Community Banking

People Helping people

First Bankers Trustshares, Inc.

2000 Annual Report

CONTENTS

CORPORATE INFORMATION

Corporate Description

First Bankers Trustshares, Inc. 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 four 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: 246*
*As of December 31, 2000

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: Linda Shultz)
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.

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.

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

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

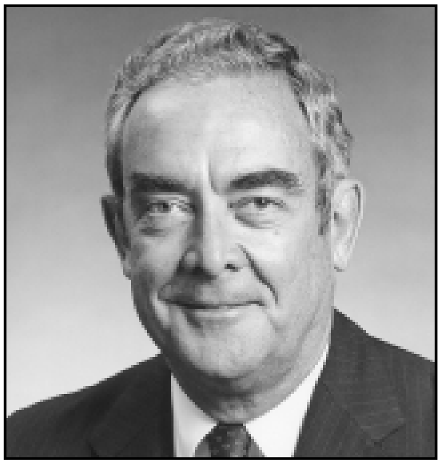
FIRST BANKERS TRUSTSHARES, INC. Stock Prices

Market Value	12/31/00	09/30/00	06/30/00	03/31/00	12/31/99
High	$ 19.00	$ 13.63	$ 14.19	$ 14.19	$ 13.75
Low	$ 13.63	$ 13.63	$ 13.63	$ 13.13	$ 13.13
Period End Close	$ 19.00	$ 13.63	$ 13.63	$ 14.19	$ 13.13

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



David E. Connor
Chairman of the Board

Dear Shareholders:

"Less is more." –Mies van der Rohe

"The problem at _______ (name omitted to protect the not-so-innocent) lay bare one of banking's dominant myths — - that bigger means better." — The Economist (January 27, 2001 issue)

In an article discussing the mega-merger craze among the world's banks, *The Economist,* one of the world's leading newspapers, describes the recent merger of the Bank of America and Nations Bank, which created the country's biggest bank in terms of branches, as a "beached whale." This catastrophe was caused, according to *The Economist,* by "a combined bout of flu and cancer – the flu being a growing portfolio of bad loans and the cancer a fundamentally flawed vision about the role of banking in today's environment."

Earlier in the article, there is a description of banking in the U.S. twenty (thirty?) years ago: "Thousands of small local banks lending to people and small business in their neighborhoods plus a few big money center banks that lent to the country's biggest corporations." The article goes on to state that economies of scale expected in large mergers are frequently outdistanced by diseconomies in management and by the need to amortize the high prices necessary to accomplish the merger in the first place. According to *The Economist*, the verdict on the crusade for bigger banks is that from the point of view of the shareholder, (paraphrasing Vanderohe) less (size) is often more (profitable).

I mention these comments in *The Economist* because the Board of Directors of First Bankers Trustshares constantly confront the matter of asset size, capital adequacy, shareholder value, profit margins, and management talent and depth. First Bankers Trustshares is by no means a mega-bank; but it is a solid, profitable, and well-run bank, where every effort is bent on providing first-rate service to our customers – whether small or large, local or regional. We welcome mega-mergers in our territory because as a consequence of such an event, First Bankers usually picks up quite a few customers, disgruntled by the changes made in the name of greater efficiency in the merged bank.

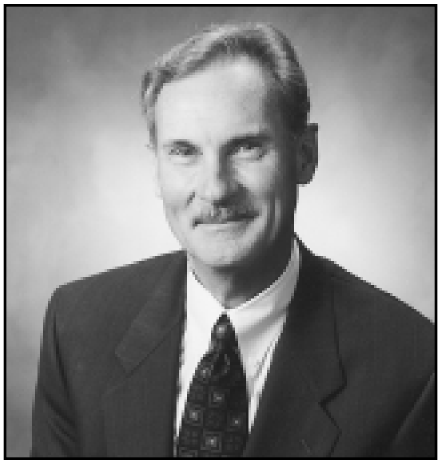
Yet in this day of unfettered interstate banking, Internet banking, and the pervasive expansion of "banking services" (whatever that means) on the part of the Wal-Marts, State Farms, and Merrill Lynches, a bank like First Bankers Trust simply cannot succeed by steaming as before. There is critical size which banks like First Bankers Trust must achieve to be able to employ the latest in expensive operational equipment, to secure and retain the increasingly sophisticated staff pool, and to have sufficient lending capability to serve the growing needs of our commercial customers. These and other arrows in the quiver of the modern bank are essential in order to continue to offer our chosen banking customers more banking bang for the buck.

At every board meeting (and quite often between them) your board of directors discusses the challenges and opportunities facing the company. A stopped clock may be right twice a day, but that is not the guiding philosophy at First Bankers Trustshares. Change is in the air. However, over time, the bankers' responses to change have not always turned out to have been especially wise. Sometimes one gets the impression that the mad rush of the lemmings may have been in reality a convention of bankers who were chasing a fellow banker who was suspected of having a new idea. At First Bankers Trustshares, we are quite aware of the challenges of change in our environment. We propose to manage that change (not be managed by it).

We have four constituencies: our community, our customers, our staff, and our stockholders. Whatever course First Bankers Trustshares takes will integrate, to the best of our ability, the concerns of each of these. Standing still seems to be an unlikely strategy (too easy a target for the other sharks in the banking pool), but other opportunities are constantly presenting themselves. First Bankers Trustshares' track record should give our shareholders a great deal of confidence that, as it has in the past, the bank's plan for the future will continue to be a winner. As Charles Kettering said, "I am interested in the future because I am going to be spending the rest of my life there." How true!

Sincerely,

David E. Connor
Chairman of the Board of Directors



Donald K. Gnuse
President & Chief Executive Officer

Dear Shareholders:

The year 2000 proved to be another successful year for your Company. I thought I would take this opportunity to share with you some of the "historical highs" that were posted during the year.

EARNINGS – Company earnings for the year 2000 rose from $1.05 per share for year-end 1999 to $1.17.

CASH DIVIDENDS – For the eighth consecutive year the Board of Directors have raised the cash dividend to stockholders. The raise is due to the continued splendid earning performance of the Company.

STOCKHOLDER INVESTMENT – We are very proud of the fact that during the past six years the return on stockholder equity has averaged 17.5%, which exceeds our benchmark goal of 15%. Market makers posted First Bankers Trustshares, Inc.'s common stock price at $19.00 per share at year-end, which reflected a 45% increase in market value when compared to the previous year-end. Shareholders that purchased stock and held it for long-term growth have been well rewarded for their decision.

ASSET EMPLOYMENT – The major asset employed by our Company is loans. Our talented lending staff, even in the face of significant competition, generated a 13% increase in our loan volume compared to 1999 figures.

TRUST ASSETS – Our trust department continues a steady climb in clients served nationwide. Trust earnings were up by 34% with net operating earnings exceeding those posted by members of the peer group.

DEPOSITS – Our marketing efforts resulted in a 23% increase in deposits for the year. This was accomplished by taking an aggressive position for attracting deposits in order to fund our increased lending activity.

WHERE DO WE GO FROM HERE? – Our goals and objectives for the year 2001 have already been set in motion. Although competition is fierce with an over-abundance of banks, thrifts, credit unions, brokerage houses and insurance companies all vying for the sale dollar, we still anticipate another good year. The excess capacity in the industry will shrink, in time, with only the strongest and those who are able to adapt surviving. Your Company's plan calls for it to be a survivor. That plan includes a goal of making your stock investment in the Company becoming one of the best long-term investments in your portfolio. Thank you, again, for entrusting that investment to us.

