2002 Annual Report

First Bankers Trustshares, Inc

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Corporate Description

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

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

As a community oriented financial institution, the Bank, which traces its beginnings to 1946, operates five banking facilities located in Quincy, Illinois, one facility in Mendon, Illinois in northern Adams County and facilities located in Chicago, Illinois, Philadelphia, Pennsylvania 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: 2,048,574

Stockholders of record: 258*
*As of December 31, 2002

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

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

Corporate Address

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

Independent Auditors

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

General Counsel

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

Board of Directors
First Bankers Trustshares, Inc.

David E. Connor
Chairman Emeritus, First Bankers Trustshares, Inc.

Carl Adams, Jr.
President, Illinois Ayers Oil Company

William D. Daniels
Chairman of the Board, First Bankers Trustshares, Inc
Member, Harborstone Group, LLC.

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

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

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

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

Dennis R. Williams
Consultant, Self Employed

EXECUTIVE OFFICERS

Donald K. Gnuse
President and CEO

Joe J. Leenerts
Senior Vice President/Treasurer

Steven E. Siebers
Secretary

FIRST BANKERS TRUSTSHARES, INC. Stock Prices
(For the Three Months Period Ended)

Market Value	12/31/02	09/30/02	06/30/02	03/31/02	12/31/01
High	$ 14.75	$ 14.50	$ 16.50	$ 15.50	$ 18.50
Low	$ 14.00	$ 14.00	$ 14.30	$ 14.25	$ 14.00
Period End Close	$ 14.75	$ 14.00	$ 14.30	$ 15.50	$ 14.25

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

Stifel Nicolas & Co. Inc
Sears Tower
233 Wacker Drive. Suite 850
Chicago, IL 60606-6300
Phone (800) 745-7110

Baird Patrick, Co.
20 Exchange Place
New York, NY 10005
Phone (800) 421-0123

Wachovia Securities
Maine Center, 535 Maine
Quincy, IL 62301
Phone (800) 223-1037

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

William D. Daniels, Chairman

Donald K. Gnuse, President

Dear Shareholders,

What better way to begin our annual report than to say your investment in the common stock of First Bankers Trustshares, Inc. earned you an investment return of 17.81% for the year 2002. Stated in a different way, each share of your stock earned $1.49 compared to $1.34 per share one year ago.

The Year 2002 saw interest rates plunge to a 41-year low. Our Asset/Liability team monitored closely our interest rate margins during this turbulent time and by year-end actually showed an improvement in our interest margins by 21 basis points.

Due to this splendid performance, your Board of Directors voted an 18% increase in the cash dividend to shareholders during their meeting held in December 2002.

The Bank's loan portfolio, while showing another nice year of growth, nevertheless felt the sting of a softening economy. Therefore, we saw it necessary to once again increase our loan loss reserves to cover some loan losses actually taken and to build our loan loss reserves for a larger loan portfolio.

As our Bank has continued to grow, so has our need for space. In recent years, we have found it necessary to move our Trust Department and our Mortgage Department away from our main Bank at 12th & Broadway in order to give us some room to grow. We also contracted with HBE Bank Building Consultants to work with us in addressing our current and future office space and drive-up facility needs. While this has taken a considerable amount of study time, we believe proper planning will result in future developments that will be greatly appreciated by our customers, staff, and stockholders.

Now, more exciting news to share with you. It is a pleasure to inform you that our Trust Department has reached the 1 billion dollar mark in total assets under management and administration. Our new Philadelphia, Pennsylvania Trust Office, opened in late 2002, has helped us to achieve this new record. Our Chicago, Phoenix, and Quincy Trust offices continue their strong service and production.

We aggressively continue to search for bank acquisition opportunities. However, the seller asked price must be reasonable, for as we have stated on more than one occasion, we will not be focused on an "ego trip" just to acquire banks. Any acquisition must add shareholder value both to the buyer and to the seller.

We thank you again for your continued investment in First Bankers Trustshares, Inc.

William D. Daniels

William D. Daniels
Chairman of the Board of Directors

Donald K. Gnuse
President/CEO

SELECTED FINANCIAL DATA

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

	YEAR ENDED DECEMBER 31,					
PERFORMANCE	**2002**	2001	2000	1999	1998	1997
Net income	**$ 3,242**	$ 3,457	$ 3,007	$ 2,710	$ 2,618	$ 1,921
Preferred stock cash dividends paid	**$ --**	$ --	$ --	$ --	$ 32	$ 64
Common stock cash dividends paid	**$ 510**	$ 464	$ 361	309	$ 204	$ 176
Common stock cash dividend payout ratio	**15.73%**	13.42%	12.01%	11.40%	7.89%	9.52%
Return on average assets	**1.06%**	1.15%	1.11%	1.14%	1.21%	1.07%
Return on common stockholders' equity[1]	**17.81%**	16.40%	16.43%	17.23%	20.27%	17.33%
PER COMMON SHARE[2]						
Earnings, basic and diluted	**$ 1.49**	$ 1.34	$ 1.17	$ 1.05	$ 1.02	$ .74
Dividends (Paid)	**$ .22**	$ .18	$ .14	$ .12	$ .08	$ .07
Book value[3]	**$ 8.61**	$ 8.66	$ 7.51	$ 6.49	$ 5.62	$ 4.54
Stock price						
High	**$ 16.50**	$ 20.00	$ 19.00	$ 13.75	$ 11.50	$ 8.50
Low	**$ 14.00**	$ 14.00	$ 13.13	$ 11.50	$ 8.50	$ 4.07
Close	**$ 14.75**	$ 14.25	$ 19.00	$ 13.13	$ 11.50	$ 8.50
Price/Earnings per share (at period end)	**9.9**	10.6	16.2	12.5	11.3	11.6
Market price/Book value (at period end)	**1.71**	1.65	2.53	2.02	2.05	1.87
Weighted average number of shares outstanding	**2,175,059**	2,579,230	2,579,230	2,579,230	2,545,358	2,533,776
AT DECEMBER 31,						
Assets	**$ 311,920**	$ 310,668	$ 298,497	$ 258,503	$ 236,323	$ 222,593
Investment securities	**54,567**	76,062	71,897	72,680	68,884	63,797
Loans held for sale	**1,175**	2,178	417	74	841	292
Loans	**201,931**	189,531	176,455	156,439	125,867	118,829
Deposits	**258,170**	256,609	244,362	199,477	187,721	174,778
Short-term borrowings and Federal Home Loan Bank advances	**23,200**	23,473	26,828	38,436	27,495	28,786
Note payable	**4,500**	-	-	2,780	3,980	4,580
Company obligated mandatorily redeemable preferred securities	**5,000**	5,000	5,000	-	-	-
Stockholders' equity[4]	**$ 17,636**	$ 22,324	$ 19,357	$ 16,737	$ 14,349	$ 11,993
Total equity to total assets	**5.65%**	7.19%	6.48%	6.47%	6.07%	5.39%
Tier 1 capital ratio (risk based)	**10.05%**	13.06%	12.31%	9.43%	9.70%	8.74%
Total capital ratio (risk based)	**10.98%**	14.03%	13.25%	10.53%	10.92%	9.94%
Leverage ratio	**7.18%**	8.68%	8.84%	6.45%	6.03%	6.21%

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

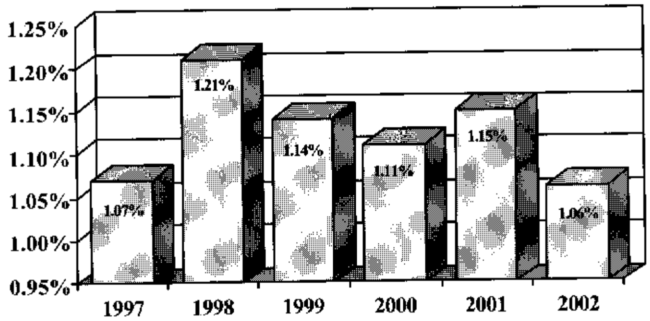
[2] Previous year per share data has been converted to reflect the two-for-one stock split effective June 30, 2000.

