why did you take that awful risk?" The young man, surprised by the question, paused and finally answered. "I don't know, General. Someone had to do it." Quincy and many of the towns in "fly-over land" know that at home and at places like Ground Zero, someone always had to do it. Here in Quincy, that someone is us. (Yes, I know that is bad grammar; but if it's okay with Pogo, it's okay with me.)

Such responses over time lead to the creation of what a vice president at General Electric with responsibilities for Public Relations called the "self-renewing city" which springs from economic, cultural, and municipal vitality. The GE vice president goes on to say that the most important characteristic of the self-renewing city is <u>civic leadership</u>. He says that "In cities that thrive, you will always find a body of citizens who <u>care</u>, citizens who are willing to donate some part of their time and energy to the needs of the city."

In Quincy, we are blessed by citizens who care, and we have a good supply of civic leadership provided, along with others, by the officers and staff of First Bankers Trust.

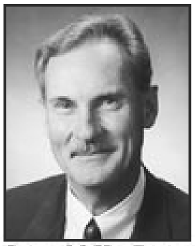
Leadership, according to John Gardner, is a performing art. And performance in the exercise of leadership is one of the most salient features of the way those at First Bankers go about their business – both at work and in their private times. Such private time is often call "off-duty." In a sense, such time isn't really "off-duty." First Bankers people care about Quincy and routinely spend part of their time "off-duty" caring for the needs of our city.

Quincy is a town that works, and Firsts Bankers plays a significant role in seeing that it does work. By providing our community with the best in banking services, it contributes greatly to that "working." But also in a truly important way, the people at First Bankers, by caring, do work to keep Quincy a self-renewing community. Paraphrasing Emerson, a community is the lengthened shadow of its leaders – in which group First Bankers does occupy and intends to occupy a prominent place – helping Quincy to continue to be a "drawing point for the country's potential employers."

In sum, with regard to the traumatic events of 9/11, your bank is highly disturbed by a world which contains such widespread festering fires of terrorism. But it is optimistic that our country will be successful in quenching most of these conflagrations. In the meantime, we at First Bankers will quietly continue to keep Quincy a self-renewing community.

Sincerely,

David E. Connor
Chairman of the Board of Directors



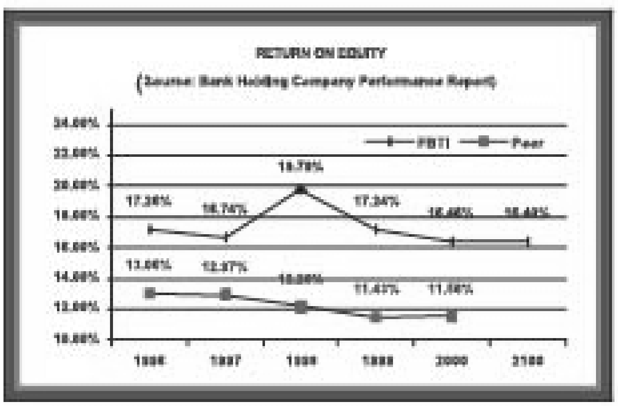
Donald K. Gnuse
President & Chief Executive Officer

Dear Shareholders:

The year 2001 proved to be, from a standpoint of earnings, the best year ever in the history of your Company. Every share earned $1.34 compared to $1.17 per share the previous year. Having posted these stellar earnings, the Board of Directors voted to raise the cash dividend to shareholders for the ninth consecutive year. This action represents a 22% increase over the previous annualized dividend to shareholders.

Company management then re-employed the balance of earnings to shareholder equity to support our asset growth in the marketplace. When you consider the fact that retained capital has been yielding stockholders in excess of 16% over the last few years, we believe that it is earning shareholders a splendid return while supporting the continued growth of the Company.

How, you might ask, is First Bankers Trustshares, Inc. performing compared to similar companies in its peer group? The answer is First Bankers, is and has been consistently out-performing those peers.




Looking to the year 2002, you will note from our financial reporting that we have increased our allowance for loan losses. This, we believe, is appropriate from a risk management standpoint due to the current national recession. We are in the early stages of a slight downturn in our local economy that is beginning to be reflected in our marketplace. So what will it take to get our country out of this recession? Well, to paraphrase, a hit song of the late, great George Harrison "*it's gonna take a whole lot of **money** and a whole lot of **time**.*" If history is any predictor of what will happen in the future, you can anticipate our government providing the money and consumers and business will provide the time to assist in a soft landing of the economy and a gradual economic climb to better days.

Now a word about our colleague David Connor. David has informed the Board of Directors that he wishes to retire and thus will not stand for re-election at the Annual Stockholders meeting to be held on May 14, 2002. Mr. Connor was one of the founding Directors of our Company in 1988. It has been a genuine pleasure working with Mr. Connor during the past 14 years. All of the Directors of our Company join me in expressing our sincere thanks and appreciation for David's wise counsel and friendship since the founding of our Company. We will again express this appreciation in David's presence at the Annual Meeting where we will seek approval to honor David with the title "Chairman Emeritus" of First Bankers Trustshares, Inc. A motion will also be offered at the organizational meeting to name William Daniels, who has served as Chairman of the Bank, as new Chairman of the Holding Company

Meanwhile, we are very excited about the major announcements we intend to make during the next few months. We will share each of them with you at the appropriate time. The year 2001 will be a "tough act to follow." Be assured that in spite of a less than robust economic marketplace, your Company's directors, officers and staff remain focused to bring you another year of increased value for your investment.

Yours sincerely,

Donald K. Gnuse/CEO
President

# SELECTED FINANCIAL DATA



(Amount in thousands of dollars, except per share data statistics)

| | YEAR ENDED DECEMBER 31, | | | | | |
|---|---|---|---|---|---|---|
| **PERFORMANCE** | **2001** | 2000 | 1999 | 1998 | 1997 | 1996 |
| Net income | **$ 3,457** | $ 3,007 | $ 2,710 | $ 2,618 | $ 1,921 | $ 1,797 |
| Preferred stock cash dividends paid | $ - | $ - | $ - | $ 32 | $ 64 | $ 106 |
| Common stock cash dividends paid | **$ 464** | $ 361 | 309 | $ 204 | $ 176 | $ 162 |
| Common stock cash dividend payout ratio | **13.42%** | 12.01% | 11.40% | 7.89% | 9.52% | 9.77% |
| Return on average assets | **1.15%** | 1.11% | 1.14% | 1.21% | 1.07% | 1.07% |
| Return on common stockholders' equity[1] | **16.40%** | 16.43% | 17.23% | 20.27% | 17.33% | 18.53% |
| | | | | | | |
| **PER COMMON SHARE[2]** | | | | | | |
| Earnings, basic and diluted | **$ 1.34** | $ 1.17 | $ 1.05 | $ 1.02 | $ .74 | $ .67 |
| Dividends (Paid) | **$ .18** | $ .14 | $ .12 | $ .08 | $ .07 | $ .07 |
| Book value[3] | **$ 8.66** | $ 7.51 | $ 6.49 | $ 5.62 | $ 4.54 | $ 3.88 |
| Stock price | | | | | | |
| High | **$ 20.00** | $ 19.00 | $ 13.75 | $ 11.50 | $ 8.50 | $ 4.07 |
| Low | **$ 14.00** | $ 13.13 | $ 11.50 | $ 8.50 | $ 4.07 | $ 3.28 |
| Close | **$ 14.25** | $ 19.00 | $ 13.13 | $ 11.50 | $ 8.50 | $ 4.07 |
| Price/Earnings per share (at period end) | **10.6** | 16.2 | 12.5 | 11.3 | 11.6 | 6.1 |
| Market price/Book value (at period end) | **1.65** | 2.53 | 2.02 | 2.05 | 1.87 | 1.05 |
| Weighted average number of shares outstanding | **2,579,230** | 2,579,230 | 2,579,230 | 2,545,358 | 2,533,776 | 2,533,776 |
| | | | | | | |
| **AT DECEMBER 31,** | | | | | | |
| Assets | **$ 310,668** | $ 298,497 | $ 258,503 | $ 236,323 | $ 222,593 | $ 178,644 |
| Investment securities | **76,062** | 71,897 | 72,680 | 68,884 | 63,797 | 40,229 |
| Loans | **189,531** | 176,455 | 156,439 | 125,867 | 118,829 | 111,225 |
| Deposits | **256,609** | 244,362 | 199,477 | 187,721 | 174,778 | 140,104 |
| Short-term borrowings and Federal Home Loan Bank advances | **23,473** | 26,828 | 38,436 | 27,495 | 28,786 | 20,721 |
| Note payable | **-** | - | 2,780 | 3,980 | 4,580 | 4,980 |
| Company obligated mandatorily redeemable preferred securities | **5,000** | 5,000 | - | - | - | - |
| Stockholders' equity[4] | **$ 22,324** | $ 19,357 | $ 16,737 | $ 14,349 | $ 11,993 | $ 10,822 |
| Total equity to total assets | **7.19%** | 6.48% | 6.47% | 6.07% | 5.39% | 6.06% |
| Tier 1 capital ratio (risk based) | **13.06%** | 12.31% | 9.43% | 9.70% | 8.74% | 8.83% |
| Total capital ratio (risk based) | **14.03%** | 13.25% | 10.53% | 10.92% | 9.94% | 10.09% |
| Leverage ratio | **8.68%** | 8.84% | 6.45% | 6.03% | 6.21% | 5.66% |

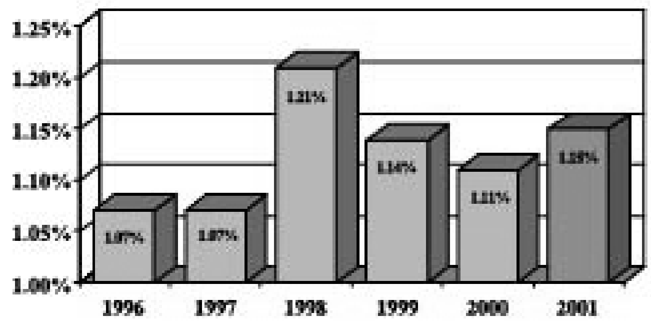
[1] Return on common stockholders' equity is calculated by subtracting preferred stock dividends from net income and dividing by average common stockholders' equity. Common stockholders' equity is defined as equity minus preferred stock equity and plus or minus accumulated other comprehensive income (loss).

[2] Previous year per share data has been converted to reflect the two-for-one stock split effective June 30, 2000.

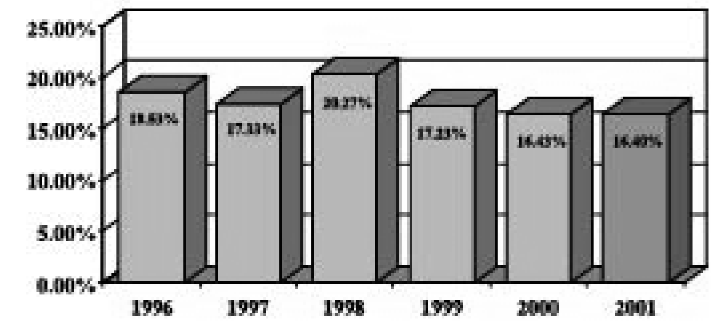
[3] Book value per share is calculated by dividing stockholders' equity, excluding accumulated other comprehensive income (loss), by outstanding shares.

[4] Stockholders' equity does not include accumulated other comprehensive income (loss).