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	**2000**	1999	1998	1997	1996	1995
Net income	**$ 3,007**	$ 2,710	$ 2,618	$ 1,921	$ 1,797	$ 1,347
Preferred stock cash dividends paid	**$ -**	$ -	$ 32	$ 64	$ 106	$ 152
Common stock cash dividends paid	**$ 361**	309	$ 204	$ 176	$ 162	$ 149
Common stock cash dividend payout ratio	**12.01%**	11.40%	7.89%	9.52%	9.77%	12.77%
Return on average assets	**1.11%**	1.14%	1.21%	1.07%	1.07%	.86%
Return on common stockholders' equity[1]	**16.43%**	17.23%	20.27%	17.33%	18.53%	15.22%
PER COMMON SHARE[2]						
Earnings, basic and diluted	**$ 1.17**	$ 1.05	$ 1.02	$ .74	$ .67	$ .47
Dividends (Paid)	**$ .14**	$ .12	$ .08	$ .07	$ .07	$ .06
Book value[3]	**$ 7.51**	$ 6.49	$ 5.62	$ 4.54	$ 3.88	$ 3.28
Stock price						
High	**$ 19.00**	$ 13.75	$ 11.50	$ 8.50	$ 4.07	$ 3.28
Low	**$ 13.13**	$ 11.50	$ 8.50	$ 4.07	$ 3.28	$ 3.13
Close	**$ 19.00**	$ 13.13	$ 11.50	$ 8.50	$ 4.07	$ 3.28
Price/Earnings per share (at period end)	**16.2**	12.5	11.3	11.6	6.1	7.0
Market price/Book value (at period end)	**2.53**	2.02	2.05	1.87	1.05	1.00
Weighted average number of shares outstanding	**2,579,230**	2,579,230	2,545,358	2,533,776	2,533,776	2,533,776
AT DECEMBER 31,						
Assets	**$ 298,497**	$ 258,503	$ 236,323	$ 222,593	$ 178,644	$ 163,514
Investment securities	**73,314**	73,730	70,384	65,273	41,853	45,672
Loans	**176,455**	156,439	125,867	118,829	111,225	102,186
Deposits	**244,362**	199,477	187,721	174,778	140,104	131,518
Short-term borrowings and Federal Home Loan Bank advances	**26,828**	38,436	27,495	28,786	20,721	15,085
Note payable	**-**	2,780	3,980	4,580	4,980	5,380
Company obligated mandatorily redeemable preferred securities	**5,000**	-	-	-	-	-
Stockholders' equity[4]	**$ 19,357**	$ 16,737	$ 14,349	$ 11,993	$ 10,822	$ 9,793
Stockholders' equity to total assets	**6.48%**	6.47%	6.07%	5.39%	6.06%	5.99%
Tier 1 capital ratio (risk based)	**12.31%**	9.43%	9.70%	8.74%	8.83%	8.45%
Total capital ratio (risk based)	**13.25%**	10.53%	10.92%	9.94%	10.09%	9.64%
Leverage ratio	**8.84%**	6.45%	6.03%	6.21%	5.66%	5.40%

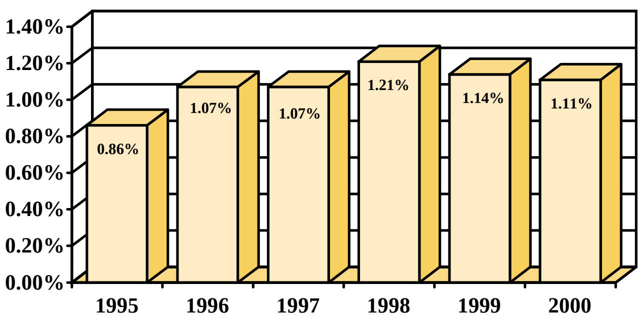
[1] Return on common stockholders' equity is calculated by subtracting preferred stock dividends from net income and dividing by average common stockholders' equity. Common stockholders' equity is defined as equity minus preferred stock equity and plus or minus accumulated other comprehensive income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

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

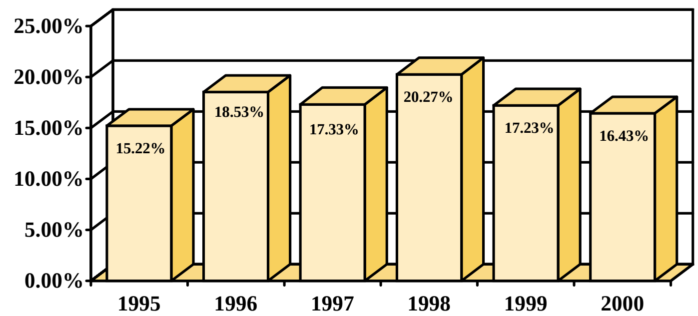
[3] Book value per share is calculated by dividing stockholders' equity, excluding accumulated other comprehensive income (loss), by outstanding shares.