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

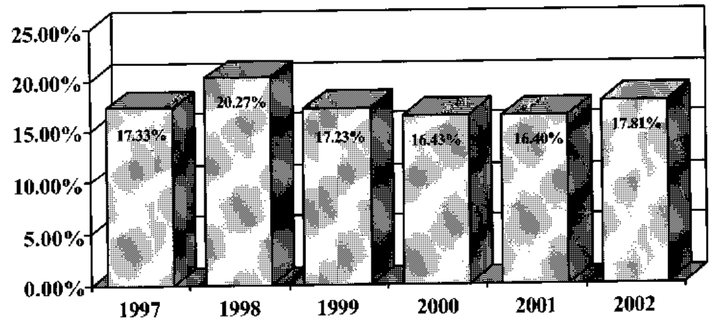
[4] Stockholders' equity does not include accumulated other comprehensive income (loss).

SELECTED FINANCIAL DATA

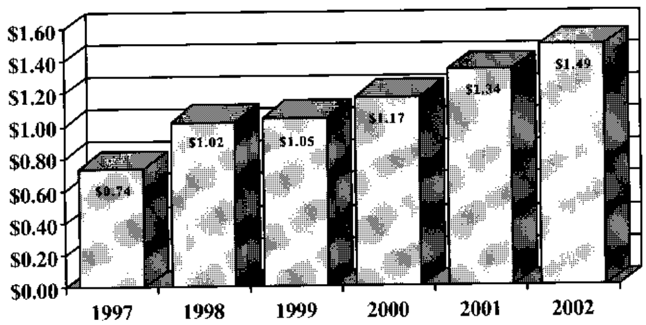
Return On Average Assets



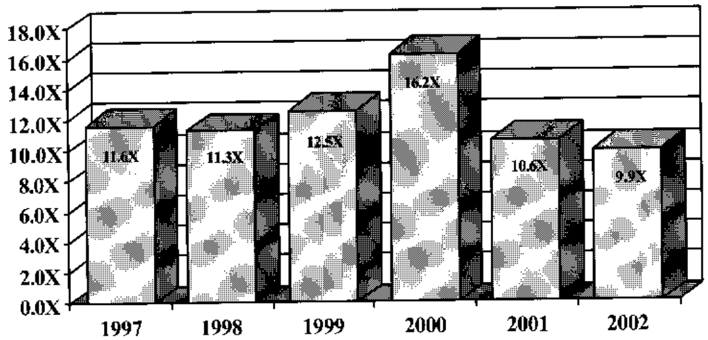
Return On Average Common Equity



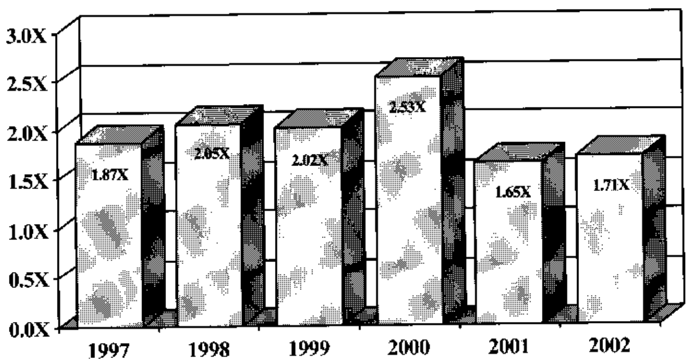
Earnings Per Share



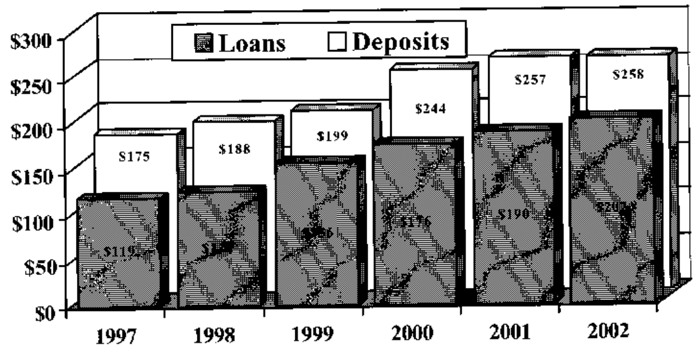
Price/Earnings Multiples



Market Price To Book Value



Loan/Deposit Growth



VERY SLIGHT RESEMBLANCE

The only thing constant in banking is change. The banks of the new millennium bear very little resemblance to those of 50 to 60 years ago. Despite continual efforts to deregulate the industry, financial institutions remain as one of the most heavily regulated industries in America. Oddly enough, the majority of major banking regulations were written in an effort to protect the consumer. However, the ultimate effect of those regulations has been to inundate both the consumer and the bank with layers of time-consuming compliance.

It would appear that the job of making things simpler lies with each bank and the interaction it has with its own customer. As the banking industry becomes more and more market-driven, it is only natural that the profit margin (the difference between what the bank charges the customer and what it costs the bank) is what begins to get squeezed. The justification for charging and receiving higher fees comes from performing quality service and providing quality products.

DOING IT RIGHT

For years banks measured their success by their size. The bigger the bank...the more successful the bank. Senior Management of First Bankers Trustshares, Inc. believes strongly that being the best is much more important than being the biggest. When a bank attempts to be all things to all people, the skill level of bank employees begins to get watered down, the margin for error escalates, and customer dissatisfaction begins to increase. Thus, a positive intention produces a negative impact on even those things that are being done well.

First Bankers Trustshares, Inc. believes that the answer to this dilemma lies in developing a quality relationship with each of the bank's customers. This can only be achieved by offering quality products through a highly effective delivery system, which places the customer in a perceived position of worth to the institution.

The radical departure from the norm since September 11, 2001, has had a dramatic impact on every type of business in this country. Adding to that, a plummeting interest rate environment and it should be obvious that the year 2002 was a very difficult year for business.

Dave Rakers

CAUTIOUS OPTIMISM

In retrospect, it appears that the Tri-State area rebounded nicely from the September 11th shock that this nation experienced. Loan demand immediately following this national tragedy was almost at a standstill. However, within a matter of months a number of major commercial loans were in the pipeline and many more were being contemplated by area businesses.

With the addition of Senior Vice President, David Rakers, to the First Bankers Trust Loan Team, the Commercial Loan Department experienced its largest year in the bank's history in the amount of Commercial Loan dollars booked. Commercial loan growth of 15.88%, and Ag loan growth of 16.52% challenged the staff to perform to capacity.

It appears that a number of businesses had been holding back to see what was going to happen to interest rates and the economy, and decided that it was now time to make that investment in their future. With the assistance of Loan Officers, Doug Reed, Marcia Hardin, Marvin Rabe, and Jim Obert, the knowledge and expertise of the Commercial Loan Department is capable of handling almost any type of lending situation that presents itself. During the year the Department handled loans ranging from small business start-ups, major renovations to existing businesses, re-configurations of agricultural and industry-specific loans, to major construction loans for some of the largest businesses in the Tri-State area.

Although the numbers for the majority of 2002 were strong, the Bank's Loan Officers remain vigilant in their pursuit of strong credits in a very fragile economy.

Some of the Bank's customers, who in the past have been rated as A-credits, have begun to experience the affects of a sluggish recovery. A number of business closings through bankruptcy and foreclosure are indicators that the Midwest is not immune, and in fact, does not lag very far behind the rest of the nation as it pertains to feeling the brunt of a weakening economy.