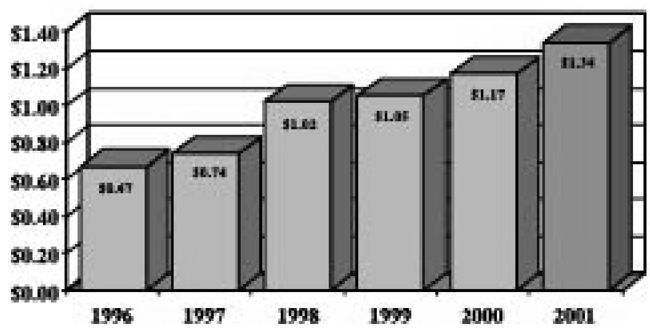
Return On Average Assets



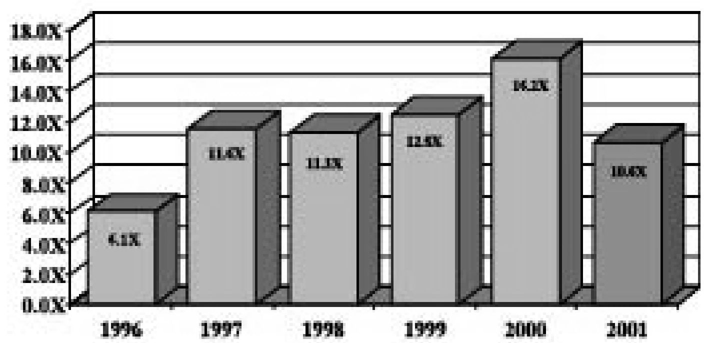

Return On Average Common Equity



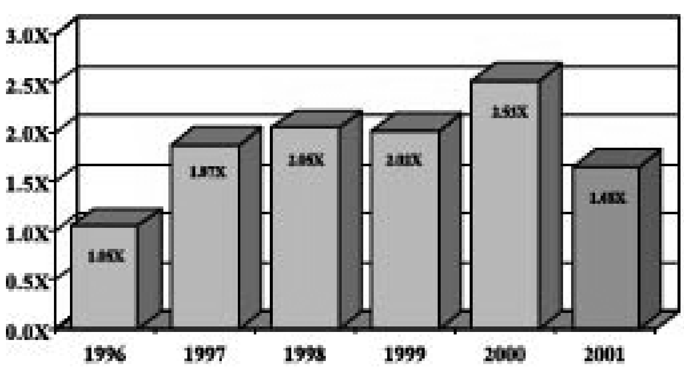

Earnings Per Share



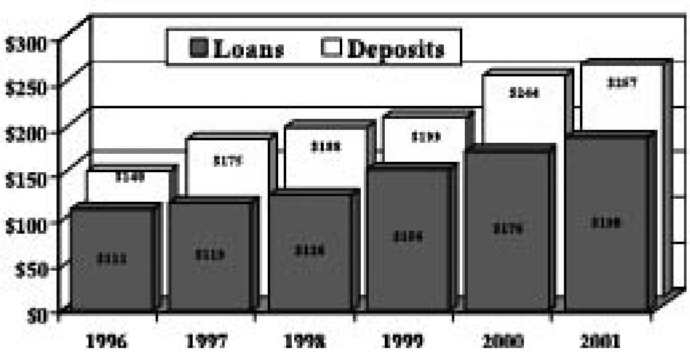

Price/Earnings Multiples




Market Price To Book Value




Loan/Deposit Growth



## *Corporate Philosophy*

The guiding philosophy at First Bankers Trustshres, Inc. (the "Company") is its own system of values, beliefs, principles, and fundamental motivating assumptions. These principles trace their history back 50 years to the company's origin as a community bank in a small, west central Illinois town. Then, as now, the success of a financial services company depends upon maintaining the trust of its stakeholders. What it takes to maintain trustworthiness over the long term underlies many of the company's beliefs.

The Company's Corporate Philosophy represents a statement of its ideals. Believing in principles and critically assessing the Company's behavior against those ideals remains critical. Stated below are the Company's beliefs as to how it ought to behave and how it intends to behave. These beliefs act as important standards to which the Company holds itself accountable when judging its own performance.

The Company's Statement of Corporate Philosophy attempts to capture the essence of these principles in a single sentence:

***"The purpose of First Bankers Trustshares, Inc. is to create superior value for all of its stakeholders through a dedication to service, treating others as it wishes to be treated, a long-term orientation, and maintaining the highest of standards."***

The Company's purpose is to ***create superior value*** by meeting the evolving needs of people, both individually and in groups, better than its competitors.

The Company must do this ***for all stakeholders*** (customers, employees, shareholders, suppliers, communities, and society as a whole) in an appropriate balance.

The Company values ***dedication to service*** as shown by the characteristics of placing service to others above self-interest and having a genuine customer focus.

The Company believes in ***treating others as it wishes to be treated*** by respecting all individuals, remembering the importance of all of its stakeholders in everything that it does, including having fun.

The Company's ***long-term orientation*** causes it to embrace change rather than fear it, to commit itself to lifelong learning, and to balance self-confidence with humility.

The Company attempts to ***maintain the highest standards*** in everything it does, including a commitment to honesty and integrity, honorable competition, management by fact, taking responsibility, being accountable, striving for continual improvement, and planning.

## *Corporate Mission*

The mission statement for First Bankers Trustshares, Inc. was developed in the context of its corporate philosophy. The Company believes that it is important that the mission flow out of philosophy because what one wants to be depends upon what one believes. If an organization sets a mission without carefully thinking about its values, there is significant risk that the mission could be pursued in inappropriate ways.

The Company's Mission Statement, although reviewed annually, has changed very little over the last decade. To achieve this mission, First Bankers Trustshares, Inc., will need to become a company that does not settle for second best – one which combines excellence in operating practices, superior financial performance, social responsibility, and an absolute commitment to the highest ethical standards. The Company aspires to be the employer of choice, attracting a diverse group of the most talented people who are genuinely committed to continuous improvement.

The Company must aggressively pursue prudent, profitable growth in current operations and through entering new lines of business. Each operating unit of the Company must develop and maintain a competitive advantage based upon highly motivated people determined to please the customer.

The Company believes that it will have achieved its mission when it ranks simultaneously among the best in its industry in customer satisfaction measurements, employee satisfaction measurements, and total return to its investors. First Bankers Trustshares, Inc. will be what it aspires to be when it is the preferred partner to its suppliers, a valued corporate citizen of the communities it serves, and an institution that receives consistently strong ratings for its regulators. The key to achieving its mission is to be able to achieve all of this at the same time.

Although the Company believes that there are aspects of its mission that have been successfully achieved, it has still fallen short in achieving the total mission. Therefore, First Bankers Trustshares, Inc. mission remains a statement of its aspirations for the future. A goal for which to continue working to achieve.

## *Corporate Strategy*

Strategy is the sum of a Company's decisions about what it will do to achieve its mission given the environment in which it operates. The environment includes both the industry in which the Company operates and the institutions with whom it competes. Much more so than philosophy and mission, strategy is influenced by external factors. The Company's Strategic Plan identifies specific long-range objectives that are required to be attained in order to achieve the Company's strategy.

***"It is the strategy of First Bankers Trustshares, Inc. to position itself to be the preferred provider of financial services in the markets in which it competes."***

The Company's current structure allows the management of each operating department to focus its efforts on understanding its customers and meeting the needs of the market(s) it serves. The Company believes this approach promotes creativity, responsibility, motivation, and accountability among the managers of each department.

Providing financial services to consumer and commercial customers is the principal set of skills, which unites the activities of First Bankers Trustshares, Inc. Having evolved from that base in community banking, the core competencies of the employees of the Company are in financial services. The Company's line of business includes retail and commercial banking, personal and corporate trust services, brokerage services, and data processing services. All diversification opportunities are tested to ensure that the Company is expanding into area where its skills are compatible with the requirements of success.

The ability to focus on defensible market segment where a sustainable competitive advantage can be created is another important concept in the Company's strategy. The market for financial services in the United States is huge. Small competitors can be at a significant disadvantage against large regional and national players unless they are able to identify a target market and differentiate their product offering. When selecting markets to enter, First Bankers Trustshares attempts to choose those where it believes it has or can establish a sustainable competitive advantage based upon a dedication to customer service, fast turn-around, and product innovation.

First Bankers Trustshares is regulated with a focus on various ratios of equity to assets. As such, the size of shareholders' equity limits the amount of assets the Company can carry on its balance sheets if it is to maintain an adequate cushion above the minimum regulatory capital standards.

Accordingly, the Company's strategy seeks to balance growth between: 1) Lines of business that require the bank to carry assets on its balance sheet (capital intensive), AND 2) Lines of business that produce additional revenues and profits without adding proportionately to asset size.

The Company refers to this approach as "optimizing the productivity of capital" because it believes it can produce a larger stream of revenues and profits from a given capital base than a strategy focused primarily upon asset growth.

The Company believes that its strategy will position First Bankers Trustshares to prosper in the increasingly competitive environment for financial services in the 21st century. It was developed in response to the major changes driving the restructuring of the financial services system:

*Rising expectations among customers about the quality and value of services provided,

*The simultaneous requirements of maintaining adequate capital to support risks undertaken and utilizing that capital well enough to earn an appropriate rate of return,

*The rapid consolidation among major players in all aspects of financial services,

*The continuing development of new products, technology, and delivery systems that 'disintermediate' the traditional bank, and

*The globalization of all forms of finance.

The environment in which First Bankers Trustshares competes is changing constantly. Customer needs and expectations evolving in new directions every day. Former competitors disappear and new ones emerge. The regulatory, economic, and political climates in which the Company operates vary with time. Therefore, the Company believes that strategy must be a dynamic process. The Company continually reviews its strategic direction to refine or change it if necessary. In this way, it hopes to keep First Bankers Trustshares, Inc. positioned to prosper and grow for decades to come.

***To The Stockholders:***

*Management of First Bankers Trustshares, Inc. has prepared and is responsible for the integrity and consistency of the financial statements and other related information contained in this Annual Report. In the opinion of Management, the financial statements, which necessarily include amounts based on Management estimates and judgements, have been prepared in conformity with accounting principles generally accepted in the United States of America and appropriate to the circumstances.*

*In meeting its responsibility, First Bankers Trustshares maintains a system of internal controls and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with established policies and practices, and that transactions are properly recorded so as to permit preparation of financial statements that fairly present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. Internal controls and procedures are augmented by written policies covering standards of personal and business conduct and an organization structure providing for division of responsibility and authority.*

*The effectiveness of, and compliance with, established control systems are monitored through a continuous program of internal audit and credit examinations. In recognition of cost-benefit relationships and inherent control limitations, some features of the control systems are designed to detect rather than prevent errors, irregularities and departures from approved policies and practices. Management believes the system of controls has prevented or detected, on a timely basis, any occurrences that could be material to the financial statements and that timely corrective actions have been initiated when appropriate.*

*First Bankers Trustshares engaged the firm of McGladrey & Pullen, LLP, Independent Auditors, to render an opinion on the consolidated financial statements. To the best of our knowledge, the Independent Auditors were provided with access to all information and records necessary to render their opinion.*

*The Board of Directors exercises its responsibility for the financial statements and related information through the Audit Committee, which is composed entirely of outside directors. The Audit Committee meets regularly with Management, the internal auditing staff and the Independent Auditors to assess the scope of the annual audit plan and to discuss audit, internal control and financial reporting issues, including major changes in accounting policies and reporting practices. The Independent Auditors also meet with the Audit Committee, without Management being present, to afford them the opportunity to discuss the adequacy of compliance with established policies and procedures and the quality of financial reporting.*

***Donald K. Gnuse***
***President and Chief Executive Officer***

*Joe J. Leenerts*

***Joe J. Leenerts***
***Senior Vice President/Treasurer and Chief Financial Officer***

***Management's Discussion and Analysis of Financial Condition and Results of Operations***

**Introduction**

The following discussion of the financial condition and results of operations of First Bankers Trustshares, Inc. provides an analysis of the consolidated financial statements included in this annual report and focuses upon those factors which had a significant influence on the overall 2001performance.

The discussion should be read in conjunction with the Company's consolidated financial statements and notes thereto appearing elsewhere in this Annual Report.