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

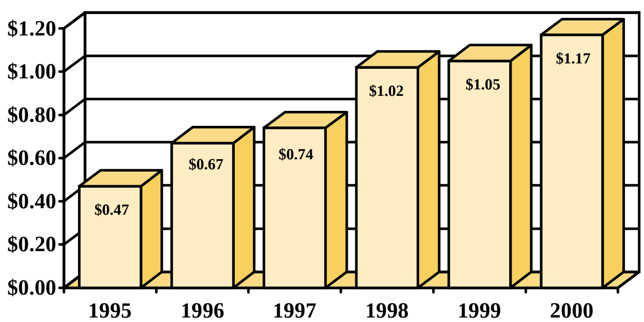
Return On Average Assets



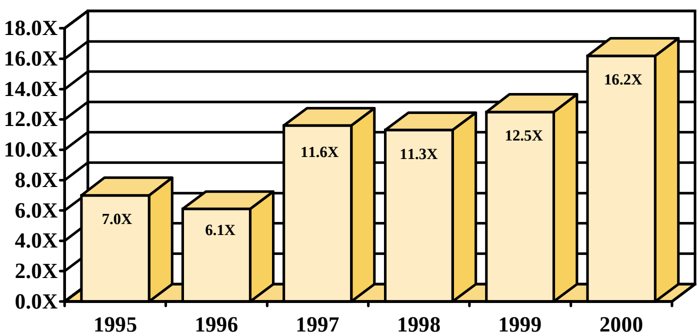
Return On Average Common Equity



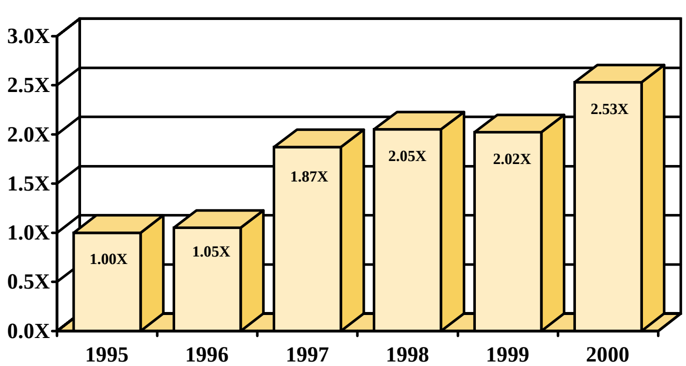
Earnings Per Share



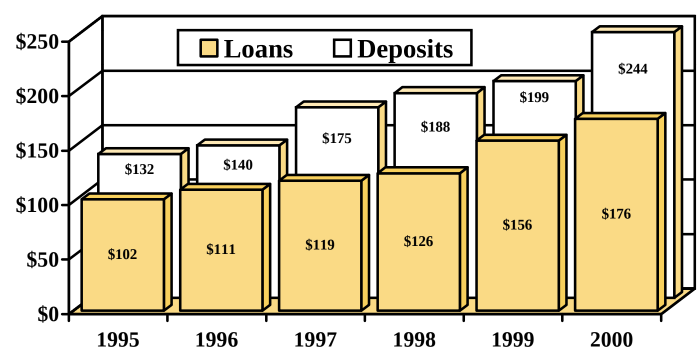
Price/Earnings Multiples



Price To Book Value



Loan/Deposit Growth



COMPANY PROFILE

You Have To Believe

"To say that the times were conducive to the formation of a bank, would be a wishful and gross exaggeration."

These were the words of Delbert Loos, one of the founding Directors of Broadway Bank and later Chairman of the Board of First Bankers Trust Company, N.A., about the conditions that existed in the Quincy community in early 1946. In spite of the fear and trepidation that people felt about investing in anything at the time, he and a number of others were able to establish the capital necessary for the bank's creation.

"You had to be there to fully evaluate the lack of trust in the banking industry," Loos states in his booklet entitled A Bank Is Born. Yet, trust and belief in the right individuals spawned the $200,000 in stock to open the bank's doors. Now, just over 50 years later, that capital stands in excess of $20,000,000.

By comparison, in 1989, also not the best of times to be buying bank stock, that same trust and belief in the right individuals, brought organizers of First Bankers Trustshares, Inc. together to form the holding company which now owns the bank. In just over 11 years, that trust and belief has been rewarded by increasing the worth of their original investment by 10 times its initial amount.

You Have To Plan

Since that first meeting on January 30, 1946, when the group of north side businessmen met to organize their steps for opening a bank, a plan has been followed. First Bankers Trust Company utilizes a participatory planning method, which involves every employee, from input to action steps. An Internal and External Situation Analysis is constructed by the bank's Chief Financial Officer, an input sheet, called a SWOT form (strengths, weaknesses, opportunities, and threats) is requested of each employee and an analysis is then compiled by the bank's Planning Officer.
Each department of the bank meets to develop a divisional plan and corresponding budget figures. The bank's Senior Management then produces a Corporate Plan & Budget which are presented to the Board of Directors for its approval.

The approved plan and budget are then shared with the employees through a series of small-group, Presidential Dinners. Employees are encouraged to ask questions and make comments.

The Corporate Plan & Budget are monitored on a regular basis and reviewed bi-monthly at management meetings conducted by the Executive Vice President.

Plans for the year 2001 and beyond, in a falling rate environment and with increased competition, remain very aggressive.

You Have To Manage

The bank, since its inception, has remained committed to Quincy and the Tri-State area. Now, with four offices in Quincy, and one in Mendon, the bank employs over 100 individuals, handles in excess of 800,000 teller transactions annually, has Trust offices in Chicago and Phoenix, handles the information for three correspondent banks, and has become the depository institution for several of the largest employers in the area.

This recent increase in size and activity, coupled with continued profitability, is a direct result of a coordinated approach to management. This involves the empowering of department and branch managers, which, in turn, increases the need for constant communication and feedback. A strong emphasis on operational synergies becomes imperative to obtaining continued profit margins and efficiency ratios.

There is no question, in today's economy, that margins are being compressed, fees are being scrutinized, overhead is rising, and competition has globalized. The successful banks in the next decade will be those banks that embrace change, that respond to the market needs, those that adopt professional, proactive selling as an attitude, and that truly manage for that success.

You Have To Listen

Effective listening is a key to the success that First Bankers Trust Company has experienced in the past. Responding to the needs that have been identified in that listening process is key to that success continuing. Many of the bank's products are a direct result of that response: Drive-up banking; Television banking; banking by mail; Express Telephone 24-hour banking; Automated Teller Machines; Business on-line banking; Internet banking; Seniors First; Secondary Market Mortgage Lending; Bank Leasing.

Over the years the Bank has found it helpful to have focus groups comprised of customers and non-customers. Questionnaires are made available to all customers at all banking locations and through statement stuffers, and a confidential Shopping Survey is conducted on a periodic basis to obtain comments, suggestions, and constructive criticism from the bank's many publics.

You Have To Perform

All of the belief, planning, managing, and listening in the world is worthless, however, if a company cannot perform. It is the proper synchronization of all of these processes that determines the level of success that a company achieves.

Plans and goals must be constructed in such a way as to be measurable. They must be able to be monitored at given points along their timeline. They must be flexible enough to be modified if necessary, yet rigid enough to achieve desired results. It is also necessary that the company's management be held accountable for reaching its goals.

It is the intent of the current management team to continue to outperform its peers and to be responsive to its customers, its community, its employees and it shareholders.

MANAGEMENT REPORT

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 generally accepted accounting principles 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 generally accepted accounting principles. 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

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 2000 performance.

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**	**2000**	**Change**	1999	Change	1998	1997	1996	1995	5 Year Growth Rate
Cash and due from banks:									
Non-interest bearing	**$ 7,555**	**8.49 %**	$ 6,964	21.96 %	$ 5,710	$ 4,843	$ 7,483	$ 4,899	54.22 %
Interest bearing	**16,163**	**1547.60**	981	(86.51)	7,274	10,930	3,366	1,012	1497.13
Securities	**73,314**	**(.56)**	73,730	4.75	70,384	65,273	41,853	45,672	60.52
Federal funds sold	**18,700**	**39.29**	13,425	(34.83)	20,600	17,000	10,200	4,700	297.87
Net loans	**174,504**	**12.93**	154,520	24.61	124,007	116,983	109,283	100,616	73.43
Other assets	**8,261**	**(7.00)**	8,883	6.41	8,348	7,564	6,459	6,615	24.88
Total Assets	**$ 298,497**	**15.47 %**	$ 258,503	9.39 %	$ 236,323	$ 222,593	$ 178,644	$ 163,514	82.55 %
Liabilities & Stockholders' Equity									
Deposits	**$ 244,362**	**22.50 %**	$ 199,477	6.26 %	$ 187,721	$ 174,778	$ 140,104	$ 131,518	85.80 %
Short-term borrowings	**17,828**	**(3 2.56)**	26,436	95.89	13,495	25,786	15,721	8,085	120.51
Federal Home Loan Bank advances	**9,000**	**(25.00)**	12,000	(14.29)	14,000	3,000	5,000	7,000	28.57
Note payable	**-**	**(100.00)**	2,780	(30.15)	3,980	4,580	4,980	5,380	-
Company obligated manditorily redeemable preferred securities	**5,000**	**100.00**	-	-	-	-	-	-	-
Other liabilities	**2,972**	**17.10**	2,538	(3.90)	2,641	2,271	1,901	1,608	84.83
Stockholders' equity	**19,335**	**26.60**	15,272	5.43	14,486	12,178	10,938	9,923	94.85
Total Liabilities & Stockholders' Equity	**$ 298,497**	**15.47 %**	$ 258,503	9.39 %	$ 236,323	$ 222,593	$ 178,644	$ 163,514	82.55 %

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

At December 31, 2000, the Company had assets of $298,497,000 compared to $258,503,000 at December 31, 1999. The $39,994,000 (15.47%) increase in total assets during the year ended December 31, 2000 was principally funded through increases of $44,885,000 (22.50%) in deposits. The increase in deposits allowed for $8,608,000 (32.56%) and $3,000,000 (25.00%) reduction in short term borrowings and Federal Home Loan Bank balances, respectively. These funds were the primary source used to fund increases in loans of $20,016,000 (12.79%), $15,182,000 (1547.60%) in interest bearing balances in banks and federal funds sold of $5,275,000 (39.29%).