The demand for loans, however, remains steady as the Bank heads into its 58th year of operation in the Tri-State area. As one of the largest commercial banks in the market, more opportunities are available and the Bank remains cautiously optimistic about the future with a focus on quality loans and an increase in margins.

CONSUMER DEMAND

Steve Griggs

Just as commercial customers were slow in returning to the credit arena, in a like manner, individual consumers began purchasing again in early 2002. The purchases of automobiles, trucks, and RV's, for the first three quarters of the year, was at a very demanding pace for the bank's Consumer Loan Department. Steve Griggs, Vice President for Consumer Lending, has established an excellent rapport with area dealers. This business in addition to a growing base of repeat business, places a great deal of importance on making good credit decisions in a very short period of time in order to remain competitive in the market.

Once again, the Bank's margins have been squeezed in order to compete with others in the marketplace, as well as with, nationwide availability of consumer credit on-line and very lucrative offers from the manufacturers themselves.

This competition makes above-average service imperative. In order to gain the confidence of local dealers and enjoy the benefits of repeat business, the bank must constantly be finding ways of ensuring customer satisfaction with its product.

Competition and activity in consumer lending remains brisk and challenging in the Bank's market, and First Bankers Trust continues to be a major player in this arena.

RIDING THE WAVE

Peggy Junk

While the state of the economy has begun to take its toll on consumer and commercial loan demand, the demand for residential mortgages continues to experience what may be the largest boon it has ever experienced. This rapid growth is primarily a result of re-financing due to historically low interest rates and home purchases in what is commonly referred to as a "buyer's market".

In it's first full year at a new location the Home Loan Center of First Bankers Trust produced over 30% more loans than in any previous year. More than $56 million dollars in real estate loans were sold on the secondary market, and the rate of applications continued to increase through the last month of the year.

Peggy Junk, Vice President of Mortgage Lending, and Dan Kroeger, Mortgage Lending Officer, continue to run their office of 10 employees at full speed in order to keep pace with the overwhelming number of requests during this phenomenon.

Early indications for the year 2003 show a continued interest in the purchase and re-finance market for the Tri-States.

TRUST EXPANSION

The Trust Department is an integral part of First Bankers Trust Company's financial success. Beginning as a small, personal trust operation, it recently surpassed the $1 Billion dollar threshold in total assets under management and administration and has begun to take the necessary steps to become its own company and a wholly owned subsidiary of First Bankers Trust Company, N.A. As a Registrar and Transfer Agent, the department now serves institutions in more than 30 states across the nation and locations have been expanded from the original office in Quincy, Illinois to include offices in Chicago, Illinois, Phoenix, Arizona and its newest location in Philadelphia, Pennsylvania.


Normon Rosson

In early 1990, Don Gnuse, chairman of the Board of First Bankers Trust Company, had a vision and strategy to fill a niche in the ESOP market that was being left unattended by larger metropolitan trust service providers. The addition of Senior Vice President, Norman Rosson, in 1997, provided the catalyst to expand and act upon this strategy. Mr. Rosson brought to the organization over 25 years of extensive experience in trust operations, specifically in ESOP transactions. However, growth is earned...not given. The quality of the services being provided has allowed First Bankers Trust Company to earn the respect and referrals of others in the industry.


Merri Ash

Seizing upon another opportunity, the Department opened its east coast office in early fall of 2002 with the hiring of Merri Ash in Philadelphia. Ms. Ash is a specialist in the area of Corporate 401(k) services and will be instrumental in opening doors and introducing the many services of the new company.

The trust personnel are committed to providing the best possible service. Vice President, Brian Ippensen (CPA), is charged with the responsibility of maintaining that commitment. Individuals within the department have in-depth knowledge of Internal Revenue Service and Department of Labor regulations and compliance requirements for all types of retirement plans. Experienced personnel have specialized qualifications ranging from Certified Public accountants to Employee Benefits Consultants and are recognized in both employee benefit and personal trust services.

Trust services now include: Employee Benefit Trust Services, both qualified and non-qualified plans, Individual Retirement Accounts, including Traditional, Roth, Rollover, Direct Rollover, Coverdell Educational Savings, and Simplified Retirement Plans, IRAs, Personal Trust Services and Corporate Trust Services.

ENSURING SATISFACTION

First Bankers Trust serves over 19,000 deposit accounts and processes in excess of 30,000 paper transactions daily. In addition, Bank customer service personnel processed over 130,000 internet banking, ATM, debit card and telephone banking transactions during the year. By adding employee-assisted response in person, by mail or telephone, the company's customer service personnel assisted in completing over 10,000,000 customer transactions or requests during 2002.

The Bank's focus is to provide convenient, quality and efficient customer service. This is accomplished through five branch locations in Quincy and one in Mendon, the ATM/debit card product, Express Internet Banking, Business Banking, and Telephone banking, by providing customers with the ability to manage their financial needs 24 hours a day, 365 days a year.


Gretchen McGee

Vice President, Gretchen McGee, with over 25 years of retail banking experience, leads the Retail Banking Department by handling the responsibilities of branch operations and retail product delivery. The Bank offers products from the common checking account to the sophisticated electronic cash management services. The products are designed to meet the varied financial needs of the customer base.

Although convenience is an important part of the customer service equation, the manner is which customers' transactions and questions are processed and handled is equally as important. Quality service standards are in place to ensure customer satisfaction. Customer Service Representatives are trained to understand the customer request from the customer's point of view. Providing that quality service is the responsibility of Patricia Brink, Cashier. Ms. Brink has been providing quality customer service for more than 35 years and her involvement and participation in every aspect of banking provides an excellent base to understanding customer needs and as to how those needs can be satisfied by the Bank.


Patricia Brink

The third part of the quality customer service equation is the providing of cost efficient products and services. The ability of controlling the cost of services is contingent upon the use of customer service oriented technology. Brent Voth, Director of Information Services has the task of ensuring that each request for service, whether from teller row, new accounts, customer service, through an ATM, debit card, internet banking or telephone banking, be


Brent Voth

processed quickly and correctly. He is responsible for making sure that over 150 workstations are able to access and retrieve customer information when and where it is requested. With over 25 years in the bank information services arena, Mr. Voth has a unique understanding of the challenges and processes necessary to meet these tasks.

Three Individuals with the same goal of ensuring that First Bankers Trust Company meets the financial service needs of its customers by providing the best possible service available. An easy goal to set, but one that requires experienced, knowledgeable and dedicated personnel to achieve.

MANAGEMENT ADJUSTMENTS

With the retirement in May of 2002, of David E. Connor as Chairman of the Board of First Bankers Trustshares Inc, the Board elected William D. Daniels to serve as its new Chairman. Donald K. Gnuse, replaced Daniels as Chairman of the Board of First Bankers Trust Company, N.A. and will also serve as President of First Bankers Trusthares, Inc.

Art Greenbank

Arthur E. Greenbank was named as President and CEO of First Bankers Trust Company, N.A. Mr. Greenbank, a native of Quincy, becomes only the third President in the bank's history and has been with the Bank since 1992, serving first as Senior Vice President of Commercial Lending and, most recently, as Executive Vice President and Chief Operating Officer since 1996.Greenbank returned to Quincy with his family having been employed by Harris Bank of Chicago for more than 15 years.

Joe J. Leenerts will assist Greenbank in the day to day operations of the Bank as its new Executive Vice President and Chief Operations Officer. Lansing M. Tomlinson was named Senior Vice President for Corporate Services, and David Rakers, Senior Vice President for Commercial Lending.