The Company was incorporated on August 25, 1988, and acquired First Midwest Bank/ M.C.N.A. (the Bank) on June 30, 1989. The Bank acquisition was accounted for using purchase accounting. Prior to the acquisition of the Bank, the Company did not engage in any significant business activities.

**Financial Management**

The primary business of the Company is that of a community-oriented financial institution offering a variety of financial services to meet the needs of the communities it serves. The Company attracts deposits from the general public and uses such deposits, together with borrowings and other funds, to originate one-to-four family residential mortgage loans, consumer loans, small business loans and agricultural loans in its primary market area. The Company also invests in mortgage-backed securities, investment securities consisting primarily of U.S. government or agency obligations, financial institution certificates of deposit, and other liquid assets.

The Company's goal is to achieve consistently high levels of earning assets and loan/deposit ratios while maintaining effective expense control and high customer service levels. The term "high level" means the ability to profitably increase earning assets. As deposits have become fully deregulated, sustained earnings enhancement has focused on "earning asset" generation. The Company will focus on lending money profitably, controlling credit quality, net interest margin, operating expenses and on generating fee income from services.

| **Consolidated Assets** (Amounts in thousands of dollars) **Assets** | 2001 | Change | 2000 | Change | 1999 | 1998 | 1997 | 1996 | 5 Year Growth Rate |
|---|---|---|---|---|---|---|---|---|---|
| Cash and due from banks: | | | | | | | | | |
| Non-interest bearing | $ 8,631 | 14.24 % | $ 7,555 | 8.49 % | $ 6,964 | $ 5,710 | $ 4,843 | $ 7,483 | 15.34 % |
| Interest bearing | 17,228 | 6.59 | 16,163 | 1547.60 | 981 | 7,274 | 10,930 | 3,366 | 411.82 |
| Securities | 76,062 | 5.79 | 71,897 | (1.08) | 72,680 | 68,884 | 63,797 | 40,229 | 89.07 |
| Federal funds sold | 9,500 | (49.20) | 18,700 | 39.29 | 13,425 | 20,600 | 17,000 | 10,200 | (6.86) |
| Net loans | 187,219 | 7.29 | 174,504 | 12.93 | 154,520 | 124,007 | 116,983 | 109,283 | 71.32 |
| Other assets | 12,028 | 24.28 | 9,678 | (2.57) | 9,933 | 9,848 | 9,040 | 8,083 | 48.81 |
| **Total Assets** | $ 310,663 | 4.08 % | $ 298,497 | 15.47 % | $ 258,503 | $ 236,323 | $ 222,593 | $ 178,644 | 73.90 % |
| **Liabilities & Stockholders' Equity** | | | | | | | | | |
| Deposits | $ 256,609 | 5.01% | $ 244,362 | 22.50 % | $ 199,477 | $ 187,721 | $ 174,778 | $ 140,104 | 83.16 % |
| Short-term borrowings | 10,473 | (41.26) | 17,828 | (32.56) | 26,436 | 13,495 | 25,786 | 15,721 | (33.38) |
| Federal Home Loan Bank advances | 13,000 | 44.44 | 9,000 | (25.00) | 12,000 | 14,000 | 3,000 | 5,000 | 160.00 |
| Note payable | - | - | - | - | 2,780 | 3,980 | 4,580 | 4,980 | - |
| Company obligated manditorily redeemable preferred securities | 5,000 | - | 5,000 | 100.00 | - | - | - | - | - |
| Other liabilities | 2,851 | ( 4.07) | 2,972 | 17.10 | 2,538 | 2,641 | 2,271 | 1,901 | 49.97 |
| Stockholders' equity | 22,735 | 17.58 | 19,335 | 26.60 | 15,272 | 14,486 | 12,178 | 10,938 | 107.85 |
| **Total Liabilities & Stockholders' Equity** | $ 310,663 | 4.08 % | $ 298,497 | 15.47 % | $ 258,503 | $ 236,323 | $ 222,593 | $ 178,644 | 73.90 % |

At December 31, 2001, the Company had assets of $310,668,000 compared to $298,497,000 at December 31, 2000. The $12,171,000 (4.08%) increase in total assets during the year ended December 31, 2001 was principally funded through increases of $12,247,000 (5.01%) in deposits and a $9,200,000 (49.20%) reduction in federal funds sold balances. These funds were the primary source used to fund increases in loans of $13,076,000 (7.41%) and securities of $4,165,000 (5.79%).

Demand for the Bank's lending products, including commercial lines of credit, residential real estate, and direct consumer loans has traditionally been moderately strong. Commercial (13.70%), tax-exempt (125.70%) and consumer (14.92%) lending experienced growth during 2001. Approximately $28,771,000 of fixed rate long-term residential real estate loans were sold in the secondary market during 2001 while $6,243,000 were sold in 2000. Agricultural real estate loans totaling $1,622,000 were sold in the secondary market during 2001, while $164,000 were sold in 2000. In addition, under the Company's student loan program, approximately $370,000 in student loans were sold to Sallie Mae during 2001 compared to $467,000 sold in 2000. Management continues to place emphasis on the quality versus the quantity of the credits placed in the portfolio.

In addition to lending, the Company has focused on maintaining and enhancing high levels of fee income for its existing services and new services. Generation of fee income will be a goal of the Company and should be a source of continued revenues in the future.

**Results of Operations Summary**

The Company's earnings are primarily dependent on net interest income, the difference between interest income and interest expense. Interest income is a function of the balances of loans, securities and other interest earning assets outstanding during the period and the yield earned on such assets. Interest expense is a function of the balances of deposits and borrowings outstanding during the same period and the rates paid on such deposits and borrowings. The Company's earnings are also affected by provisions for loan losses, service charges, trust income, other non-interest income and expense and income taxes.

Non-interest expense consists primarily of employee compensation and benefits, occupancy and equipment expenses, amortization and general and administrative expenses.

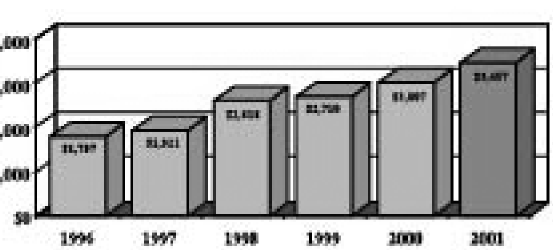
Prevailing economic conditions as well as federal regulations concerning monetary and fiscal policies as they pertain to financial institutions significantly affect the Company. Deposit balances are influenced by a number of factors including interest rates paid on competing personal investments and the level of personal income and savings within the institution's market. In addition, growth of deposit balances is influenced by the perceptions of customers regarding the stability of the financial services industry. Lending activities are influenced by the demand for housing, competition from other lending institutions, as well as lower interest rate levels, which may stimulate loan refinancing. The primary sources of funds for lending activities include deposits, loan payments, borrowing and funds provided from operations.

For the year ended December 31, 2001, the Company reported consolidated net income of $3,457,000, a $450,000 (14.97%) increase from 2000. Net interest income for the periods being compared increased $580,000 or 5.79%. Other income increased $1,197,000 (44.33%) while other expenses increased $611,000 (8.79%) over 2000 totals.

**Analysis of Net Income**

The Company's assets are primarily comprised of interest earning assets including commercial, agricultural, consumer and real estate loans, as well as federal funds sold, interest bearing deposits in banks and securities. Average earning assets equaled $285,259,000 for the year ended December 31, 2001. A combination of interest bearing and non-interest bearing deposits, long term debt, federal funds purchased, securities sold under agreement to repurchase, other borrowings and capital funds are employed to finance these assets.

**Net Income**



| Consolidated Income Summary (Amounts in thousands of dollars) | 2001 | Change | 2000 | Change | 1999 | 1998 | 1997 | 1996 | 5 Year Growth Rate |
|---|---|---|---|---|---|---|---|---|---|
| Interest income | $ 20,255 | 2.10% | $ 19,839 | 20.87 % | $ 16,414 | $ 15,414 | $ 13,170 | $ 12,225 | 66.69 % |
| Interest expense | (10,967) | (.83) | (11,059) | 34.80 | (8,204) | (7,884) | (6,705) | (6,415) | 70.96 |
| Net interest income | $ 9,288 | 5.79% | $ 8,780 | 6.94 % | $ 8,210 | $ 7,530 | $ 6,467 | $ 5,810 | 59.86 % |
| Provision for loan losses | (660) | 175.00 | (240) | - | (240) | (144) | (30) | (67) | 885.07 |
| Net interest income after provision for loan losses | $ 8,628 | 1.03 % | $ 8,540 | 7.15 % | $ 7,970 | $ 7,386 | $ 6,437 | $ 5,743 | 50.24 % |
| Other income | 3,897 | 44.33 | 2,700 | 5.80 | 2,552 | 2,231 | 1,480 | 1,187 | 228.31 |
| Other expense | (7,562) | 8.79 | (6,951) | 7.37 | (6,474) | (5,795) | (5,145) | (4,419) | 71.12 |
| Income before taxes | $ 4,963 | 15.71 % | $ 4,289 | 5.95 % | $ 4,048 | $ 3,822 | $ 2,772 | $ 2,511 | 97.65 % |
| Income tax expense | (1,506) | 17.47 | (1,282) | (4.19) | (1,338) | (1,204) | (851) | (714) | 110.92 |
| Net income | $ 3,457 | 14.97 % | $ 3,007 | 10.96 % | $ 2,710 | $ 2,618 | $ 1,921 | $ 1,797 | 92.38 % |

| | For the Years Ended December 31, (Amounts in thousands of dollars) | | |
|---|---|---|---|
| | 2001 | 2000 | 1999 |
| Interest Income | $ 19,980 | $ 19,680 | $ 16,329 |
| Loan Fees | 275 | 159 | 85 |
| Interest Expense | (10,967) | (11,059) | (8,204) |
| Net Interest Income | $ 9,288 | $ 8,780 | $ 8,210 |
| Average Earning Assets | $ 285,259 | $ 257,904 | $ 226,302 |
| Net Interest Margin | 3.26% | 3.40% | 3.63% |

The yield on average earning assets for the year ended 2001 was 7.10% while the average cost of funds for the same period was 4.55% on average interest bearing liabilities of $240,977,000. The yield on average earning assets for the year ended 2000 was 7.69%, while the average cost of funds for the same period was 5.06% on average interest bearing liabilities of $218,763,000. The increase in net interest income can be attributed to the $5,141,000 (13.13%) increase in average net earning assets during the period. This increase offset the decrease in both interest spread (9 basis point) and net interest margin (14 basis points).

**Provision for Loan Losses**

The allowance for loan losses as a percentage of net loans outstanding is 1.22% at December 31, 2001, compared to 1.11% at December 31, 2000. Net loan charge-offs totaled $299,000 for the year ended December 31, 2001 compared to $208,000 in 2000.

The amounts recorded in the provision for loan losses are determined from management's quarterly evaluation of the quality of the loan portfolio. In this review, such factors as the volume and character of the loan portfolio, general economic conditions and past loan loss experience are considered. Management believes that the allowance for loan losses is adequate to provide for losses in the portfolio at December 31, 2001.

**Other Income**

Other income may be divided into two broad categories - recurring and non-recurring. Trust fees and service charges on deposit accounts are the major sources of recurring other income. Investment securities gains and other income vary annually. Other income for the period ended December 31, 2001 was $3,897,000, an increase of $1,197,000 (44.33%) from 2000. The securities gains of $446,000 were generated from the implementation of an investment strategy that was directed to the enhancement of earnings in future periods.

**Other Expense**

Other expenses for the period ended December 31, 2001 totaled $7,562,000, an increase of $611,000 (8.79%) from 2000 year end totals. Salaries and employee benefits expense aggregated 53.81% and 52.51% of total other expense for the year ended December 31, 2001 and 2000, respectively.