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 (8.45%), agricultural (23.94%), real estate (12.60%), and consumer (21.52%) lending experienced growth during 2000. Approximately $6,243,000 of fixed rate long-term residential real estate loans was sold in the secondary market during 2000 while $8,790,000 in 1999. Agricultural real estate loans totaling $164,000 were sold in the secondary market during 2000, while $1,126,000 was sold in 1999. In addition, under the Company's student loan program, approximately $467,000 in student loans was sold to Sallie Mae during 2000 compared to $523,000 sold in 1999. 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.

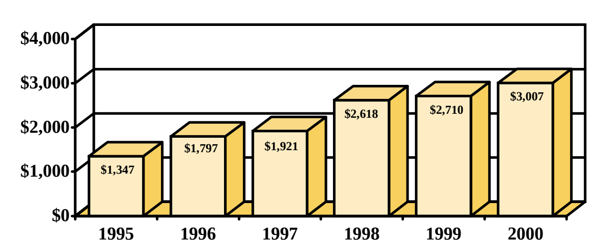
Prevailing economic conditions as well as federal regulations concerning monetary and fiscal policies as they pertain to financial institutions significantly affect the Company. Deposit balances are influenced by a number of factors including interest rates paid on competing personal investments and 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, 2000, the Company reported consolidated net income of $3,007,000, a $297,000 (10.96%) increase from 1999. Net interest income for the periods being compared increased $605,000 or 7.14%. Other income increased $113,000 (4.93%) while other expenses increased $477,000 (7.37%) over 1999 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 $257,904,000 for the year ended December 31, 2000. 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)

	2000	**Change**	1999	Change	1998	1997	1996	1995	5 Year Growth Rate
Interest income	**$ 20,135**	**20.75 %**	$ 16,675	6.44 %	$ 15,666	$ 13,385	$ 12,445	$ 11,397	76.67 %
Interest expense	**(11,059)**	**34.80**	(8,204)	4.06	(7,884)	(6,703)	(6,415)	(5,674)	94.91
Net interest income	**$ 9,076**	**7.14 %**	$ 8,471	8.85 %	$ 7,782	$ 6,682	$ 6,030	$ 5,723	58.59 %
Provision for loan losses	**(240)**	**-**	(240)	66.67	(144)	(30)	(67)	(180)	33.33
Net interest income after provision for loan losses	**$ 8,836**	**7.35 %**	$ 8,231	7.76 %	$ 7,638	$ 6,652	$ 5,963	$ 5,543	59.41 %
Other income	**2,404**	**4.93**	2,291	15.77	1,979	1,265	967	970	147.84
Other expense	**(6,951)**	**7.37**	(6,474)	11.72	(5,795)	(5,145)	(4,419)	(4,709)	47.61
Income before taxes	**$ 4,289**	**5.95 %**	$ 4,048	5.91 %	$ 3,822	$ 2,772	$ 2,511	$ 1,804	137.75 %
Income tax expense	**(1,282)**	**(4.19)**	(1,338)	11.13	(1,204)	(851)	(714)	(457)	180.53
Net income	**$ 3,007**	**10.96 %**	$ 2,710	3.51 %	$ 2,618	$ 1,921	$ 1,797	$ 1,347	123.24 %

	For the Years Ended December 31, (Amounts in thousands of dollars)		
	2000	1999	1998
Interest Income	**$ 19,680**	$ 16,329	$ 15,358
Loan Fees	**455**	346	308
Interest Expense	**(11,059)**	(8,204)	(7,884)
Net Interest Income	**$ 9,076**	$ 8,471	$ 7,782
Average Earning Assets	**$ 257,904**	$ 226,302	$ 205,299
Net Interest Margin	**3.52%**	3.74%	3.79%

The yield on average earning assets for the year ended 2000 was 7.81% while the average cost of funds for the same period was 5.06% on average interest bearing liabilities of $218,763,000. The yield on average earning assets for the year ended 1999 was 7.37%, while the average cost of funds for the same period was 4.33% on average interest bearing liabilities of $189,592,000. The increase in net interest income can be attributed to the $2,431,000 (6.62%) increase in average net earning assets during the period. This increase offset the decrease in both interest spread (29 basis point) and net interest margin (22 basis points).

Provision for Loan Losses

The allowance for loan losses as a percentage of net loans outstanding is 1.11% at December 31, 2000, compared to 1.23% at December 31, 1999. Net loan charge-offs totaled $208,000 for the year ended December 31, 2000 compared to $181,000 in 1999.

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, 2000.

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, 2000 was $2,404,000, an increase of $113,000 (4.93%) from 1999. The securities losses of $258,000 were due 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, 2000 totaled $6,951,000, an increase of $477,000 (7.37%) from 1999 year-end totals. Salaries and employee benefits expense aggregated 52.51% and 52.58% of total other expense for the year ended December 31, 2000 and 1999, respectively.

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

At December 31,	2000	1999	1998	1997	1996	1995
Non-accrual loans and leases	$ 242	$ 147	$ 88	$ 298	$ 275	$ 51
Other real estate owned	-	113	-	49	-	-
Total non-performing assets	$ 242	$ 260	$ 88	$ 347	$ 275	$ 51
Loans and leases past due 90 days or more	489	258	31	61	298	32
Total non-performing assets and 90-day past due loans and leases	$ 731	$ 518	$ 119	$ 408	$ 573	$ 83
Interest income as originally contracted on non-accrual and restructured loans and leases	$ 26	$ 10	$ 9	$ 53	$ 25	$ 4
Interest income recognized on non-accrual and restructured loans and leases	-	-	-	-	-	-
Reduction of interest income due to non-accrual and restructured loans and leases	$ 26	$ 10	$ 9	$ 53	$ 25	$ 4
Reduction in basic and diluted earnings per share due to non-accrual and restructured loans and leases	$ .01	$ .00	$ .00	$ .01	$ .01	$ .00

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, 2000, these categories totaled $43,273,000 or 14.50% of assets, compared to $23,202,000 or 8.98% the previous year.

As of December 31, 2000, securities held to maturity included $74,000 of gross unrealized gains and $159,000 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 2001, 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, 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

	As of December 31, 1999 Repricing Period		
	Through One year	After one Year through Five years	After Five years
Interest-earning assets	$ 82,236	$ 95,426	$ 66,987
Interest-bearing liabilities	167,425	35,221	4,000
Repricing gap (repricing assets minus repricing liabilities)	$ (85,189)	$ 60,205	$ 62,987

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.