CHECKING SERVICES
Non-Interest Bearing
Personal Checking
Thrifty Checking
Home-Free Checking
Seniors First Account
Organizational Checking
Student Checking
Interest Bearing
NOW Accounts

SAVINGS SERVICES
Statement Savings
First Fund
Bankers Best Money Market
Certificates of Deposit
IRA Accounts
Traditional IRA
Roth IRA
Simplified Retirement Plan
Coverdell Education Savings

BUSINESS SERVICES
Deposit Services
Checking
Savings
Investments
Cash Management
Direct Deposit Payroll
Loan Services
Working Capital
Equipment
Real Estate
Farm Loans
SBA Guaranteed Loans

CONSUMER LOAN SERVICES
Home Loans
Fixed Rate Mortgages
Adjustable Rate Mortgages
Residential
Owner Occupied
Investment
Non-Owner Occupied
Automobile Loans
Boat & RV Loans
Mobile Home Loans
Home Improvement Loans
PrimeLine
Equity Line of Credit
ReadyLine
Personal Line of Credit
Personal Loans
Student Loans

TRUST SERVICES
Personal Trust Services
Executor
Revocable Living Trusts
Irrevocable Trusts
Testamentary Trusts
Charitable Trusts
Land Trusts
Bill Paying Agency Agreements
Guardianships
Individual Retirement Accounts (IRAs)
Qualified Retirement Plans
ESOPs
401(k) Plans
Defined Benefit Pension Plans
Nonqualified Plans
Deferred Compensation Plans
Stock Based Incentive Plans
Retention and Recognition
Corporate Trust Services
Custodian

INVESTMENT SERVICES
(All services through Investment Planners Inc.)
Buy and sell:
Stocks, Bonds, and Mutual Funds
Annuity Investment Services
529 College Plan
Real Estate Investment Trusts
Retirement Plans
Traditional
Roth
Rollovers
401(k)/Pension Plan
SEP IRA
Simple IRA
Insurance Services
Life Insurance
Long Term Care Insurance
Mortgage Insurance
Investment Advisory Services

CUSTOMER SERVICES
SHAZAMChek Card
Express Telephone Banking
Internet Banking
Safety Deposit Boxes
Traveler's Checks
MasterCard/Visa
Money Orders
Cashier's Checks
Overdraft Protection
Overdraft Privilege
Bank-by-Mail
Savings Bonds
Direct Deposit
Social Security
Disability
Retirement
Federal Recurring
Payroll
Treasury Tax & Loan Payments
License Remitter Service
Wire Transfers
Night Depository Service
Check Imaging
Coin Counting
Notary Service
Signature Guarantee

To The Stockholders:

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

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

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

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

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

Donald K. Gnuse
President and Chief Executive Officer

Joe J. Leenerts

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

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

Introduction

The following discussion of the financial condition and results of operations of First Bankers Trustshares, Inc. provides an analysis of the consolidated financial statements included in this annual report and focuses upon those factors which had a significant influence on the overall 2002 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**	2002	Change	2001	Change	2000	1999	1998	1997	5 Year Growth Rate
Cash and due from banks:									
Non-interest bearing	$ 11,250	30.34 %	$ 8,631	14.24 %	$ 7,555	$ 6,964	$ 5,710	$ 4,843	132.29 %
Interest bearing	22,674	31.61	17,228	6.59	16,163	981	7,274	10,930	107.45
Securities	54,567	(28.26)	76,062	5.79	71,897	72,680	68,884	63,797	(14.47)
Federal funds sold	13,500	42.11	9,500	(49.20)	18,700	13,425	20,600	17,000	(20.59)
Loans held for sale	1,175	(46.05)	2,178	422.30	417	74	841	292	302.40
Net loans	199,626	6.63	187,219	7.29	174,504	154,520	124,007	116,983	70.65
Other assets	9,128	(7.33)	9,850	6.36	9,261	9,359	9,007	8,748	4.34
Total Assets	$ 311,920	.40 %	$ 310,668	4.08 %	$ 298,497	$ 258,503	$ 236,323	$ 222,593	40.13 %
Liabilities & Stockholders' Equity									
Deposits	$ 258,170	.61 %	$ 256,609	5.01%	$ 244,362	$ 199,477	$ 187,721	$ 174,778	47.71 %
Short-term borrowings	4,200	(59.90)	10,473	(41.26)	17,828	26,436	13,495	25,786	(83.71)
Federal Home Loan Bank advances	19,000	46.15	13,000	44.44	9,000	12,000	14,000	3,000	533.33
Note payable	4,500	-	-	-	-	2,780	3,980	4,580	(1.75)
Company obligated manditorily redeemable preferred securities	5,000	-	5,000	-	5,000	-	-	-	-
Other liabilities	2,462	(13.64)	2,851	(4.07)	2,972	2,538	2,641	2,271	8.41
Stockholders' equity	18,588	(18.24)	22,735	17.58	19,335	15,272	14,486	12,178	52.64
Total Liabilities & Stockholders' Equity	$ 311,920	.40 %	$ 310,668	4.08 %	$ 298,497	$ 258,503	$ 236,323	$ 222,593	40.13 %

At December 31, 2002, the Company had assets of $311,920,000 compared to $310,668,000 at December 31, 2001. Cash and due from banks increased 31.19%, federal funds sold increased 42.11% and gross loans increased 6.54% over year end 2001 balances. The 28.26% reduction in securities balances, an increase in Federal Home Loan Bank advances of 46.15% and an increase in notes payable of $4,500,000 were used to fund the growth mentioned above and the repurchase of common stock of $7,429,000.

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 (15.84%), and agricultural (16.52%) lending experienced growth during 2002. Approximately $13,294,000 of fixed rate long-term residential real estate loans were sold in the secondary market during 2002 while $14,719,000 were sold in 2001. Agricultural real estate loans totaling $385,000 were sold in the secondary market during 2002, while $1,622,000 were sold in 2001. In addition, under the Company's student loan program, approximately $298,000 in student loans were sold to Sallie Mae during 2002 compared to $370,000 sold in 2001. 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.

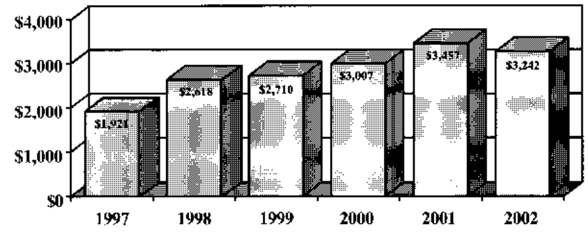
Prevailing economic conditions as well as federal regulations concerning monetary and fiscal policies as they pertain to financial institutions significantly affect the Company. Deposit balances are influenced by a number of factors including interest rates paid on competing personal investments and 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, 2002, the Company reported consolidated net income of $3,242,000, a $215,000 (6.22%) decrease from 2001. Net interest income for the periods being compared increased $754,000 or 8.12%. Other income decreased $448,000 (11.50%) while other expenses increased $568,000 (7.51%) over 2001 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 $289,637,000 for the year ended December 31, 2002. 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)