**Non-accrual, Restructured and Past Due Loans and Leases and Other Real Estate Owned**
(Amounts in thousands of dollars)

| At December 31, | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 |
|---|---|---|---|---|---|---|
| Non-accrual loans and leases | $ 148 | $ 242 | $ 147 | $ 88 | $ 298 | $ 275 |
| Other real estate owned | 169 | - | 113 | - | 49 | - |
| Total non-performing assets | $ 317 | $ 242 | $ 260 | $ 88 | $ 347 | $ 275 |
| Loans and leases past due 90 days or more | 438 | 489 | 258 | 31 | 61 | 298 |
| Total non-performing assets and 90-day past due loans and leases | $ 755 | $ 731 | $ 518 | $ 119 | $ 408 | $ 573 |
| Interest income as originally contracted on non-accrual and restructured loans and leases | $ 16 | $ 26 | $ 10 | $ 9 | $ 53 | $ 25 |
| Interest income recognized on non-accrual and restructured loans and leases | - | - | - | - | - | - |
| Reduction of interest income due to non-accrual and restructured loans and leases | $ 16 | $ 26 | $ 10 | $ 9 | $ 53 | $ 25 |
| Reduction in basic and diluted earnings per share due to non-accrual and restructured loans and leases | $ .00 | $ .01 | $ .00 | $ .00 | $ .01 | $ .01 |

### Income Taxes
The Company files its Federal income tax return on a consolidated basis with the Bank. See Note 16 to the consolidated financial statements for detail of income taxes.

### Liquidity
The concept of liquidity comprises the ability of an enterprise to maintain sufficient cash flow to meet its needs and obligations on a timely basis. Bank liquidity must thus be considered in terms of the nature and mix of the institution's sources and uses of funds.

Bank liquidity is provided from both assets and liabilities. The asset side provides liquidity through regular maturities of investment securities and loans. Investment securities with maturities of one year or less, deposits with banks and federal funds sold are a primary source of asset liquidity. On December 31, 2001, these categories totaled $31,380,000 or 10.10% of assets, compared to $43,273,000 or 14.50% the previous year.

As of December 31, 2001, securities held to maturity included $129,000 of gross unrealized gains and $141,000 of gross unrealized losses on securities which management intends to hold until maturity. Such amounts are not expected to have a material effect on future earnings beyond the usual amortization of premium and accretion of discount.

Closely related to the management of liquidity is the management of rate sensitivity (management of variable rate assets and liabilities), which focuses on maintaining a stable net interest margin, an important factor in earnings growth and stability. Emphasis is placed on maintaining an evenly balanced rate sensitivity position to avoid wide swings in margins and minimize risk due to changes in interest rates.

The Company's Asset/Liability Committee is charged with the responsibility of prudently managing the volumes and mixes of assets and liabilities of the subsidiary Bank.

Management believes that it has structured its pricing mechanisms such that the net interest margin should maintain acceptable levels in 2002, regardless of the changes in interest rates that may occur. The following table shows the repricing period for interest-earning assets and interest-bearing liabilities and the related repricing gap (Amounts in thousands of dollars):

| | As of December 31, 2001 Repricing Period | | |
|---|---|---|---|
| | Through One year | After one Year through Five years | After Five years |
| Interest-earning assets | $ 115,366 | $ 110,409 | $ 70,320 |
| Interest-bearing liabilities | 199,048 | 38,408 | 7,000 |
| Repricing gap (repricing assets minus repricing liabilities) | $ (95,278) | $ 72,001 | $ 63,320 |

| | As of December 31, 2000 Repricing Period | | |
|---|---|---|---|
| | Through One year | After one Year through Five years | After Five years |
| Interest-earning assets | $ 114,807 | $ 105,149 | $ 65,093 |
| Interest-bearing liabilities | 206,307 | 20,416 | 7,000 |
| Repricing gap (repricing assets minus repricing liabilities) | $ (91,500) | $ 84,733 | $ 58,093 |

**Effects of Inflation**

Until recent years, the economic environment in which the Company operates has been one of significant increases in the prices of most goods and services and a corresponding decline in the purchasing power of the dollar.

Banks are affected differently than other commercial enterprises by the effects of inflation. Some reasons for these disparate effects are a) premises and equipment for banks represent a relatively small proportion of total assets; b) a bank's asset and liability structure is substantially monetary in nature, which can be converted into a fixed number of dollars regardless of changes in prices, such as loans and deposits; and c) the majority of a bank's income is generated through net interest income and not from goods or services rendered.

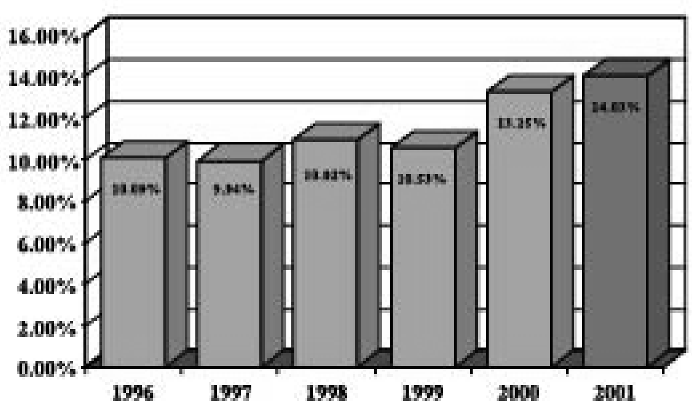
Although inflation may impact both interest rates and volume of loans and deposits, the major factor that affects net interest income is how well a bank is positioned to cope with changing interest rates.

**Capital**

The ability to generate and maintain capital at adequate levels is critical to the Company's long term success. A common measure of capitalization for financial institutions is primary capital as a percent of total assets.

Regulations also require the Company to maintain certain minimum capital levels in relation to consolidated Company assets. Regulations require a ratio of capital to risk-weighted assets of 8.00 percent.

**Risked Based Capital Ratios**




The Company's capital, as defined by the regulations, was 14.03 percent of risk-weighted assets at December 31, 2001. In addition, a leverage ratio of at least 4.00 percent is to be maintained. At December 31, 2001, the Company's leverage ratio was 8.68 percent.

**Asset Liability Management**

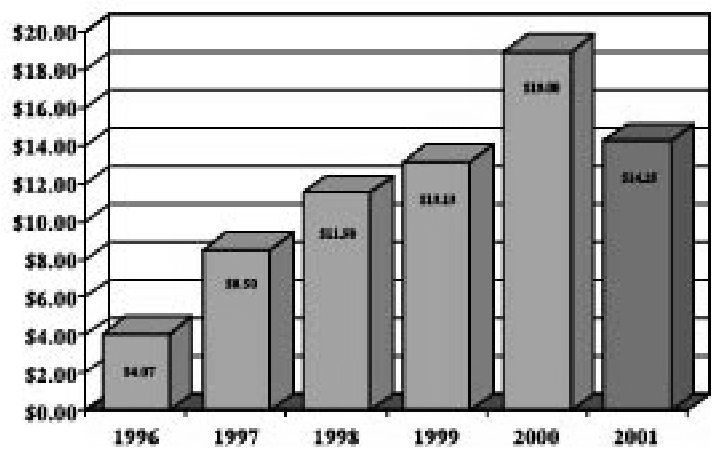
Since changes in interest rates may have a significant impact on operations the Company has implemented, and currently maintains, an asset liability management committee at the Bank to monitor and react to the changes in interest rates and other economic conditions. Research concerning interest rate risk is supplied by the Company from information received from a third party source. The committee acts upon this information by adjusting pricing, fee income parameters, and/or marketing emphasis.

**Common Stock Information and Dividends**

The Company's common stock is held by 253 shareholders as of December 31, 2001, and is traded in a limited over-the-counter market.

On December 31, 2001 the market price of the Company's common stock was established by Howe Barnes Investments, Inc. at $14.25 a share. Cash dividends on common stock of $490,000 were declared by the Board of Directors of the Company for the year ended December 31, 2001.

**Closing Share Price Data**



**Financial Report**

Upon written request of any shareholder of record on December 31, 2001, the Company will provide, without charge, a copy of its 2001 Annual Report including financial statements and schedules.

The Company filed a Form 15 with the Securities and Exchange Commission to discontinue the filing of quarterly (10-Q) and annual (10-K) reports based on the Company's number of stockholders, however, the Company does prepare similar reports to those required under the Securities Exchange Act of 1934.

**Notice of Annual Meeting of Stockholders**

The annual meeting of stockholders will be May 14, 2002 at 9:00 A.M. at the Quincy Holiday Inn, 201 South 3rd Street, Quincy, Illinois.

McGLADREY & PULLEN, LLP
Certified Public Accountants

RSM
International

To the Board of Directors
First Bankers Trustshares, Inc.
Quincy, Illinois

We have audited the accompanying consolidated balance sheets of First Bankers Trustshares, Inc. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2001, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Bankers Trustshares, Inc. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years ended December 31, 2001, 2000 and 1999, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Davenport, Iowa
February 15, 2002

## FIRST BANKERS TRUSTSHARES, INC.
## CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of dollars, except share and per share data)

| | December 31, 2001 | | December 31, 2000 | |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and due from banks (Note 3) | | | | |
| Non-interest bearing | $ | 8,631 | $ | 7,555 |
| Interest bearing | | 17,228 | | 16,163 |
| | $ | 25,859 | $ | 23,718 |
| Securities held to maturity (Note 4) | $ | 9,620 | $ | 11,102 |
| Securities available for sale (Note 4) | | 66,442 | | 60,795 |
| Federal funds sold | | 9,500 | | 18,700 |
| Loans held for sale | | 2,178 | | 417 |
| Loans (Note 5) | | 189,531 | | 176,455 |
| Less allowance for loan losses | | (2,312) | | (1,951) |
| Net loans | $ | 187,219 | $ | 174,504 |
| Premises, furniture and equipment, net (Note 6) | $ | 4,096 | $ | 3,701 |
| Accrued interest receivable | | 1,951 | | 2,027 |
| Other assets | | 3,803 | | 3,533 |
| TOTAL ASSETS | $ | 310,668 | $ | 298,497 |
| **Liabilities and Stockholders' Equity** | | | | |
| **Liabilities:** | | | | |
| Deposits: | | | | |
| Non-interest bearing demand | $ | 40,626 | $ | 42,467 |
| Interest bearing demand | | 71,718 | | 58,694 |
| Savings | | 28,891 | | 30,519 |
| Time (Note 7) | | 115,374 | | 112,682 |
| Total Deposits | $ | 256,609 | $ | 244,362 |
| Short-term borrowings (Note 8) | | 10,473 | | 17,828 |
| Federal Home Loan Bank advances (Note 9) | | 13,000 | | 9,000 |
| Company obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debentures (Note 10) | | 5,000 | | 5,000 |
| Accrued interest payable | | 1,434 | | 1,952 |
| Other liabilities | | 1,417 | | 1,020 |
| TOTAL LIABILITIES | $ | 287,933 | $ | 279,162 |
| Commitments and Contingencies (Note 11) | | | | |
| **Stockholders' Equity (Notes 13 and 14):** | | | | |
| Preferred stock, Series A, nonvoting, variable rate, cumulative, no par value, $50 stated value; authorized 50,000 shares; issued and outstanding none (Note 13) | | - | | - |
| Common stock, $1 par value, authorized 6,000,000 shares; issued and outstanding 2,579,230 shares | | 2,580 | | 2,580 |
| Additional paid in capital | | 2,251 | | 2,251 |
| Retained earnings | | 17,493 | | 14,526 |
| Accumulated other comprehensive income (loss) | | 411 | | (22) |
| TOTAL STOCKHOLDERS' EQUITY | $ | 22,735 | $ | 19,335 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ | 310,668 | $ | 298,497 |

See notes to consolidated financial statements

**FIRST BANKERS TRUSTSHARES, INC.**
**CONSOLIDATED STATEMENTS OF INCOME**
(Amounts in thousands of dollars, except per share data)