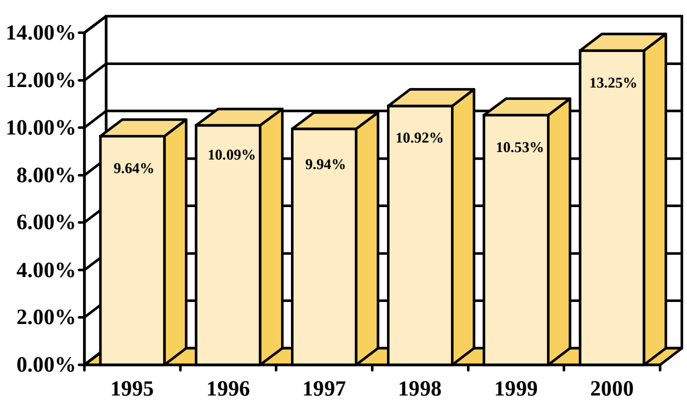
Although inflation may impact both interest rates and volume of loans and deposits, the major factor that affects net interest income is how well a bank is positioned to cope with changing interest rates.

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 13.25 percent of risk-weighted assets at December 31, 2000. In addition, a leverage ratio of at least 4.00 percent is to be maintained. At December 31, 2000, the Company's leverage ratio was 8.84 percent.

Asset Liability Management

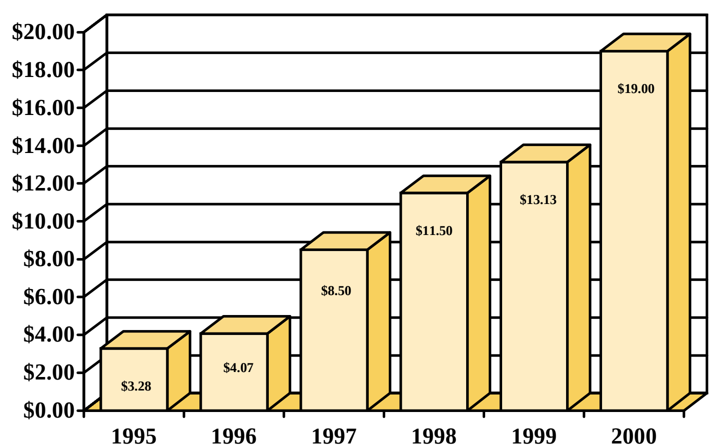
Since changes in interest rates may have a significant impact on operations the Company has implemented, and currently maintains, an asset liability management committee at the Bank to monitor and react to the changes in interest rates and other economic conditions. Research concerning interest rate 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 246 shareholders as of December 31, 2000, and is traded in a limited over-the-counter market.

On December 31, 2000 the market price of the Company's common stock was established by Howe Barnes Investments, Inc. at $19.00 a share. Cash dividends on common stock of $387,000 were declared by the Board of Directors of the Company for the year ended December 31, 2000.

Closing Share Price Data



Financial Report

Upon written request of any shareholder of record on December 31, 2000, the Company will provide, without charge, a copy of its 2000 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 8, 2001 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, 2000 and 1999, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2000, 1999 and 1998. 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 generally accepted auditing standards. 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, 2000 and 1999, and the results of their operations and their cash flows for the years ended December 31, 2000, 1999 and 1998, in conformity with generally accepted accounting principles.

McGladrey & Pullen, LLP

Davenport, Iowa
February 16, 2001

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

	December 31,	
Assets	**2000**	1999
Cash and due from banks (Note 3)		
Non-interest bearing	**$ 7,555**	$ 6,964
Interest bearing	**16,163**	981
	$ 23,718	$ 7,945
Securities held to maturity (Note 4)	**$ 11,102**	$ 12,629
Securities available for sale (Note 4)	**62,212**	61,101
Federal funds sold	**18,700**	13,425
Loans held for sale	**417**	74
Loans (Note 5)	**176,455**	156,439
Less allowance for loan losses	**(1,951)**	(1,919)
Net loans	**$ 174,504**	$ 154,520
Premises, furniture and equipment, net (Note 6)	**$ 3,701**	$ 4,132
Accrued interest receivable	**2,027**	1,758
Other assets	**2,116**	2,919
TOTAL ASSETS	**$ 298,497**	$ 258,503
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest bearing demand	**$ 42,467**	$ 34,047
Interest bearing demand	**58,694**	36,652
Savings	**30,519**	36,704
Time (Note 7)	**112,682**	92,074
Total Deposits	**$ 244,362**	$ 199,477
Short-term borrowings (Note 8)	**17,828**	26,436
Federal Home Loan Bank advances (Note 9)	**9,000**	12,000
Note payable (Note 9)	**-**	2,780
Company obligated mandatorily redeemable preferred securities of subsidiary trust holding soley subordinated debentures (Note 10)	**5,000**	-
Accrued interest payable	**1,952**	1,419
Other liabilities	**1,020**	1,119
TOTAL LIABILITIES	**$ 279,162**	$ 243,231
Commitments and Contingencies (Note 11)		
Stockholders' Equity (Note 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, $1 par value, authorized 6,000,000 shares; issued and outstanding 2,579,230 shares (Note 19)	**2,580**	1,290
Additional paid in capital (Note 19)	**2,251**	3,541
Retained earnings	**14,526**	11,906
Accumulated other comprehensive (loss)	**(22)**	(1,465)
TOTAL STOCKHOLDERS' EQUITY	**$ 19,335**	$ 15,272
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 298,497**	$ 258,503

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,		
	2000	1999	1998
Interest income:			
Interest and fees on loans:			
Taxable	$ **14,614**	$ 11,589	$ 10,662
Non-taxable	**120**	130	130
Interest on securities:			
Taxable	**3,708**	3,550	3,453
Non-taxable	**742**	774	689
Interest on federal funds sold	**591**	498	468
Interest on interest bearing deposits in banks	**360**	134	264
Total interest income	$ **20,135**	$ 16,675	$ 15,666
Interest expense:			
Interest on deposits:			
Interest bearing demand and savings	$ **2,605**	$ 1,859	$ 1,863
Time	**6,162**	4,731	4,390
Total interest on deposits	$ **8,767**	$ 6,590	$ 6,253
Interest on short-term borrowings	**1,142**	716	891
Interest on Federal Home Loan Bank advances	**826**	649	408
Interest on note payable	**152**	249	332
Interest on company obligated mandatorily redeemable preferred securities	**172**	-	-
Total interest expense	$ **11,059**	$ 8,204	$ 7,884
Net interest income	$ **9,076**	$ 8,471	$ 7,782
Provision for loan losses (Note 5)	$ **240**	$ 240	$ 144
Net interest income after provision for loan Losses	$ **8,836**	$ 8,231	$ 7,638
Other income:			
Trust department	$ **1,297**	$ 966	$ 793
Service charges on deposit accounts	**413**	384	338
Investment securities gains (losses), net (Note 4)	**(258)**	2	37
Other	**952**	939	811
Total other income	$ **2,404**	$ 2,291	$ 1,979
Other expenses:			
Salaries and employee benefits	$ **3,650**	$ 3,404	$ 3,076
Occupancy expense, net	**480**	487	456
Equipment expense	**608**	571	528
Computer processing	**326**	309	236
Professional services	**148**	98	84
Amortization of intangibles	**134**	134	134
Other	**1,605**	1,471	1,281
Total other expenses	$ **6,951**	$ 6,474	$ 5,795
Income before income taxes	$ **4,289**	$ 4,048	$ 3,822
Income taxes (Note 16)	**1,282**	1,338	1,204
Net income	$ **3,007**	$ 2,710	$ 2,618
Net income applicable to common stock	$ **3,007**	$ 2,710	$ 2,586
Earnings per share of common stock, basic and diluted	$ **1.17**	$ 1.05	$ 1.02