		2002	Change		2001	Change		2000		1999		1998		1997	5 Year Growth Rate
Interest income	$	**17,792**	**(12.16)%**	$	20,255	2.10%	$	19,839	$	16,414	$	15,414	$	13,170	35.09 %
Interest expense		**(7,750)**	**(29.33)**		(10,967)	(.83)		(11,059)		(8,204)		(7,884)		(6,703)	15.62
Net interest income	$	**10,042**	**8.12%**	$	9,288	5.79%	$	8,780	$	8,210	$	7,530	$	6,467	55.28 %
Provision for loan losses		**(990)**	**50.00**		(660)	175.00		(240)		(240)		(144)		(30)	3200.00
Net interest income after provision for loan losses	$	**9,052**	**4.91 %**	$	8,628	1.03 %	$	8,540	$	7,970	$	7,386	$	6,437	40.62 %
Other income		**3,449**	**(11.50)**		3,897	44.33		2,700		2,552		2,231		1,480	133.04
Other expense		**(8,130)**	**7.51**		(7,562)	8.79		(6,951)		(6,474)		(5,795)		(5,145)	58.02
Income before taxes	$	**4,371**	**(11.93)%**	$	4,963	15.71 %	$	4,289	$	4,048	$	3,822	$	2,772	57.68 %
Income tax expense		**(1,129)**	**(25.03)**		(1,506)	17.47		(1,282)		(1,338)		(1,204)		(851)	32.67
Net income	$	**3,242**	**(6.22)%**	$	3,457	14.97 %	$	3,007	$	2,710	$	2,618	$	1,921	68.77 %

For the Years Ended December 31,
(Amounts in thousands of dollars)

	2002	2001	2000
Interest Income	$ 17,270	$ 19,980	$ 19,680
Loan Fees	522	275	159
Interest Expense	(7,750)	(10,967)	(11,059)
Net Interest Income	$ 10,042	$ 9,288	$ 8,780
Average Earning Assets	$ 289,637	$ 285,259	$ 257,904
Net Interest Margin	3.47%	3.26%	3.40%

The yield on average earning assets for the year ended 2002 was 6.14% while the average cost of funds for the same period was 3.17% on average interest bearing liabilities of $244,760,000. The yield on average earning assets for the year ended 2001 was 7.10%, while the average cost of funds for the same period was 4.55% on average interest bearing liabilities of $240,977,000. Average earning asset growth exceeded average paying liability growth by $595,000. This factor coupled with the reduction in cost of funds of 138 basis points and yield of 96 basis points, assisted in increasing net interest margin by 21 basis points.

Provision for Loan Losses

The allowance for loan losses as a percentage of net loans outstanding is 1.14% at December 31, 2002, compared to 1.22% at December 31, 2001. Net loan charge-offs totaled $997,000 for the year ended December 31, 2002 compared to $299,000 in 2001.

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 possible losses in the portfolio at December 31, 2002.

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, 2002 was $3,449,000, a decrease of $448,000 (11.50%) from 2001. The securities gains of $85,000 were generated from the implementation of an investment strategy that was directed to the enhancement of earnings for future periods.

Other Expense

Other expenses for the period ended December 31, 2002 totaled $8,130,000, an increase of $568,000 (7.51%) from 2001 year end totals. Salaries and employee benefits expense aggregated 53.86% and 53.81% of total other expense for the year ended December 31, 2002 and 2001 respectively.

Non-accrual, Restructured and Past Due Loans and Leases and Other Real Estate Owned

(Amounts in thousands of dollars)

At December 31,	2002	2001	2000	1999	1998	1997
Non-accrual loans and leases	$ 104	$ 148	$ 242	$ 147	$ 88	$ 298
Other real estate owned	41	169	-	113	-	49
Total non-performing assets	$ 145	$ 317	$ 242	$ 260	$ 88	$ 347
Loans and leases past due 90 days or more and still accruing interest	58	429	489	258	31	61
Total non-performing assets and 90-day past due loans and leases	$ 203	$ 746	$ 731	$ 518	$ 119	$ 408
Interest income as originally contracted on non-accrual and restructured loans and leases	$ 7	$ 16	$ 26	$ 10	$ 9	$ 53
Interest income recognized on non-accrual and restructured loans and leases	-	-	-	-	-	-
Reduction of interest income due to non-accrual and restructured loans and leases	$ 7	$ 16	$ 26	$ 10	$ 9	$ 53
Reduction in basic and diluted earnings per share due to non-accrual and restructured loans and leases	$ .00	$ .00	.01	$ .00	$ .00	$ .01

Income Taxes
The Company files its Federal income tax return on a consolidated basis with the Bank. See Note 17 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, 2002, these categories totaled $49,366,000 or 15.83% of assets, compared to $31,380,000 or 10.10% the previous year.

As of December 31, 2002, securities held to maturity included $253,000 of gross unrealized gains 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 2003, 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, 2002 Repricing Period		
	Through One year	After one Year through Five years	After Five years
Interest-earning assets	$ 126,442	$ 124,085	$ 44,865
Interest-bearing liabilities	163,444	78,448	5,000
Repricing gap (repricing assets minus repricing liabilities)	$ (37,002)	$ 45,637	$ 39,865

	As of December 31, 2001 Repricing Period		
	Through One year	After one Year through Five years	After Five years
Interest-earning assets	$ 113,770	$ 110,409	$ 71,805
Interest-bearing liabilities	199,048	38,408	7,000
Repricing gap (repricing assets minus repricing liabilities)	$ (85,278)	$ 72,001	$ 64,805

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.

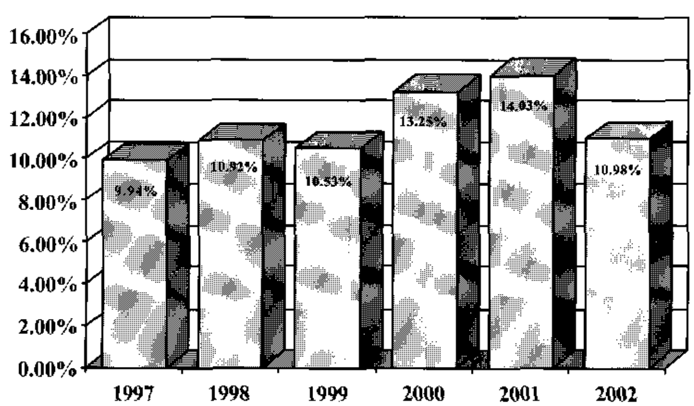
Capital

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.

The Company's capital, as defined by the regulations, was 10.98 percent of risk-weighted assets at December 31, 2002. In addition, a leverage ratio of at least 4.00 percent is to be maintained. At December 31, 2002, the Company's leverage ratio was 7.18 percent.

Risked Based Capital Ratios



Asset Liability Management

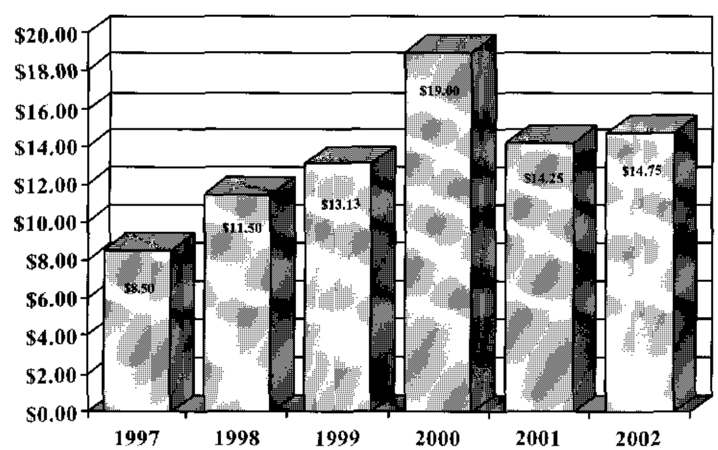
Since changes in interest rates may have a significant impact on operations the Company has implemented, and currently maintains, an asset liability management committee at the Bank to monitor and react to the changes in interest rates and other economic conditions. Research concerning interest rate 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 258 shareholders as of December 31, 2002, and is traded in a limited over-the-counter market.

On December 31, 2002 the market price of the Company's common stock was $14.75. Market price is based on stock transactions in the market. Cash dividends on common stock of $501,000 were declared by the Board of Directors of the Company for the year ended December 31, 2002.