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2001** | 2000 | 1999 |
| **Interest income:** | | | |
| Interest and fees on loans: | | | |
| Taxable | $ 14,874 | $ 14,318 | $ 11,328 |
| Non-taxable | 138 | 120 | 130 |
| Interest on securities: | | | |
| Taxable | 3,275 | 3,618 | 3,480 |
| Non-taxable | 854 | 742 | 774 |
| Interest on federal funds sold | 468 | 591 | 498 |
| Interest on interest bearing deposits in banks | 557 | 360 | 134 |
| Other | 89 | 90 | 70 |
| Total interest income | $ 20,255 | $ 19,839 | $ 16,414 |
| **Interest expense:** | | | |
| Interest on deposits: | | | |
| Interest bearing demand and savings | $ 2,646 | $ 2,605 | $ 1,859 |
| Time | 6,714 | 6,162 | 4,731 |
| Total interest on deposits | $ 9,360 | $ 8,767 | $ 6,590 |
| Interest on short-term borrowings | 553 | 1,142 | 716 |
| Interest on Federal Home Loan Bank advances | 528 | 826 | 649 |
| Interest on note payable | - | 152 | 249 |
| Interest on company obligated mandatorily redeemable preferred securities | 526 | 172 | - |
| Total interest expense | $ 10,967 | $ 11,059 | $ 8,204 |
| Net interest income | $ 9,288 | $ 8,780 | $ 8,210 |
| **Provision for loan losses (Note 5)** | $ 660 | $ 240 | $ 240 |
| Net interest income after provision for loan Losses | $ 8,628 | $ 8,540 | $ 7,970 |
| **Other income:** | | | |
| Trust department | $ 1,445 | $ 1,297 | $ 966 |
| Service charges on deposit accounts | 863 | 709 | 645 |
| Investment securities gains (losses), net | 446 | (258) | 2 |
| Other | 1,143 | 952 | 939 |
| Total other income | $ 3,897 | $ 2,700 | $ 2,552 |
| **Other expenses:** | | | |
| Salaries and employee benefits | $ 4,069 | $ 3,650 | $ 3,404 |
| Occupancy expense, net | 519 | 480 | 487 |
| Equipment expense | 633 | 608 | 571 |
| Computer processing | 351 | 326 | 309 |
| Professional services | 132 | 148 | 98 |
| Amortization of intangibles | 134 | 134 | 134 |
| Other | 1,724 | 1,605 | 1,471 |
| Total other expenses | $ 7,562 | $ 6,951 | $ 6,474 |
| Income before income taxes | $ 4,963 | $ 4,289 | $ 4,048 |
| Income taxes (Note 16) | 1,506 | 1,282 | 1,338 |
| **Net income** | $ 3,457 | $ 3,007 | $ 2,710 |
| Net income applicable to common stock | $ 3,457 | $ 3,007 | $ 2,710 |
| Earnings per share of common stock, basic and diluted | $ 1.34 | $ 1.17 | $ 1.05 |

See notes to consolidated financial statements

## FIRST BANKERS TRUSTSHARES, INC.
## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Amounts in thousands of dollars, except per share data)

Years Ended December 31, 2001, 2000 and 1999

| | Preferred Stock | Common Stock | Additional Paid In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|
| Balance, December 31, 1998 | $ - | $ 1,290 | $ 3,541 | $ 9,518 | $ 137 | | $ 14,486 |
| Comprehensive income: | | | | | | | |
| Net income | - | - | - | 2,710 | - | 2,710 | 2,710 |
| Other comprehensive (loss), net of tax, (Note 2) | - | - | - | - | (1,602) | (1,602) | (1,602) |
| Comprehensive income | | | | | | $ 1,108 | |
| Dividends declared on common stock (amount per share $.13) | - | - | - | (322) | - | | (322) |
| Balance, December 31, 1999 | $ - | $ 1,290 | $ 3,541 | $ 11,906 | $ (1,465) | | $ 15,272 |
| Comprehensive income: | | | | | | | |
| Net income | - | - | - | 3,007 | - | 3,007 | 3,007 |
| Other comprehensive (loss), net of tax, (Note 2) | - | - | - | - | 1,443 | 1,443 | 1,443 |
| Comprehensive income | | | | | | $ 4,450 | |
| Adjustment to reflect two-for-one common stock split (Note 19) | - | 1,290 | (1,290) | | | | |
| Dividends declared on common stock (amount per share $.15) | - | - | - | (387) | - | | (387) |
| Balance, December 31, 2000 | $ - | $ 2,580 | $ 2,251 | $ 14,526 | $ (22) | | $ 19,335 |
| **Comprehensive income:** | | | | | | | |
| **Net income** | - | - | - | 3,457 | - | 3,457 | 3,457 |
| **Other comprehensive income, net of tax, (Note 2)** | - | - | - | - | 433 | 433 | 433 |
| **Comprehensive income** | | | | | | $ 3,890 | |
| **Dividends declared on common stock (amount per share $.19)** | - | - | - | (490) | - | | (490) |
| **Balance, December 31, 2001** | $ - | $ 2,580 | $ 2,251 | $ 17,493 | $ 411 | | $ 22,735 |

See notes to consolidated financial statements

## FIRST BANKERS TRUSTSHARES, INC.
## CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of dollars)

| | Years Ended December 31, 2001 | 2000 | 1999 |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Net income | $ 3,457 | $ 3,007 | $ 2,710 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Provision for loan losses | 660 | 240 | 240 |
| Amortization of intangibles | 134 | 134 | 134 |
| Depreciation | 673 | 656 | 615 |
| Amortization/accretion of premiums/discounts on securities, net | 154 | 10 | 155 |
| Investment securities (gains) losses, net | (446) | 258 | (2) |
| Loans originated for resale | (32,524) | (7,217) | (9,672) |
| Proceeds from loans sold | 30,918 | 6,970 | 10,554 |
| Gain on sale of loans | (155) | (96) | (115) |
| Deferred income taxes | (118) | (25) | (38) |
| (Increase) decrease in accrued interest receivable and other assets | (308) | (827) | 247 |
| Increase (decrease) in accrued interest payable and other liabilities | (147) | 408 | (116) |
| Net cash provided by operating activities | $ 2,298 | $ 3,518 | $ 4,712 |
| **Cash Flows From Investing Activities** | | | |
| Purchases of securities available for sale | $ (33,615) | $ (22,837) | $ (34,015) |
| Purchases of securities held to maturity | (700) | (700) | (2,106) |
| Proceeds from sales of securities available for sale | 3,856 | 17,972 | 3,633 |
| Proceeds from sales of securities held to maturity | - | 164 | - |
| Proceeds from maturities, calls and principal reductions of securities | 27,286 | 8,244 | 25,956 |
| Increase in loans, net | (13,544) | (20,224) | (30,866) |
| (Increase) decrease in federal funds sold | 9,200 | (5,275) | 7,175 |
| Purchases of premises, furniture and equipment | (1,068) | (225) | (716) |
| Net cash (used in) investing activities | $ (8,585) | $ (22,881) | $ (30,939) |
| **Cash Flows From Financing Activities** | | | |
| Net increase in deposits | $ 12,247 | $ 44,885 | $ 11,756 |
| Principal payments on note payable | - | (2,780) | (1,200) |
| Cash dividends paid on common stock | (464) | (361) | (309) |
| Increase (decrease) in short-term borrowings | (7,355) | (8,608) | 12,941 |
| Proceeds from Federal Home Loan Bank advances | 8,000 | 2,000 | 5,000 |
| Repayments of Federal Home Loan Bank advances | (4,000) | (5,000) | (7,000) |
| Proceeds from issuance of preferred securities of subsidiary trust | - | 5,000 | - |
| Net cash provided by financing activities | $ 8,428 | $ 35,136 | $ 21,188 |
| Net increase (decrease) in cash and due from banks | $ 2,141 | $ 15,773 | $ (5,039) |
| **Cash and Due From Banks:** | | | |
| Beginning | $ 23,718 | $ 7,945 | $ 12,984 |
| Ending | $ 25,859 | $ 23,718 | $ 7,945 |

(continued)

**FIRST BANKERS TRUSTSHARES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Amounts in thousands of dollars)

| | Years Ended December 31, | | |
|---|---|---|---|
| **Supplemental disclosure of cash flow information, Cash payments for:** | 2001 | 2000 | 1999 |
| Interest | $ 11,485 | $ 10,526 | $ 8,305 |
| Income taxes | $ 1,544 | $ 1,509 | $ 1,332 |
| **Supplemental schedule of noncash investing and financing activities:** | | | |
| Net change in accumulated other comprehensive income (loss), unrealized gains (losses) on securities available for sale, net | $ 433 | $ 1,443 | $ (1,602) |
| Transfer of loans to other real estate owned | $ 169 | $ – | $ 113 |

See notes to consolidated financial statements

## 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Business**
First Bankers Trustshares, Inc. (the "Company") is a bank holding company providing bank and bank related services through its subsidiaries, First Bankers Trust Company, N.A. (Bank) and FBIL Statutory Trust I, to a market area consisting primarily of Adams and adjacent Illinois counties, and Marion, Lewis and Shelby counties in Missouri. Trust services are provided through trust offices located in Quincy and Chicago, Illinois and Phoenix, Arizona.

**Significant Accounting Policies**
The accounting and reporting policies of First Bankers Trustshares, Inc. and its subsidiaries conform to generally accepted accounting principles and general practices within the banking industry. The following is a summary of the more significant of these policies.

**Accounting Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The allowance for loan losses is inherently subjective as it requires material estimates that are susceptible to significant change. The fair value disclosure of financial statements is an estimate that can be computed within a range.

**Basis of Consolidation**
The consolidated financial statements include the accounts of First Bankers Trustshares, Inc. and its wholly-owned subsidiaries, First Bankers Trust Company, National Association (the "Bank") and FBIL Statutory Trust I. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Presentation of Cash Flows**
For purposes of reporting cash flows, cash and due from banks includes cash on hand and amounts due from banks, including cash items in process of clearing. Cash flows from loans to customers, deposits, short-term borrowings and federal funds sold are reported net.

**Trust Department Assets**
Trust assets, other than cash deposits held by the Bank, are not assets of the Bank and, accordingly are not included in these consolidated financial statements.

**Securities**
Securities held to maturity are those for which the Bank has the ability and intent to hold to maturity. Securities meeting such criteria at the date of purchase and as of the balance sheet date are carried at amortized cost, adjusted for amortization of premiums and discounts, computed by the interest method over their contracted lives.

Securities available for sale are accounted for at fair value and the unrealized holding gains or losses, net of their deferred income tax effect, are presented as increases or decreases in accumulated other comprehensive income, as a separate component of equity.

Realized gains and losses on sales of securities are based upon the adjusted book value of the specific securities sold and are included in earnings.

There were no trading securities at December 31, 2001 and 2000.

**Loans**
Loans are stated at the principal amount outstanding, net of allowance for loan losses. Interest on loans is credited to operations as earned, based upon the principal amount outstanding.

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

It is the Bank's policy to discontinue the accrual of interest income on any loan when, in the opinion of management, there is reasonable doubt as to the timely collection of interest or principal. Interest on these loans is credited to income only when the loan is removed from nonaccrual status. Nonaccrual loans are returned to an accrual status when, in the opinion of management, the financial position of the borrower and other relevant factors indicate there is no longer any reasonable doubt as to the timely payment of principal or interest.

The Bank grants agribusiness, commercial, residential, and consumer loans to customers throughout the Bank's market area. The Bank's policy for requiring collateral is consistent with prudent lending practice and anticipates the potential for economic fluctuations. Collateral varies but may include accounts receivable, inventory, property, equipment and income-producing commercial properties. It is the Bank's policy to file financing statements and mortgages covering collateral pledged.

As of December 31, 2001 and 2000, the Bank had loan concentrations in agribusiness of 7.43% and 8.47%, hotel and motel industry of 4.20% and 1.78% and senior housing industry of 3.11% and 2.34%, respectively of outstanding loans. The Bank had no additional industry loan concentrations, which, in management's judgment, were considered to be significant. The Bank had no foreign loans outstanding as of December 31, 2001 and 2000.