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, 2000, 1999 and 1998

	Preferred Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income	Total
Balance, December 31, 1997	$ 500	$ 1,267	$ 3,064	$ 7,162	$ 185		$ 12,178
Comprehensive income:							
Net income	-	-	-	2,618	-	2,618	2,618
Other comprehensive (loss), net of tax, unrealized (losses) on securities available for sale, net of reclassification adjustment (Note 2)	-	-	-	-	(48)	(48)	(48)
Comprehensive income						$ 2,570	
Preferred stock conversion to Common stock ($11.00 conversion price) (Note 13)	(500)	23	477	-	-		-
Dividends declared on preferred stock (amount per share $3.19)	-	-	-	(32)	-		(32)
Dividends declared on common stock (amount per share $.09)	-	-	-	(230)	-		(230)
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, unrealized (losses) on securities available for sale, net of reclassification adjustment (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 income, net of tax, unrealized gains on securities available for sale, net of reclassification adjustment (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**

See notes to consolidated financial statements

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

	Years Ended December 31,		
Cash Flows From Operating Activities	**2000**	1999	1998
Net income	**$ 3,007**	$ 2,710	$ 2,618
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	**240**	240	144
Amortization of goodwill	**134**	134	134
Depreciation	**656**	615	546
Amortization/accretion of premiums/discounts on securities, net	**10**	155	58
Investment securities (gains) losses, net	**258**	(2)	(37)
Loans originated for resale	**(7,217)**	(9,672)	(20,350)
Proceeds from loans sold	**6,970**	10,554	19,981
Gain on sale of loans	**(96)**	(115)	(180)
Deferred income taxes	**(25)**	(38)	(188)
(Increase) decrease in accrued interest receivable and other assets	**(460)**	(203)	19
Increase (decrease) in accrued interest payable and other liabilities	**408**	(116)	344
Net cash provided by operating activities	**$ 3,885**	$ 4,262	$ 3,089
Cash Flows From Investing Activities			
Purchases of securities available for sale	**$ (23,204)**	$ (34,015)	$ (47,877)
Purchases of securities held to maturity	**(700)**	(2,106)	(3,209)
Proceeds from sales of securities available for sale	**17,972**	3,633	11,043
Proceeds from sales of securities held to maturity	**164**	-	-
Proceeds from maturities, calls and principal reductions of securities available for sale	**6,185**	24,292	31,815
Proceeds from maturities, calls and principal reductions of securities held to maturity	**2,059**	2,114	3,017
Increase in loans, net	**(20,224)**	(30,866)	(7,168)
(Increase) decrease in federal funds sold	**(5,275)**	7,175	(3,600)
Purchases of premises, furniture and equipment	**(225)**	(716)	(715)
Net cash (used in) investing activities	**$ (23,248)**	$ (30,489)	$ (16,694)
Cash Flows From Financing Activities			
Net increase in deposits	**$ 44,885**	$ 11,756	$ 12,943
Principal payments on note payable	**(2,780)**	(1,200)	(600)
Cash dividends paid on preferred stock	**-**	-	(32)
Cash dividends paid on common stock	**(361)**	(309)	(204)
Increase (decrease) in short-term borrowings	**(8,608)**	12,941	(12,291)
Proceeds from Federal Home Loan Bank advances	**2,000**	5,000	11,000
Repayments of Federal Home Loan Bank advances	**(5,000)**	(7,000)	-
Proceeds from issuance of preferred securities of subsidiary trust	**5,000**	-	-
Net cash provided by financing activities	**$ 35,136**	$ 21,188	$ 10,816
Net increase (decrease) in cash and due from banks	**$ 15,773**	$ (5,039)	$ (2,789)
Cash and Due From Banks:			
Beginning	**$ 7,945**	$ 12,984	$ 15,773
Ending	**$ 23,718**	$ 7,945	$ 12,984

(continued)

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

	Years Ended December 31,		
Supplemental disclosure of cash flow information, Cash payments for:	**2000**	1999	1998
Interest	**$ 10,526**	$ 8,305	$ 7,819
Income taxes	**$ 1,509**	$ 1,332	$ 1,232
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	**$ 1,443**	$ (1,602)	$ (48)
Conversion of 10,000 shares of preferred stock to 45,454 shares of common stock	**$ -**	$ -	$ 500
Transfer of loans to other real estate owned	**$ -**	$ 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, 2000 and 1999.

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, 2000 and 1999, the Bank had loan concentrations in agribusiness of 8.47% and 7.71%, 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, 2000 and 1999.

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, 2000 and 1999, loans held for sale consist of residential and agricultural 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 and is being amortized over 15 years. Goodwill totals $467,000 and $601,000 at December 31, 2000 and 1999, 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, 2000, 1999, and 1998.

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.

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, 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)
Year ended December 31, 1998			
Unrealized gains (losses) on securities available for sale:			
Unrealized holding (losses) arising during the year	$ (42)	$ (16)	$ (26)
Less reclassification adjustment for gains included in net income	37	15	22
Other comprehensive (loss)	$ (79)	$ (31)	$ (48)

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 $2,387,000 and $2,529,000 at December 31, 2000 and 1999, respectively.

4. SECURITIES

The amortized cost and fair values of securities held to maturity as of December 31, 2000 and 1999 are as follows (Amounts in thousands of dollars):

	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**

4. SECURITIES (Continued)

	1999			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government agencies and corporations	$ 1,278	$ 5	$ (20)	$ 1,263
State and political subdivisions	11,351	57	(531)	10,877
	$ 12,629	$ 62	$ (551)	$ 12,140

The amortized cost and fair values of securities available for sale as of December 31, 2000 and 1999 are as follows (Amounts in thousands of dollars):

	2000			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized (Losses)**	**Fair Value**
U.S. Government agencies and corporations	**$ 54,718**	**$ 393**	**$ (458)**	**$ 54,653**
State and political subdivisions	**5,822**	**93**	**(59)**	**5,856**
Corporate securities	**1,417**	**-**	**-**	**1,417**
Collateralized mortgage obligations	**290**	**-**	**(4)**	**286**
	$ 62,247	**$ 486**	**$ (521)**	**$ 62,212**

	1999			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Treasury securities	$ 6,004	$ 12	$ (6)	$ 6,010
U.S. Government agencies and corporations	51,057	48	(2,211)	48,894
State and political subdivisions	4,973	8	(205)	4,776
Corporate securities	1,050	-	-	1,050
Collateralized mortgage obligations	380	-	(9)	371
	$ 63,464	$ 68	$ (2,431)	$ 61,101

The amortized cost and fair value of securities as of December 31, 2000 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	**$ 1,426**	**$ 1,434**
Due after one year through five years	**3,613**	**3,661**
Due after five years through ten years	**2,307**	**2,296**
Due after ten years	**3,756**	**3,626**
	$ 11,102	**$ 11,017**