Closing Share Price Data



Financial Report
Upon written request of any shareholder of record on December 31, 2002, the Company will provide, without charge, a copy of its 2002 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 13, 2003 at 9:00 A.M. at the Quincy Holiday Inn, 201 South 3rd Street, Quincy, Illinois.

McGladrey & Pullen
Certified Public Accountants

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, 2002 and 2001, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2002, 2001 and 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Bankers Trustshares, Inc. and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for the years ended December 31, 2002, 2001 and 2000, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Davenport, Iowa
February 14, 2003

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

	December 31, 2002	December 31, 2001
Assets		
Cash and due from banks (Note 3)		
Non-interest bearing	$ 11,250	$ 8,631
Interest bearing	22,674	17,228
	$ 33,924	$ 25,859
Securities held to maturity (Note 4)	$ 8,700	$ 9,620
Securities available for sale (Note 4)	45,867	66,442
Federal funds sold	13,500	9,500
Loans held for sale	1,175	2,178
Loans (Note 5)	201,931	189,531
Less allowance for loan losses	(2,305)	(2,312)
Net loans	$ 199,626	$ 187,219
Premises, furniture and equipment, net (Note 6)	$ 4,082	$ 4,096
Accrued interest receivable	1,632	1,951
Other assets	3,414	3,803
TOTAL ASSETS	$ 311,920	$ 310,668
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest bearing demand	$ 43,978	$ 40,626
Interest bearing demand	72,824	71,718
Savings	29,267	28,891
Time (Note 7)	112,101	115,374
Total Deposits	$ 258,170	$ 256,609
Short-term borrowings (Note 8)	4,200	10,473
Federal Home Loan Bank advances (Note 9)	19,000	13,000
Notes payable (Note 10)	4,500	-
Company obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debentures (Note 11)	5,000	5,000
Accrued interest payable	1,002	1,434
Other liabilities	1,460	1,417
TOTAL LIABILITIES	$ 293,332	$ 287,933
Commitments and Contingencies (Note 12)		
Stockholders' Equity (Note 15)		
Preferred stock, Series A, nonvoting, variable rate, cumulative, no par value, $50 stated value; authorized 50,000 shares; issued and outstanding none (Note 14)	--	--
Common stock, $1 par value; shares authorized 6,000,000; 2002 – shares issued 2,579,230 and outstanding 2,048,574; 2001 – shares issued and outstanding 2,579,230	2,580	2,580
Additional paid in capital	2,251	2,251
Retained earnings	20,234	17,493
Treasury stock, 2002 – 530,656 shares; 2001 – none	(7,429)	-
Accumulated other comprehensive income	952	411
TOTAL STOCKHOLDERS' EQUITY	$ 18,588	$ 22,735
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 311,920	$ 310,668

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,		
	2002	2001	2000
Interest income:			
Interest and fees on loans:			
Taxable	$ 13,897	$ 14,874	$ 14,318
Non-taxable	198	138	120
Interest on securities:			
Taxable	2,460	3,275	3,618
Non-taxable	822	854	742
Interest on federal funds sold	146	468	591
Interest on interest bearing deposits in banks	188	557	360
Other	81	89	90
Total interest income	$ 17,792	$ 20,255	$ 19,839
Interest expense:			
Interest on deposits:			
Interest bearing demand and savings	$ 1,440	$ 2,646	$ 2,605
Time	4,609	6,714	6,162
Total interest on deposits	$ 6,049	$ 9,360	$ 8,767
Interest on short-term borrowings	158	553	1,142
Interest on Federal Home Loan Bank advances	854	528	826
Interest on note payable	159	-	152
Interest on company obligated mandatorily redeemable preferred securities	530	526	172
Total interest expense	$ 7,750	$ 10,967	$ 11,059
Net interest income	$ 10,042	$ 9,288	$ 8,780
Provision for loan losses (Note 5)	$ 990	$ 660	$ 240
Net interest income after provision for loan Losses	$ 9,052	$ 8,628	$ 8,540
Other income:			
Trust department	$ 1,387	$ 1,445	$ 1,297
Service charges on deposit accounts	880	863	709
Gain on sale of loans	135	155	96
Investment securities gains (losses), net	85	446	(258)
Other	962	988	856
Total other income	$ 3,449	$ 3,897	$ 2,700
Other expenses:			
Salaries and employee benefits	$ 4,379	$ 4,069	$ 3,650
Occupancy expense, net	551	519	480
Equipment expense	699	633	608
Computer processing	391	351	326
Professional services	197	132	148
Amortization of goodwill	-	134	134
Other	1,913	1,724	1,605
Total other expenses	$ 8,130	$ 7,562	$ 6,951
Income before income taxes	$ 4,371	$ 4,963	$ 4,289
Income taxes (Note 17)	1,129	1,506	1,282
Net income	$ 3,242	$ 3,457	$ 3,007
Earnings per share of common stock, basic and diluted	$ 1.49	$ 1.34	$ 1.17

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, 2002, 2001 and 2000

	Preferred Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Comprehensive Income	Total
Balance, December 31, 1999	$ -	$ 1,290	$ 3,541	$ 11,906	$ (1,465)	$ -		$ 15,272
Comprehensive income:								
Net income	-	-	-	3,007	-	-	3,007	3,007
Other comprehensive (loss), net of tax, (Note 2)	-	-	-		1,443		1,443	1,443
Comprehensive income							$ 4,450	
Adjustment to reflect two-for-one common stock split (Note 20)	-	1,290	(1,290)	-	-	-		-
Dividends declared on common stock (amount per share $.15)	-	-	-	(387)	-	-		(387)
Balance, December 31, 2000	$ -	$ 2,580	$ 2,251	$ 14,526	$ (22)	$ -		$ 19,335
Comprehensive income:								
Net income	-	-	-	3,457	-	-	3,457	3,457
Other comprehensive income, net of tax, (Note 2)	-	-	-	-	433	-	433	433
Comprehensive income						-	$ 3,890	
Dividends declared on common stock (amount per share $.19)	-	-	-	(490)	-	-		(490)
Balance, December 31, 2001	$ -	$ 2,580	$ 2,251	$ 17,493	$ 411	$ -		$ 22,735
Comprehensive income:								
Net income	-	-	-	**3,242**	-	-	**3,242**	**3,242**
Other comprehensive income, net of tax, (Note 2)	-	-	-	-	**541**	-	**541**	**541**
Comprehensive income							**$ 3,783**	
Purchase of 530,656 shares of common stock for the treasury	-	-	-	-	-	**(7,429)**		**(7,429)**
Dividends declared on common stock (amount per share $.23)	-	-	-	**(501)**	-	-		**(501)**
Balance, December 31, 2002	**$ -**	**$ 2,580**	**$ 2,251**	**$ 20,234**	**$ 952**	**$ (7,429)**		**$ 18,588**