**Allowance for Loan Losses**

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing loans and commitments to extend loans based on evaluations of the collectibility and prior loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentrations, specific problem loans and commitments, and current and anticipated economic conditions that may affect the borrower's ability to pay.

Loans are considered impaired when, based on current information and events, it is probable the Bank will not be able to collect all amounts due under the loan agreement. The portion of the allowance for loan losses applicable to impaired loans is computed based on the present value of the estimated future cash flows of interest and principal discounted at the loan's effective interest rate or on the fair value of the collateral for collateral dependent loans. The entire change in present value of expected cash flows of impaired loans is reported as bad debt expense in the same manner in which impairment initially was recognized or as a reduction in the amount of bad debt expense that otherwise would be reported. The Bank recognizes interest income on impaired loans on a cash basis.

**Transfers of Financial Assets**

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

**Credit Related Financial Instruments**

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commitments under lines of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

**Sale of Loans**

As part of its management of assets and liabilities, the Company periodically sells residential real estate, agricultural and student loans. Loans, which are expected to be sold in the foreseeable future, are classified as held for sale and are recorded at the lower of aggregate cost or market value. At December 31, 2001 and 2000, loans held for sale consist of residential real estate loans.

## 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Premises, Furniture and Equipment**
Premises, furniture and equipment are stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the assets.

**Other Real Estate Owned**
Other real estate owned (OREO), which is included with other assets, represents properties acquired through foreclosure, in-substance foreclosure or other proceedings. Any write-down to fair value at the time of the transfer to OREO is charged to the allowance for loan losses. Property is evaluated regularly to ensure that the recorded amount is supported by the current fair value. Subsequent write-downs to fair value are charged to earnings.

**Intangibles**
Goodwill represents the unamortized cost of the investment in the Bank in excess of the fair value of net assets acquired. Goodwill totals $334,000 and $468,000 at December 31, 2001 and 2000, respectively.

**Earnings Per Share of Common Stock**
Basic earnings per share of common stock is computed by dividing net income, after deducting preferred stock dividends, by the weighted average number of shares outstanding during each reporting period. Diluted earnings per share of common stock assumes the conversion, exercise or issuance of all potential common stock (common stock equivalents) unless the effect is to reduce the loss or increase the income per common share from continuing operations. The Company had no common stock equivalents as of and for the years ending December 31, 2001, 2000, and 1999.

**Income Taxes**
Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in the tax laws and rates on the date of enactment.

**Reclassifications**
Certain amounts in the prior year financial statements have been reclassified, with no effect on net income or stockholders' equity to conform to current year presentations.

## 2. COMPREHENSIVE INCOME

Comprehensive income is defined as the change in equity during a period from transactions and other events from non-owner sources. Comprehensive income is the total of net income and other comprehensive income, which for the Company is comprised entirely of unrealized gains and losses on securities available for sale.

Other comprehensive income (loss) is comprised as follows (Amounts in thousands of dollars):

| | Before tax | Tax expense (benefit) | Net of tax |
|---|---|---|---|
| **Year ended December 31, 2001** | | | |
| Unrealized gains on securities available for sale: | | | |
| Unrealized holding gains arising during the year | $ 1,146 | $ 437 | $ 709 |
| Less reclassification adjustment for gains included in net income | 446 | 170 | 276 |
| Other comprehensive income | $ 700 | $ 267 | $ 433 |
| Year ended December 31, 2000 | | | |
| Unrealized gains (losses) on securities available for sale: | | | |
| Unrealized holding gains arising during the year | $ 2,070 | $ 787 | $ 1,283 |
| Less reclassification adjustment for (losses) included in net income | (258) | (98) | (160) |
| Other comprehensive income | $ 2,328 | $ 885 | $ 1,443 |
| Year ended December 31, 1999 | | | |
| Unrealized gains (losses) on securities available for sale: | | | |
| Unrealized holding (losses) arising during the year | $ (2,581) | $ (980) | $ (1,601) |
| Less reclassification adjustment for gains included in net income | 2 | 1 | 1 |
| Other comprehensive (loss) | $ (2,583) | $ (981) | $ (1,602) |

## 3. RESTRICTIONS ON CASH AND DUE FROM BANKS

The Bank is required to maintain a reserve balance with the Federal Reserve Bank of St. Louis. The total of the reserve balance was approximately $3,074,000 and $2,387,000 at December 31, 2001 and 2000, respectively.

## 4. SECURITIES

The amortized cost and fair values of securities held to maturity as of December 31, 2001 and 2000 are as follows (Amounts in thousands of dollars):

| | 2001 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Fair Value |
| U.S. Government agencies and corporations | $ 215 | $ 8 | $ - | $ 223 |
| State and political subdivisions | 9,405 | 121 | (141) | 9,385 |
| | $ 9,620 | $ 129 | $ (141) | $ 9,608 |

**4. SECURITIES (Continued)**

| | 2000 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Fair Value |
| U.S. Government agencies and corporations | $ 287 | $ 2 | $ - | $ 289 |
| State and political subdivisions | 10,815 | 72 | (159) | 10,728 |
| | $ 11,102 | $ 74 | $ (159) | $ 11,017 |

The amortized cost and fair values of securities available for sale as of December 31, 2001 and 2000 are as follows (Amounts in thousands of dollars):

| | **2001** | | | |
|---|---|---|---|---|
| | **Amortized Cost** | **Gross Unrealized Gains** | **Gross Unrealized (Losses)** | **Fair Value** |
| U.S. Government agencies and corporations | **$ 46,121** | **$ 679** | **$ (83)** | **$ 46,717** |
| State and political subdivisions | **8,507** | **108** | **(103)** | **8,512** |
| Corporate securities | **1,433** | **24** | **-** | **1,457** |
| Collateralized mortgage obligations | **9,716** | **64** | **(24)** | **9,756** |
| | **$ 65,777** | **$ 875** | **$ (210)** | **$ 66,442** |

| | 2000 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Fair Value |
| U.S. Government agencies and corporations | $ 53,735 | $ 393 | $ (450) | $ 53,678 |
| State and political subdivisions | 5,822 | 93 | (59) | 5,856 |
| Collateralized mortgage obligations | 1,273 | - | (12) | 1,261 |
| | $ 60,830 | $ 486 | $ (521) | $ 60,795 |

The amortized cost and fair value of securities as of December 31, 2001 by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the corporate securities and mortgages underlying the collateralized mortgage obligations may be called or prepaid without penalties. Therefore, these securities are not included in the maturity categories in the following summaries (Amounts in thousands of dollars):

| **Securities held to maturity:** | **Amortized Cost** | **Fair Value** |
|---|---|---|
| Due in one year or less | **$ 1,018** | **$ 1,030** |
| Due after one year through five years | **3,183** | **3,280** |
| Due after five years through ten years | **2,681** | **2,671** |
| Due after ten years | **2,738** | **2,627** |
| | **$ 9,620** | **$ 9,608** |

| **Securities available for sale:** | **Amortized Cost** | **Fair Value** |
|---|---|---|
| Due in one year or less | **$ 3,634** | **$ 3,805** |
| Due after one year through five years | **12,472** | **12,675** |
| Due after five years through ten years | **13,632** | **13,818** |
| Due after ten years | **24,890** | **24,931** |
| | **$ 54,628** | **$ 55,229** |
| Corporate securities | **1,433** | **1,457** |
| Collateralized mortgage obligations | **9,716** | **9,756** |
| | **$ 65,777** | **$ 66,442** |

**4. SECURITIES (Continued)**

| Proceeds from sales: | 2001 | 2000 | 1999 |
|---|---|---|---|
| Securities available for sale | $ 3,856 | $ 17,972 | $ 3,633 |
| Securities held to maturity | - | 164 | - |
| Gross gains | $ 219 | $ 9 | $ 10 |
| Gross losses | $ - | $ 267 | $ 8 |

The sales of securities held to maturity during the year ended December 31, 2000 were made in accordance with the provisions of Financial Accounting Standards No. 115. The sales qualified as in-substance maturities, as defined in the standard.

As of December 31, 2001 and 2000 securities with a carrying value of approximately $46,975,000 and $60,256,000 respectively, were pledged to collateralize deposits and securities sold under agreements to repurchase and for other purposes as required or permitted by law.

**5. LOANS**

The composition of net loans outstanding as of December 31, 2001 and 2000 are as follows (Amounts in thousands of dollars):

| | 2001 | 2000 |
|---|---|---|
| Commercial | $ 90,990 | $ 80,027 |
| Agricultural | 14,089 | 14,950 |
| Tax exempt | 3,803 | 1,685 |
| Real estate, mortgage | 41,467 | 45,589 |
| Consumer | 38,989 | 33,928 |
| Other | 193 | 276 |
| | $ 189,531 | $ 176,455 |
| Less: Allowance for loan losses | (2,312) | (1,951) |
| **Net loans** | $ 187,219 | $ 174,504 |

Loans on which the accrual of interest has been discontinued totaled $148,000 and $242,000 as of December 31, 2001 and 2000, respectively. The foregone interest had the effect of reducing interest income by $16,000 and had no impact on earnings per share of common stock for the year ended December 31, 2001. The foregone interest for the years ended December 31, 2000 and 1999 had the effect of reducing interest income by $26,000 and $10,000, respectively. There was an impact of $.01 on earnings per share of common stock for the year ended 2000 and no impact on earnings per share of common stock for the year ended 1999.

Impaired loans were not material at December 31, 2001 and 2000.

Activity in the allowance for loan losses during the years ended December 31, 2001, 2000 and 1999 is summarized below (Amounts in thousands of dollars):

| | 2001 | 2000 | 1999 |
|---|---|---|---|
| **Balance, beginning of year** | $ 1,951 | $ 1,919 | $ 1,860 |
| Provision for loan losses | 660 | 240 | 240 |
| Loan charge-offs | (337) | (274) | (207) |
| Recoveries of loans charged off | 38 | 66 | 26 |
| **Balance, end of year** | $ 2,312 | $ 1,951 | $ 1,919 |

**5. LOANS (Continued)**

In the ordinary course of business, the Bank has loans with directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders (hereafter referred to as related parties). The Bank believes that all such loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with other persons and that such loans do not present more than a normal risk of collectibility or present other unfavorable features. An analysis of the changes in the aggregate amount of these loans during 2001 and 2000 is as follows (Amounts in thousands of dollars):

| | 2001 | 2000 |
|---|---|---|
| **Balance, beginning of year** | $ 2,658 | $ 2,047 |
| Advances | 7,994 | 11,915 |
| Repayments | (7,332) | (11,304) |
| **Balance, end of year** | $ 3,320 | $ 2,658 |

**6. PREMISES, FURNITURE AND EQUIPMENT**

The cost, accumulated depreciation and net book value of premises, furniture and equipment as of December 31, 2001 and 2000 is summarized as follows (Amounts in thousands of dollars):

| | 2001 | 2000 |
|---|---|---|
| Land | $ 625 | $ 625 |
| Building and improvements | 3,710 | 3,505 |
| Furniture and equipment | 5,538 | 4,726 |
| | $ 9,873 | $ 8,856 |
| Less accumulated depreciation | (5,777) | (5,155) |
| | $ 4,096 | $ 3,701 |

**7. TIME DEPOSITS**

The aggregate amount of time deposits, each with a minimum denomination of $100,000, was approximately $26,648,000 and $32,866,000 at December 31, 2001 and 2000, respectively.