4. SECURITIES (Continued)

Securities available for sale:	Amortized Cost	Fair Value
Due in one year or less	$ 6,991	$ 6,984
Due after one year through five years	13,384	13,706
Due after five years through ten years	12,738	12,691
Due after ten years	27,427	27,128
	$ 60,540	$ 60,509
Corporate securities	1,417	1,417
Collateralized mortgage obligations	290	286
	$ 62,247	$ 62,212

Proceeds from sales:	2000	1999	1998
Securities available for sale	$ 17,972	$ 3,633	$ 11,043
Securities held to maturity	164	-	-
Gross gains	$ 9	$ 10	37
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, 2000 and 1999 securities with a carrying value of approximately $60,256,000 and $56,816,000 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, 2000 and 1999 are as follows (Amounts in thousands of dollars):

	2000	1999
Commercial	$ 80,027	$ 73,789
Agricultural	14,950	12,062
Tax exempt	1,685	1,852
Real estate, mortgage	45,589	40,486
Consumer	33,928	27,919
Other	276	331
	$ 176,455	$ 156,439
Less: Allowance for loan losses	(1,951)	(1,919)
Net loans	$ 174,504	$ 154,520

Loans on which the accrual of interest has been discontinued totaled $242,000 and $147,000 as of December 31, 2000 and 1999, respectively. The foregone interest had the effect of reducing interest income by $26,000 or $.01 on earnings per share of common stock for the year ended December 31, 2000. The foregone interest for the years ended December 31, 1999 and 1998 had the effect of reducing interest income by $10,000 and $9,000, respectively. There was no impact on earnings per share of common stock for 1999 or 1998.

Impaired loans were not material at December 31, 2000 and 1999.

5. LOANS (Continued)

Activity in the allowance for loan losses during the years ended December 31, 2000, 1999 and 1998 is summarized below (Amounts in thousands of dollars):

	2000	1999	1998
Balance, beginning of year	**$ 1,919**	$ 1,860	$ 1,846
Provision for loan losses	**240**	240	144
Loan charge-offs	**(274)**	(207)	(160)
Recoveries of loans charged off	**66**	26	30
Balance, end of year	**$ 1,951**	$ 1,919	$ 1,860

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 2000 and 1999 is as follows (Amounts in thousands of dollars):

	2000	1999
Balance, beginning of year	**$ 2,047**	$ 2,004
Advances	**11,915**	2,673
Repayments	**(11,304)**	(2,630)
Balance, end of year	**$ 2,658**	$ 2,047

6. PREMISES, FURNITURE AND EQUIPMENT

The cost, accumulated depreciation and net book value of premises, furniture and equipment as of December 31, 2000 and 1999 is summarized as follows (Amounts in thousands of dollars):

	2000	1999
Land	**$ 625**	$ 625
Building and improvements	**3,505**	3,451
Furniture and equipment	**4,726**	4,555
	$ 8,856	$ 8,631
Less accumulated depreciation	**(5,155)**	(4,499)
	$ 3,701	$ 4,132

7. TIME DEPOSITS

The aggregate amount of time deposits, each with a minimum denomination of $100,000, was approximately $32,866,000 and $24,103,000 at December 31, 2000 and 1999, respectively.

At December 31, 2000, the scheduled maturities of time deposits are as follows (Amounts in thousands of dollars):

2001	**$ 97,226**
2002	**12,546**
2003	**1,346**
2004	**627**
2005	**937**
	$ 112,682

8. SHORT TERM BORROWINGS

The following is a summary of short-term borrowings outstanding as of December 31, 2000 and 1999 (Amounts in thousands of dollars):

	2000	1999
Securities sold under agreement to repurchase	**$ 16,123**	$ 25,036
U.S. Treasury tax and loan note account	**1,705**	1,400
Total short-term borrowings	**$ 17,828**	$ 26,436

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):

	2000	1999
Average balance during the year	**$ 21,532**	$ 16,840
Average interest rate during the year	**5.05%**	4.07%
Maximum month end balance during the year	**$ 26,529**	$ 25,036
Securities underlying the agreements at year end:		
Carrying value	**$ 32,754**	$ 35,236
Fair value	**$ 32,689**	$ 34,948

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 AND NOTE PAYABLE

Federal Home Loan Bank (FHLB) advances are summarized as follows at December 31, 2000:

Maturity in year ending December 31:	Weighted Average Interest Rate	Balance Due (Amount in thousands)
2001	6.41%	$ 4,000
2004	5.69	3,000
2008	4.89	2,000
		$ 9,000

Advances totaling $5,000,000 maturing in 2004 and 2008 have call features that could be implemented beginning in 2001 through 2003. First mortgage loans of approximately $15,000,000 as of December 31, 2000 are pledged as collateral on FHLB advances.

FHLB advances at December 31, 1999 totaled $12,000,000. These advances had maturity dates between 2000 and 2008 and carried fixed interest rates of 4.25% to 6.02%. First mortgage loans of approximately $20,000,000 as of December 31, 1999 were pledged as collateral on these advances.

The Company paid off its note payable due March 31, 2001 in September 2000. At December 31, 1999 $2,780,000 was outstanding on the note payable.

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

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.

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, 2000 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, 2000 and 1999 is as follows (Amounts in thousands of dollars):

	2000	1999
Unused lines of credit	**$ 24,194**	$ 20,141
Standby letters of credit	**667**	475

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.

11. COMMITMENTS AND CONTINGENCIES (Continued)

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 by approximately $12,560,000, $6,959,000, and $12,812,000, respectively as of December 31, 2000. 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.

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, 2000, 1999 and 1998 totaled $106,000, $112,000 and $68,000 respectively. There were no contributions to the 401(k) plan for the years ended December 31, 2000, 1999 and 1998. Incentive compensation was $179,000, $115,000 and $310,000 for the years ended December 31, 2000, 1999 and 1998, 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.

13. PREFERRED STOCK (Continued)

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. The Company redeemed for cash twenty-eight thousand shares of Series A Preferred Stock totaling $1,400,000.00 as of December 31, 1997. On September 30, 1998 the Company redeemed the remaining $500,000 (10,000 shares) in exchange for 44,544 shares of common stock (market value of $11.00) and six dollars in cash.

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.

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, 2000, 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.