See notes to consolidated financial statements

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

	Years Ended December 31,		
	2002	2001	2000
Cash Flows From Operating Activities			
Net income	$ 3,242	$ 3,457	$ 3,007
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	990	660	240
Amortization of goodwill	-	134	134
Depreciation	748	673	656
Amortization/accretion of premiums/discounts on securities, net	445	154	10
Investment securities (gains) losses, net	(85)	(446)	258
Loans originated for resale	(12,974)	(18,472)	(6,167)
Proceeds from loans sold	14,112	16,866	5,920
Gain on sale of loans	(135)	(155)	(96)
Deferred income taxes	(64)	(118)	(25)
(Increase) decrease in accrued interest receivable and other assets	743	(308)	(827)
Increase (decrease) in accrued interest payable and other liabilities	(380)	(147)	408
Net cash provided by operating activities	$ 6,642	$ 2,298	$ 3,518
Cash Flows From Investing Activities			
Purchases of securities available for sale	$ (3,876)	$ (33,615)	$ (22,837)
Purchases of securities held to maturity	(750)	(700)	(700)
Proceeds from sales of securities available for sale	7,998	3,856	17,972
Proceeds from sales of securities held to maturity	-	-	164
Proceeds from maturities, calls and principal reductions of available for sale securities	16,964	27,286	8,244
Proceeds from maturities, calls and principal reductions on held to maturity securities	1,668	-	-
Increase in loans, net	(13,696)	(13,544)	(20,224)
(Increase) decrease in federal funds s old	(4,000)	9,200	(5,275)
Purchases of premises, furniture and equipment	(734)	(1,068)	(225)
Net cash provided by (used in) investing activities	$ 3,574	$ (8,585)	$ (22,881)
Cash Flows From Financing Activities			
Net increase in deposits	$ 1,561	$ 12,247	$ 44,885
Issuance of note payable	6,000	-	-
Principal payments on note payable	(1,500)	-	(2,780)
Purchase of treasury stock	(7,429)		
Cash dividends paid on common stock	(510)	(464)	(361)
Decrease in short-term borrowings	(6,273)	(7,355)	(8,608)
Proceeds from Federal Home Loan Bank advances	6,000	8,000	2,000
Repayments of Federal Home Loan Bank advances	-	(4,000)	(5,000)
Proceeds from issuance of preferred securities of subsidiary trust	-	-	5,000
Net cash provided by (used in) financing activities	$ (2,151)	$ 8,428	$ 35,136
Net increase in cash and due from banks	$ 8,065	$ 2,141	$ 15,773
Cash and Due From Banks:			
Beginning	$ 25,859	$ 23,718	$ 7,945
Ending	$ 33,924	$ 25,859	$ 23,718

(continued)

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

	Years Ended December 31,					
	2002		2001		2000	
Supplemental disclosure of cash flow information, Cash payments for:						
Interest	$	8,182	$	11,485	$	10,526
Income taxes	$	1,433	$	1,544	$	1,509
Supplemental schedule of noncash investing and financing activities:						
Net change in accumulated other comprehensive income (loss), unrealized gains on securities available for sale, net	$	541	$	433	$	1,443
Transfer of loans to other real estate owned	$	299	$	169	$	--

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, Philadelphia, Pennsylvania 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 federal funds sold, loans to customers, deposits, and short-term borrowings 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, 2002 and 2001.

Loans
Loans are stated at the principal amount outstanding, net of an 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 practices 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, 2002 and 2001, the Bank had loan concentrations in agribusiness of 8.13% and 7.43%, hotel and motel industry of 3.74% and 4.20% and senior housing industry of 2.46% and 3.11%, 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, 2002 and 2001.

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, only 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 to pledge or exchange the assets it received, and no condition both constrains the transferee from taking advantage of its right to pledge or exchange and provides more than a modest benefit to the transferor, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

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, 2002 and 2001, loans held for sale consist of residential real estate loans.

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

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

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

Intangibles
Goodwill totals $334,000 at December 31, 2002 and 2001 represents the unamortized cost of the investment in the Bank in excess of the fair value of net assets acquired. In July 2001, the Financial Accounting Standards Board issued Statement No. 142, *Goodwill and Other Intangible Assets*. Statement No. 142 eliminates the amortization of goodwill and other intangibles that are determined to have an indefinite life; and requires, at a minimum, annual impairment tests for goodwill and other intangible assets that are determined to have an indefinite life. For the Company, the provisions of the Statement were effective January 1, 2002. Implementation of Statement No. 142 has impacted the Company's consolidated financial statements in that yearly goodwill amortization of $134,000 is no longer recorded.

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, 2002, 2001, and 2000.

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.

2. COMPREHENSIVE INCOME (Continued)

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

	Before tax	Tax expense (benefit)	Net of tax
Year ended December 31, 2002			
Unrealized gains on securities available for sale:			
Unrealized holding gains arising during the year	$ 954	$ 360	$ 594
Less reclassification adjustment for gains included in net income	85	32	53
Other comprehensive income	$ 869	$ 328	$ 541
Year ended December 31, 2001			
Unrealized gains on securities available for sale:			
Unrealized holding gains arising during the year	$ 1,146	$ 437	$ 709
Less reclassification adjustment for gains included in net income	446	170	276
Other comprehensive income	$ 700	$ 267	$ 433
Year ended December 31, 2000			
Unrealized gains (losses) on securities available for sale:			
Unrealized holding gains arising during the year	$ 2,070	$ 787	$ 1,283
Less reclassification adjustment for (losses) included in net income	(258)	(98)	(160)
Other comprehensive income	$ 2,328	$ 885	$ 1,443

3. RESTRICTIONS ON CASH AND DUE FROM BANKS

The Bank is required to maintain a reserve balance with the Federal Reserve Bank of St. Louis. The total of the reserve balance was approximately $3,357,000 and $3,074,000 at December 31, 2002 and 2001, respectively.

4. SECURITIES

The amortized cost and fair values of securities held to maturity as of December 31, 2002 and 2001 are as follows (Amounts in thousands of dollars):

	2002			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government agencies and corporations	$ 160	$ 8	$ -	$ 168
State and political subdivisions	8,540	245	-	8,785
	$ 8,700	$ 253	$ -	$ 8,953

4. SECURITIES (Continued)

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

The amortized cost and fair values of securities available for sale as of December 31, 2002 and 2001 are as follows (Amounts in thousands of dollars):

	2002			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized (Losses)**	**Fair Value**
U.S. Government agencies and corporations	**$ 30,922**	**$ 1,118**	**$ -**	**$ 32,040**
State and political subdivisions	**8,334**	**349**	**(2)**	**8,681**
Corporate securities	**1,434**	**26**	**-**	**1,460**
Collateralized mortgage obligations	**3,643**	**44**	**(1)**	**3,686**
	$ 44,333	**$ 1,537**	**$ (3)**	**$ 45,867**

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

The amortized cost and fair value of securities as of December 31, 2002 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	**$ 1,386**	**$ 1,400**
Due after one year through five years	**2,440**	**2,563**
Due after five years through ten years	**2,567**	**2,644**
Due after ten years	**2,307**	**2,346**
	$ 8,700	**$ 8,953**

Securities available for sale:	**Amortized Cost**	**Fair Value**
Due in one year or less	**$ 100**	**$ 100**
Due after one year through five years	**16,111**	**16,482**
Due after five years through ten years	**4,924**	**5,140**
Due after ten years	**18,121**	**18,999**
	$ 39,256	**$ 40,721**
Corporate securities	**1,434**	**1,460**
Collateralized mortgage obligations	**3,643**	**3,686**
	$ 44,333	**$ 45,867**

4. SECURITIES (Continued)

Information on securities sold during the years ended December 31, 2002, 2001 and 2000 follows (Amounts in thousands of dollars):

	2002	2001	2000
Proceeds from sales:			
Securities available for sale	$ 7,998	$ 3,856	$ 17,972
Securities held to maturity	-	-	164
Gross gains	$ 104	$ 219	$ 9
Gross losses	$ 19	$ -	$ 267

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, 2002 and 2001 securities with a carrying value of approximately $37,274,000 and $46,975,000 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, 2002 and 2001 are as follows (Amounts in thousands of dollars):

	2002	2001
Commercial	$ 105,405	$ 90,990
Agricultural	16,416	14,089
Tax exempt	3,305	3,803
Real estate, mortgage	38,290	41,467
Consumer	38,321	38,989
Other	194	193
	$ 201,931	$ 189,531
Less: Allowance for loan losses	(2,305)	(2,312)
Net loans	$ 199,626	$ 187,219

Loans on which the accrual of interest has been discontinued totaled $104,000 and $148,000 as of December 31, 2002 and 2001, respectively. The foregone interest had the effect of reducing interest income by $7,000 and had no impact on earnings per share of common stock for the year ended December 31, 2002. The foregone interest for the years ended December 31, 2001 and 2000 had the effect of reducing interest income by $16,000 and $26,000, respectively. There was no impact on earnings per share of common stock for the year ended December 31, 2001 and a decrease of $.01 on earnings per share of common stock for the year ended 2000.