At December 31, 2001, the scheduled maturities of time deposits are as follows (Amounts in thousands of dollars):

| | |
|---|---|
| 2002 | $ 88,136 |
| 2003 | 15,113 |
| 2004 | 6,111 |
| 2005 | 1,576 |
| 2006 | 4,438 |
| | $ 115,374 |

**8. SHORT TERM BORROWINGS**

The following is a summary of short-term borrowings outstanding as of December 31, 2001 and 2000 (Amounts in thousands of dollars):

| | 2001 | 2000 |
|---|---|---|
| Federal funds purchased | $ 800 | $ - |
| Securities sold under agreement to repurchase | 9,673 | 16,123 |
| U.S. Treasury tax and loan note account | - | 1,705 |
| Total short-term borrowings | $ 10,473 | $ 17,828 |

## 8. SHORT TERM BORROWINGS (Continued)

Securities sold under agreements to repurchase are short-term borrowings that generally mature within 180 days from the dates of issuance. The U.S. Treasury tax and loan note generally matures within 30 days.

Other information concerning securities sold under agreements to repurchase is summarized as follows (Amounts in thousands of dollars):

| | 2001 | 2000 |
|---|---|---|
| Average balance during the year | $ 12,870 | $ 21,532 |
| Average interest rate during the year | 4.06% | 5.05% |
| Maximum month end balance during the year | $ 15,723 | $ 26,529 |
| Securities underlying the agreements at year end: | | |
| Carrying value | $ 20,553 | $ 32,754 |
| Fair value | $ 20,522 | $ 32,689 |

Average balances above are based upon daily average balances and rates. The securities underlying the agreements at year-end were under the Company's control.

## 9. FEDERAL HOME LOAN BANK ADVANCES

Federal Home Loan Bank (FHLB) advances are summarized as follows at December 31, 2001:

| Maturity in year ending December 31: | Weighted Average Interest Rate | Balance Due (Amount in thousands) |
|---|---|---|
| 2004 | 4.90% | $ 8,000 |
| 2006 | 4.60 | 3,000 |
| 2008 | 4.89 | 2,000 |
| | | $ 13,000 |

Advances totaling $5,000,000 maturing in 2004 and 2008 have call features that could be implemented beginning in 2002 through 2003. First mortgage loans of approximately $21,667,000 as of December 31, 2001 are pledged as collateral on FHLB advances.

FHLB advances at December 31, 2000 totaled $9,000,000. These advances had maturity dates between 2001 and 2008 and carried interest rates ranging from 4.35% and 7.40%. First mortgage loans of approximately $15,000,000 as of December 31, 2000 were pledged as collateral on these advances.

## 10. COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED DEBENTURES

During 2000 the Company issued 5,000 shares of Company Obligated Mandatorily Redeemable (COMR) Preferred Securities of FBIL Statutory Trust I Holding Solely Subordinated Debentures. Distributions are paid semi-annually. Cumulative cash distributions are calculated at a 10.60% annual rate. The Company may, at one or more times, defer interest payments on the capital securities for up to 10 consecutive semi-annual periods, but not beyond September 7, 2030. At the end of the deferral period, all accumulated and unpaid distributions will be paid. The capital securities will be redeemed on September 7, 2030; however, the Company has the option to shorten the maturity date to a date not earlier than September 7, 2010. The redemption price begins at 105.300% to par and is reduced by 53 basis points each year until September 7, 2020 when the capital securities can be redeemed at par. Any accrued and unpaid distributions to the date of the redemption must also be paid.

## 10. COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED DEBENTURES (Continued)

Holders of the capital securities have no voting rights, are unsecured and rank junior in priority of payment to all of the Company's indebtedness and senior to the Company's capital stock.

The debentures are included on the balance sheet at December 31, 2001 as liabilities. For regulatory purposes, the entire amount of the capital securities is allowed in the calculation of Tier I capital.

## 11. COMMITMENTS AND CONTINGENCIES

**Financial instruments with off-balance sheet risk:**

The Bank, in the normal course of business, is a party to financial instruments with off-balance sheet risk to meet the financing needs of its customers. These financial instruments include unused lines of credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the consolidated balance sheets.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for unused lines of credit and standby letters of credit is represented by the contractual amounts of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

A summary of the Bank's commitments at December 31, 2001 and 2000 is as follows (Amounts in thousands of dollars):

| | 2001 | 2000 |
|---|---|---|
| Unused lines of credit | $ 23,275 | $ 24,194 |
| Standby letters of credit | 710 | 667 |

Unused lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. The agreements generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the agreements are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customers' credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based upon management's credit evaluation of the counter-party. Collateral varies but may include accounts receivable, inventory, property, equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral varies as specified above and is required in instances in which the Bank deems necessary.

**Stock purchase:**

Subsequent to year end the Company entered into discussions with a major shareholder for the repurchase of approximately 531,000 shares of its common stock at an approximate total cost of $7.4 million. If the agreement is executed, the Company plans to fund the purchase with cash of $1.4 million and borrowings of $6 million. The transaction is subject to regulatory approval and is not anticipated to adversely affect regulatory capital requirements as outlined in Note 14.

**Concentration of credit risk:**

Aside from cash on hand and in-vault, the majority of the Company's cash is maintained at Firstar, Commerce Bank, N.A., and the Federal Home Loan Bank of Chicago. The total amount of cash on deposit and federal funds sold exceeded federal insurance limits at the respective institutions by approximately $3,399,000, 6,940,000, and $13,731,000, respectively as of December 31, 2001. In the opinion of management, no material risk of loss exists due to the financial condition of the institutions.

## 12. BENEFITS

The Bank has a retirement plan, which covers substantially all full time employees (working over 20 hours per week) after completion of one year of service and attaining the age of 21. The Bank contributes an amount adequate to fund the Target Benefit as determined by various plan assumptions. The Target Benefit is 17.5% of total compensation and is based on the employee's highest consecutive five years of compensation while a participant.

Effective December 31, 2001 the Company terminated its pension plan. Monies associated with the plan were transferred into the Company's 401K plan.

The Bank also has a 401K plan, which is a tax qualified savings plan, to encourage its employees to save for retirement purposes or other contingencies. Substantially all full time (working over 20 hours per week) employees of the Bank are eligible to participate in the Plan on the later of January 1st or July 1st after completion of one year of service and attaining the age of 18. The employee may elect to contribute up to 15% of their compensation before taxes. Based upon profits, as determined by the Bank, a contribution may be made by the Bank. Employees are 100% vested in the Bank's contribution to the plan after five years of service. Employee contributions and vested Bank contributions may be withdrawn only on termination of employment, retirement, or death.

Under the Employee Incentive Compensation Plan, the Bank is authorized at its discretion, pursuant to the provisions of the plan, to establish on an annual basis, a bonus fund, which will be distributed to certain employees, based on their performance. The Employee Incentive Compensation Plan does not become effective unless the Bank exceeds established income levels.

Contributions to the target benefit plan for the years ended December 31, 2001, 2000 and 1999 totaled $63,000, $106,000 and $112,000 respectively. There were no contributions to the 401(k) plan for the years ended December 31, 2001, 2000 and 1999. Incentive compensation was $143,000, $179,000 and $115,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

## 13. PREFERRED STOCK

Fifty thousands shares of Series A preferred stock with a stated value of $50.00 per share are authorized. Preferred Stock was authorized in June 1989. The Company issued thirty-eight thousand shares of Series A Preferred Stock in June 1989 for a total consideration of $1,900,000. The stock pays quarterly cumulative dividends at a per annum rate of 8.50% on the last day of March, June, September, and December. The holders of the Preferred Stock do not have any conversion rights. All shares of Preferred Stock, which have been issued, are senior to common stock as to dividends and liquidation. The holders of the Preferred Stock will only be allowed to vote to: (a) approve the creation or issuance of any class of securities ranking, as to the payment of dividends or as to the distribution upon liquidation, prior to, or upon a parity with the Preferred Stock; (b) amend any provisions of the Company's Restated Certificate of Incorporation which would affect the designations, preferences, qualifications, limitations or restrictions and special or relative rights of the Preferred Stock; and (c) approve any reduction in the Company's stated capital below levels existing on the date on which the Company sells the Preferred Stock. They will also be allowed to vote on all matters as required by Delaware law. The Company can redeem the Preferred Stock at any time. The redemption amount (and the liquidation preference) will be the face value of the shares plus all accrued and unpaid dividends.

## 14. DIVIDENDS AND REGULATORY CAPITAL

The Company's stockholders are entitled to receive such dividends as are declared by the Board of Directors. The ability of the Company to pay dividends in the future is dependent upon its receipt of dividends from the Bank. The Bank's ability to pay dividends is regulated by banking statutes. The timing and amount of dividends will depend on earnings, capital requirements and financial condition of the Company and the Bank as well as general economic conditions and other relevant factors affecting the Company and the Bank.

## 14. DIVIDENDS AND REGULATORY CAPITAL (Continued )

Under the provisions of the National Bank Act the Bank may not, without prior approval of the Comptroller of the Currency, declare dividends in excess of the total of the current and past two year's earnings less any dividends already paid from those earnings.

The Company and Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classification are also subject to qualitative judgments by the regulators and components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and 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) and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2001, that the Company and Bank meet all capital adequacy requirements to which they are subject.

The most recent notification from the Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately or well capitalized the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company's and Bank's actual capital amounts and ratios are also presented in the table. (Amounts in thousands of dollars):

| | Actual | | For Capital Adequacy Purposes | | To Be Well Capitalized Under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|
| **As of December 31, 2001** | **Amount** | **Ratio** | **Amount** | **Ratio** | **Amount** | **Ratio** |
| Total Capital | | | | | | |
| (to Risk Weighted Assets) | | | | | | |
| Company | $28,988 | 14.03% | ≥$16,530 | ≥8.00% | ≥$20,662 | ≥10.00% |
| Bank | $26,172 | 12.73% | ≥$16,441 | ≥8.00% | ≥$20,552 | ≥10.00% |
| Tier I Capital | | | | | | |
| (to Risk Weighted Assets) | | | | | | |
| Company | $26,990 | 13.06% | ≥$8,265 | ≥4.00% | ≥$12,397 | ≥6.00% |
| Bank | $24,174 | 11.76% | ≥$8,221 | ≥4.00% | ≥$12,331 | ≥6.00% |
| Tier I Capital | | | | | | |
| (to Average Assets) | | | | | | |
| Company | $26,990 | 8.68% | ≥$12,437 | ≥4.00% | ≥$15,546 | ≥5.00% |
| Bank | $24,174 | 7.85% | ≥$12,312 | ≥4.00% | ≥$15,390 | ≥5.00% |
| As of December 31, 2000 | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Total Capital | | | | | | |
| (to Risk Weighted Assets) | | | | | | |
| Company | $25,712 | 13.25% | ≥$15,522 | ≥8.00% | ≥$19,402 | ≥10.00% |
| Bank | $22,045 | 11.44% | ≥$15,423 | ≥8.00% | ≥$19,279 | ≥10.00% |
| Tier I Capital | | | | | | |
| (to Risk Weighted Assets) | | | | | | |
| Company | $23,889 | 12.31% | ≥$7,761 | ≥4.00% | ≥$11,641 | ≥6.00% |
| Bank | $20,222 | 10.49% | ≥$7,711 | ≥4.00% | ≥$11,567 | ≥6.00% |
| Tier I Capital | | | | | | |
| (to Average Assets) | | | | | | |
| Company | $23,889 | 8.84% | ≥$10,813 | ≥4.00% | ≥$13,516 | ≥5.00% |
| Bank | $20,222 | 7.54% | ≥$10,726 | ≥4.00% | ≥$13,407 | ≥5.00% |

## 15. PARENT COMPANY ONLY FINANCIAL STATEMENTS

### PARENT COMPANY ONLY BALANCE SHEETS
(Amounts in thousands of dollars)

| | December 31, 2001 | December 31, 2000 |
|---|---|---|
| **Assets** | | |
| Cash | $ 2,751 | $ 3,462 |
| Investment in First Bankers Trust Company | 25,341 | 21,103 |
| Investment in FBIL Statutory Trust I | 160 | 155 |
| Other assets | 144 | 99 |
| **Total assets** | $ 28,396 | $ 24,819 |
| **Liabilities and stockholders' equity** | | |
| **Liabilities:** | | |
| Subordinated debentures | $ 5,155 | $ 5,155 |
| Other | 506 | 329 |
| **Total liabilities** | $ 5,661 | $ 5,484 |
| **Total stockholders' equity** | $ 22,735 | $ 19,335 |
| **TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY** | $ 28,396 | $ 24,819 |