14. DIVIDENDS AND REGULATORY CAPITAL (Continued)

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, 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%**
As of December 31, 1999	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital						
(to Risk Weighted Assets)						
Company	$18,001	10.53%	≥$13,682	≥8.00%	≥$17,103	≥10.00%
Bank	$19,787	11.61%	≥$13,634	≥8.00%	≥$17,043	≥10.00%
Tier I Capital						
(to Risk Weighted Assets)						
Company	$16,136	9.43%	≥$6,841	≥4.00%	≥$10,262	≥6.00%
Bank	$17,922	10.52%	≥$6,817	≥4.00%	≥$10,226	≥6.00%
Tier I Capital						
(to Average Assets)						
Company	$16,136	6.76%	≥$9,546	≥4.00%	≥$11,932	≥5.00%
Bank	$17,922	7.57%	≥$9,466	≥4.00%	≥$11,832	≥5.00%

15. PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

	December 31,	
Assets	**2000**	1999
Cash	**$ 3,462**	$ 886
Investment in First Bankers Trust Company	**21,103**	17,464
Investment in FBIL Statutory Trust I	**155**	-
Other assets	**99**	125
Total assets	**$ 24,819**	$ 18,475
Liabilities and stockholders' equity		
Liabilities:		
Company obligated mandatorily redeemable preferred securities of subsidiary trust	**$ 5,155**	$ -
Note payable	**-**	2,780
Other	**329**	423
Total liabilities	**$ 5,484**	$ 3,203
Total stockholders' equity	**$ 19,335**	$ 15,272
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 24,819**	$ 18,475

15. PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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

	Years Ended December 31,		
	2000	1999	1998
Income:			
Dividends received from First Bankers Trust Company	**$ 1,050**	$ 1,400	$ 1,400
Interest	**91**	38	44
Total income	**$ 1,141**	$ 1,438	$ 1,444
Expenses:			
Interest	**$ 324**	$ 249	$ 332
Salary and benefits	**22**	22	22
Other	**114**	97	106
Total expenses	**$ 460**	$ 368	$ 460
Income before income tax benefits and equity in undistributed earnings of subsidiaries	**$ 681**	$ 1,070	$ 984
Income tax (benefit)	**(130)**	(135)	(161)
Income before equity in undistributed earnings of subsidiaries	**$ 811**	$ 1,205	$ 1,145
Equity in undistributed earnings of First Bankers Trust Company	**2,196**	1,505	1,473
Net income	**$ 3,007**	$ 2,710	$ 2,618

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

	Years Ended December 31,		
	2000	1999	1998
Cash flows from operating activities			
Net income	**$ 3,007**	$ 2,710	$ 2,618
Adjustments:			
Equity in undistributed earnings of subsidiary	**(2,196)**	(1,505)	(1,473)
Changes in assets and liabilities			
(Increase) decrease in other assets	**26**	(75)	(51)
Increase (decrease) in other liabilities	**(120)**	65	26
Net cash provided by operating activities	**$ 717**	$ 1,195	$ 1,120
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)	$ (600)
Cash dividends paid on preferred stock	**-**	-	(32)
Cash dividends paid on common stock	**(361)**	(309)	(204)
Proceeds from issuance of preferred securities of subsidiary trust	**5,155**	-	-
Net cash provided by (used in) financing activities	**$ 2,014**	$ (1,509)	$ (836)
Net increase (decrease) in cash	**$ 2,576**	$ 314	$ 284
Cash beginning	**886**	1,200	916
Cash ending	**$ 3,462**	$ 886	$ 1,200

16. INCOME TAX MATTERS

The components of income tax expense are as follows for the years ended December 31, 2000, 1999 and 1998 (Amounts in thousands of dollars):

	Years Ended December 31,		
	2000	1999	1998
Current	$ **1,307**	$ 1,376	$ 1,392
Deferred	**(25)**	(38)	(188)
	$ **1,282**	$ 1,338	$ 1,204

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):

	2000 Amount	**% of Pretax Income**	1999 Amount	% of Pretax Income	1998 Amount	% of Pretax Income
Federal income tax at statutory rate	$ **1,458**	**34.0 %**	$ 1,376	34.0 %	$ 1,299	34.0 %
Changes from statutory rate resulting from:						
State tax, net of federal benefit	**71**	**1.7**	139	3.4	86	2.2
Amortization of goodwill	**45**	**1.0**	45	1.1	45	1.2
Tax exempt interest income, net	**(249)**	**(5.8)**	(261)	(6.4)	(228)	(6.0)
Over (under) accrual of provision and other, net	**(43)**	**(1.0)**	39	1.0	2	.1
Income tax expense	$ **1,282**	**29.9 %**	$ 1,338	33.1 %	$ 1,204	31.5 %

Net deferred tax assets consist of the following components as of December 31, 2000 and 1999 (Amounts in thousands of dollars):

	2000	1999
Deferred tax assets:		
Allowance for loan losses	$ **699**	$ 657
Unrealized losses on securities available for sale, net	**13**	898
Accrued expense	**130**	123
	$ **842**	$ 1,678
Deferred tax liabilities:		
Premises, furniture and equipment	$ **(309)**	$ (309)
Stock dividends	**(26)**	(2)
	$ **(335)**	$ (311)
Net deferred tax assets	$ **507**	$ 1,367

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,		
	2000	1999	1998
Provision for income taxes	$ **(25)**	$ (38)	$ (188)
Statement of changes in stockholders' equity, accumulated other comprehensive (loss), unrealized (losses) on securities available for sale, net	**885**	(981)	(31)
	$ **860**	$ (1,019)	$ (219)

17. CURRENT ACCOUNTING DEVELOPMENTS

The Financial Accounting Standards Board (FASB) has issued Statement No. 133 “Accounting for Derivative Instruments and Hedging Activities” which is effective for all fiscal quarters of fiscal years beginning after June 15, 2001. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. Management believes that adoption of this statement will not have an effect on the consolidated financial statements.

The FASB has issued Statement No. 140 “Accounting for Transfers ad Servicing of Financial Assets and Extinguishments of Liabilities”. This Statement replaces FASB Statement No. 125 in its entirety. It revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but carries over most of Statement 125’s provisions without reconsideration. The Statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. Management believes that adoption of this Statement will not have an effect on the consolidated 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.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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.

Note payable: For the variable rate note payable, the carrying amount is a reasonable estimate of fair value.

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

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):

	2000		1999	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets:				
Cash and due from banks	**$ 23,718**	**$ 23,718**	$ 7,945	$ 7,945
Securities held to maturity	**11,102**	**11,017**	12,629	12,140
Securities available for sale	**62,212**	**62,212**	61,101	61,101
Federal funds sold	**18,700**	**18,700**	13,425	13,425
Loans held for sale	**417**	**417**	74	74
Loans	**176,455**	**176,116**	156,439	156,070
Accrued interest receivable	**2,027**	**2,027**	1,758	1,758
Financial liabilities:				
Non-interest-bearing demand deposits	**$ 42,467**	**$ 42,467**	$ 34,047	$ 34,047
Interest-bearing demand deposits	**58,694**	**58,694**	36,652	36,652
Savings deposits	**30,519**	**30,519**	36,704	36,704
Time deposits	**112,682**	**112,724**	92,074	91,938
Short-term borrowings	**17,828**	**17,828**	26,436	26,436
Federal Home Loan Bank advances	**9,000**	**9,032**	12,000	11,842
Note payable	**-**	**-**	2,780	2,780
Company obligated mandatorily redeemable preferred securities of subsidiary trust holding soley subordinated debentures	**5,000**	**5,000**	-	-
Accrued interest payable	**1,952**	**1,952**	1,419	1,419

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, 1999, and 1998 has been retroactively adjusted for this split as if it occurred on December 31, 1997.

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Jeanette L. Schinderling
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34th & Broadway

Linda J. Shultz
Trust Officer

Debrorah A. Staff
Trust Officer

Brent R. Voth
Director
Information Systems

Carmen A. Walch
Trust Officer

First Bankers Trustshares, Inc.
P.O. Box 3566
Quincy, Illinois 62305-3566
Phone: 217-228-8000
Internet: http://www.firstbankers.com
E-Mail: fbti@firstbankers.com