### PARENT COMPANY ONLY STATEMENTS OF INCOME
(Amounts in thousands of dollars)

| | Years Ended December 31, 2001 | 2000 | 1999 |
|---|---|---|---|
| **Income:** | | | |
| Dividends received from First Bankers Trust Company | $ - | $ 1,050 | $ 1,400 |
| Dividends received from FBIL Statutory Trust I | 16 | - | - |
| Interest | 99 | 91 | 38 |
| **Total income** | $ 115 | $ 1,141 | $ 1,438 |
| **Expenses:** | | | |
| Interest | $ 547 | $ 324 | $ 249 |
| Salary and benefits | 22 | 22 | 22 |
| Other | 134 | 114 | 97 |
| **Total expenses** | $ 703 | $ 460 | $ 368 |
| Income (loss) before income tax benefits and equity in undistributed earnings of subsidiaries | $ (588) | $ 681 | $ 1,070 |
| Income tax (benefit) | (235) | (130) | (135) |
| Income (loss) before equity in undistributed earnings of subsidiaries | $ (353) | $ 811 | $ 1,205 |
| Equity in undistributed earnings of First Bankers Trust Company | 3,805 | 2,196 | 1,505 |
| Equity in undistributed earnings of FBIL Statutory Trust I | 5 | - | - |
| **Net income** | $ 3,457 | $ 3,007 | $ 2,710 |

## 15. PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Amounts in thousands of dollars)

| | Years Ended December 31, 2001 | 2000 | 1999 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income | $ 3,457 | $ 3,007 | $ 2,710 |
| Adjustments: | | | |
| Equity in undistributed earnings of subsidiaries | (3,810) | (2,196) | (1,505) |
| Changes in assets and liabilities | | | |
| (Increase) decrease in other assets | (45) | 26 | (75) |
| Increase (decrease) in other liabilities | (151) | (120) | 65 |
| Net cash provided by (used in) operating activities | $ (247) | $ 717 | $ 1,195 |
| **Cash flows from investing activities** | | | |
| Capital infusion, FBIL Statutory Trust I | $ - | $ (155) | $ - |
| **Cash flows from financing activities** | | | |
| Principal payments on note payable | $ - | $ (2,780) | $ (1,200) |
| Cash dividends paid on common stock | (464) | (361) | (309) |
| Proceeds from issuance of subordinated debentures | - | 5,155 | - |
| Net cash provided by (used in) financing activities | $ (464) | $ 2,014 | $ (1,509) |
| Net increase (decrease) in cash | $ (711) | $ 2,576 | $ 314 |
| Cash beginning | 3,462 | 886 | 1,200 |
| **Cash ending** | $ 2,751 | $ 3,462 | $ 886 |

## 16. INCOME TAX MATTERS

The components of income tax expense are as follows for the years ended December 31, 2001, 2000 and 1999 (Amounts in thousands of dollars):

| | Years Ended December 31 2001 | 2000 | 1999 |
|---|---|---|---|
| Current | $ 1,624 | $ 1,307 | $ 1,376 |
| Deferred | (118) | (25) | (38) |
| | $ 1,506 | $ 1,282 | $ 1,338 |

A reconciliation between income tax expense in the statements of income and the amount computed by applying the statutory federal income tax rate to income before income taxes is as follows (Amounts in thousands of dollars):

| | 2001 Amount | % of Pretax Income | 2000 Amount | % of Pretax Income | 1999 Amount | % of Pretax Income |
|---|---|---|---|---|---|---|
| Federal income tax at statutory rate | $ 1,687 | 34.0 % | $ 1,458 | 34.0 % | $ 1,376 | 34.0 % |
| Changes from statutory rate resulting from: | | | | | | |
| State tax, net of federal benefit | 116 | 2.3 | 71 | 1.7 | 139 | 3.4 |
| Amortization of goodwill | 45 | .9 | 45 | 1.0 | 45 | 1.1 |
| Tax exempt interest income, net | (291) | (5.9) | (249) | (5.8) | (261) | (6.4) |
| Over (under) accrual of provision and other, net | (51) | (1.0) | (43) | (1.0) | 39 | 1.0 |
| Income tax expense | $ 1,506 | 30.3 % | $ 1,282 | 29.9 % | $ 1,338 | 33.1 % |

## 16. INCOME TAX MATTERS (Continued)

Net deferred tax assets consist of the following components as of December 31, 2001 and 2000 (Amounts in thousands of dollars):

| | 2001 | | 2000 | |
|---|---|---|---|---|
| **Deferred tax assets:** | | | | |
| Allowance for loan losses | $ | 868 | $ | 699 |
| Unrealized losses on securities available for sale, net | | - | | 13 |
| Accrued expense | | 138 | | 130 |
| | $ | 1,006 | $ | 842 |
| **Deferred tax liabilities**: | | | | |
| Premises, furniture and equipment | $ | (338) | $ | (309) |
| Unrealized gains on securities available for sale, net | | (254) | | - |
| Stock dividends | | (56) | | (26) |
| | $ | (648) | $ | (335) |
| **Net deferred tax assets** | $ | 358 | $ | 507 |

Net deferred tax assets are included in other assets on the accompanying consolidated balance sheets.

The net change in deferred income taxes is reflected in the financial statements as follows (Amounts in thousands of dollars):

| | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2001 | | 2000 | | 1999 | |
| Provision for income taxes | $ | (118) | $ | (25) | $ | (38) |
| Statement of changes in stockholders' equity, accumulated other comprehensive income (loss), unrealized gains (losses) on securities available for sale, net | | 267 | | 885 | | (981) |
| | $ | 149 | $ | 860 | $ | (1,019) |

## 17. CURRENT ACCOUNTING DEVELOPMENTS

In July 2001, The Financial Accounting Standards Board issued Statement 141, "Business Combinations" and Statement 142 "Goodwill and Other Intangible Assets". Statement 141 eliminates the pooling method for accounting for business combinations; requires that intangible assets that meet certain criteria be reported separately from goodwill; and requires negative goodwill arising from a business combination to be recorded as an extraordinary gain. Statement 142 eliminates the amortization of goodwill and other intangib les that are determined to have an indefinite life; and requires, at a minimum, annual impairment tests for goodwill and other intangible assets that are determined to have an indefinite life. For the Company, Statement 141 was effective July 1, 2001 and the provisions of Statement 142 are effective January 1, 2002. Implementation of Statement 141 had no immediate impact on the Company's financial statements. Implementation of Statement 142 will impact the Company's financial statements in that yearly go odwill amortization expense of $134,000 will no longer be recorded.

The Financial Standards Board has issued Statement 143, "Accounting for Asset Retirement Obligations" and Statement 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". Statement 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. Statement 144 supersedes FASB Statement 121 and the accounting and reporting provisions of APB Opinion No. 30. Statement 144 establishes a single accounting model for long-lived assets to be disposed of by sale which includes measuring a long-lived asset classified as held for sale at the lower of its carrying amount or its fair value less costs to sell and to cease depreciation/amortization. For the Company, the provisions of Statement 143 and 144 are effective January 1, 2003, and January 1, 2002, respectively. Implementation of the Statements is not expected to have a material impact on the Company's financial statements.

## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB Statement No. 107 "Disclosures about Fair Value of Financial Instruments" requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets, and in many cases, could not be realized in immediate settlement of the instrument. Statement No. 107 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented are not intended to represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and due from banks and federal funds sold: The carrying amounts reported in the balance sheets for cash and due from banks and federal funds sold equal their fair values.

Securities: Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans held for sale: The fair value of loans held for sale is based on quoted market prices of similar loans sold in the secondary market.

Loans: For variable rate loans fair values are equal to carrying values. The fair values for all other types of loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality.

Accrued interest receivable and payable: The fair value of accrued interest receivable and payable is equal to its carrying value.

Deposits: The fair values for demand and savings deposits equal their carrying amounts, which represent the amount payable on demand. Fair values for time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on time deposits to a schedule of aggregated expected monthly maturities on time deposits.

Short-term borrowings: The fair value of short-term borrowings is considered to equal carrying value due to the borrowings short-term nature.

Federal Home Loan Bank advances and Company obligated mandatorily redeemable preferred securities: The fair value of Federal Home Loan Bank advances and Company obligated mandatorily redeemable preferred securities is estimated using discounted cash flow analyses, using interest rates currently being offered for similar borrowings.

Commitments to extend credit: The fair value of these commitments is not material.

**18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

The carrying values and estimated fair values of the Company's financial instruments as of December 31, 2000 and 1999 are as follows (Amounts in thousands of dollars):

| | 2001 | | 2000 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets: | | | | |
| Cash and due from banks | $ 25,859 | $ 25,859 | $ 23,718 | $ 23,718 |
| Securities held to maturity | 9,620 | 9,608 | 11,102 | 11,017 |
| Securities available for sale | 66,442 | 66,442 | 60,795 | 60,795 |
| Federal funds sold | 9,500 | 9,500 | 18,700 | 18,700 |
| Loans held for sale | 2,178 | 2,178 | 417 | 417 |
| Loans | 189,531 | 190,156 | 176,455 | 176,116 |
| Accrued interest receivable | 1,951 | 1,951 | 2,027 | 2,027 |
| Financial liabilities: | | | | |
| Non-interest-bearing demand deposits | $ 40,626 | $ 40,626 | $ 42,467 | $ 42,467 |
| Interest-bearing demand deposits | 71,718 | 71,718 | 58,694 | 58,694 |
| Savings deposits | 28,891 | 28,891 | 30,519 | 30,519 |
| Time deposits | 115,374 | 116,354 | 112,682 | 112,724 |
| Short-term borrowings | 10,473 | 10,473 | 17,828 | 17,828 |
| Federal Home Loan Bank advances | 13,000 | 13,330 | 9,000 | 9,032 |
| Company obligated mandatorily redeemable preferred securities of subsidiary trust holding soley subordinated debentures | 5,000 | 5,299 | 5,000 | 5,000 |
| Accrued interest payable | 1,434 | 1,434 | 1,952 | 1,952 |

**19. COMMON STOCK SPLIT**

On June 30, 2000 the Company issued an additional 1,289,615 shares of common stock to effect a two-for-one common stock split. Share and per share data as of and for the years ended December 31, 2000 and 1999 has been retroactively adjusted for this split as if it occurred on December 31, 1998.

## BOARD OF DIRECTORS FIRST BANKERS TRUST COMPANY, N.A.

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Member
Harborstone Group, LLC.

**Donald K. Gnuse, President & CEO**
President & Chief Executive Officer
First Bankers Trust Company, N.A.

**Steven E. Siebers, Secretary**
Attorney
Scholz, Loos, Palmer, Siebers,
& Duesterhaus

**Carl Adams, Jr.**
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Illinois Ayers Oil Company

**Merle Tieken**
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Gem City Electric

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Freiburg Insurance Agency &
Freiburg Development

**Phyllis J. Hofmeister**
Secretary/Treasurer
Robert Hofmeister, Inc.

**Dennis R. Williams**
Consultant
Self-Employed

**Arthur E. Greenbank**
Executive Vice President &
Chief Operating Officer
First Bankers Trust Company, N.A.

## OFFICERS

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Chief Executive Officer

**Arthur E. Greenbank**
Executive Vice President
Chief Operating Officer

**Joe J. Leenerts**
Senior Vice President
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**Jeanette L. Schinderling**
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**Linda J. Shultz**
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**Debra Staff**
Trust Officer

**Brent R. Voth**
Director
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