Impaired loans were not material at December 31, 2002 and 2001.

Loans past due 90 days or more and still accruing interest totaled $58,000 and $429,000 at December 31, 2002 and 2001, respectively.

5. LOANS (Continued)

Activity in the allowance for loan losses during the years ended December 31, 2002, 2001 and 2000 is summarized below (Amounts in thousands of dollars):

	2002	2001	2000
Balance, beginning of year	$ 2,312	$ 1,951	$ 1,919
Provision for loan losses	990	660	240
Loan charge-offs	(1,045)	(337)	(274)
Recoveries of loans charged off	48	38	66
Balance, end of year	$ 2,305	$ 2,312	$ 1,951

Mortgage loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of these loans totaled $46,534,000 and $15,327,000 at December 31, 2002 and 2001, respectively.

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 2002 and 2001 is as follows (Amounts in thousands of dollars):

	2002	2001
Balance, beginning of year	$ 3,320	$ 2,658
Advances	4,959	7,994
Repayments	(5,640)	(7,332)
Balance, end of year	$ 2,639	$ 3,320

6. PREMISES, FURNITURE AND EQUIPMENT

The cost, accumulated depreciation and net book value of premises, furniture and equipment as of December 31, 2002 and 2001 is summarized as follows (Amounts in thousands of dollars):

	2002	2001
Land	$ 926	$ 625
Building and improvements	3,555	3,710
Furniture and equipment	4,884	5,538
	$ 9,365	$ 9,873
Less accumulated depreciation	(5,283)	(5,777)
	$ 4,082	$ 4,096

7. TIME DEPOSITS

The aggregate amount of time deposits, each with a minimum denomination of $100,000, was approximately $23,540,000 and $26,648,000 at December 31, 2002 and 2001, respectively.

At December 31, 2002, the scheduled maturities of time deposits are as follows (Amounts in thousands of dollars):

2003	$ 54,339
2004	21,733
2005	15,632
2006	12,852
2007	7,545
	$ 112,101

8. SHORT TERM BORROWINGS

The following is a summary of short-term borrowings outstanding as of December 31, 2002 and 2001 (Amounts in thousands of dollars):

	2002	2001
Federal funds purchased	$ -	$ 800
Securities sold under agreement to repurchase	4,200	9,673
Total short-term borrowings	$ 4,200	$ 10,473

Federal funds purchased are overnight borrowings from other financial institutions.

Securities sold under agreements to repurchase are short-term borrowings that generally mature within 180 days from the dates of issuance.

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

	2002	2001
Average daily balance during the year	$ 4,423	$ 12,870
Average interest rate during the year	3.50%	4.06%
Average interest rate at year end	2.50%	3.94%
Maximum month end balance during the year	$ 6,173	$ 15,723
Securities underlying the agreements at year end:		
Carrying value	$ 6,255	$ 20,553
Fair value	$ 6,572	$ 20,522

9. FEDERAL HOME LOAN BANK ADVANCES

Federal Home Loan Bank (FHLB) advances are summarized as follows at December 31, 2002 and 2001:

	2002		2001	
Maturity in year ending December 31:	Weighted Average Interest Rate	Balance Due (Amount in thousands)	Weighted Average Interest Rate	Balance Due (Amount in thousands)
2004	4.90%	$ 8,000	4.90%	$ 8,000
2006	4.55	9,000	4.60	3,000
2008	4.89	2,000	4.89	2,000
		$ 19,000		$ 13,000

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

10. NOTE PAYABLE

At December 31, 2002, the Company has a note payable due to a Bank with quarterly payments at 3 month LIBOR plus 175 basis points, which is due March 27, 2005. Principal is payable in 2 installments of $500,000 each, beginning March 27, 2003, and annually thereafter, plus a final payment equal to all unpaid principal and interest at maturity. The note is secured by 170,000 shares of common stock of the Bank.

The note payable includes certain restrictive covenants regarding the Bank's regulatory capital and other ratios.

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

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

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, 2002 as liabilities. For regulatory purposes, the entire amount of the capital securities is allowed in the calculation of Tier I capital.

12. 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, 2002 and 2001 is as follows (Amounts in thousands of dollars):

	2002	2001
Unused lines of credit	**$ 28,809**	$ 23,275
Standby letters of credit	**883**	710

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.

12. COMMITMENTS AND CONTINGENCIES (Continued)

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 and, generally, have terms of one year, or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds collateral, as detailed above, supporting those commitments if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Bank would be required to fund the commitment. The maximum potential amount of future payments the Bank could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded the Bank would be entitled to seek recovery from the customer. At December 31, 2002 and 2001 no amounts have been recorded as liabilities for the Bank's potential obligations under these guarantees.

The Company has executed contracts for the sale of mortgage loans in the secondary market in the amount of $1,175,000 and $2,178,000 at December 31, 2002 and 2001, respectively. These amounts are included in loans held for sale at the respective balance sheet dates.

A portion of residential mortgage loans sold to investors in the secondary market are sold with recourse. Specifically, certain loan sales agreements provide that if the borrower becomes 60 days or more delinquent during the first six months following the first payment due, and subsequently becomes 90 days or more delinquent during the first 12 months of the loan, the Bank must repurchase the loan from the subject investor. In the opinion of management, the risk of recourse to the Bank is not significant and, accordingly, no liability has been established.

Concentration of credit risk:

Aside from cash on hand and in-vault, the majority of the Company's cash is maintained at US Bank, N.A., Commerce Bank, N.A., and the Federal Home Loan Bank of Chicago. The total amount of cash on deposit and federal funds sold exceeded federal insurance limits at the respective institutions by approximately $4,969,000, $9,956,000, and $21,780,000, respectively as of December 31, 2002. In the opinion of management, no material risk of loss exists due to the financial condition of the institutions.

13. BENEFITS

The Bank's retirement plan, which covered substantially all full time employees (working over 20 hours per week) after completion of one year of service and attaining the age of 21 was terminated effective December 31, 2001. Monies associated with the plan were transferred into the Company's 401K plan. The Bank contributed an amount adequate to fund the Target Benefit as determined by various plan assumptions. The Target Benefit was 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 1000 hours per year) 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 21. 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.

13. BENEFITS (Continued)

Contributions to the target benefit plan for the years ended December 31, 2001 and 2000 totaled S63,000 and $106,000 respectively. Contributions to the 401(k) plan for the year ended December 31, 2002 totaled $204,000. No contributions to the 401K Plan were made in 2001 and 2000. Contributions made to the incentive compensation plan for the year ended December 31, 2002 were none, $143,000 and $179,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

14. PREFERRED STOCK

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

15. 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. Prompt corrective action provisions are not applicable to bank holding companies.

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, 2002, 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.

15. 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, 2002	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total Capital						
(to Risk Weighted Assets)						
Company	$24,360	10.98%	≥$17,744	≥8.00%	N/A	N/A
Bank	$27,879	12.61%	≥$17,690	≥8.00%	≥$22,112	≥10.00%
Tier I Capital						
(to Risk Weighted Assets)						
Company	$22,302	10.05%	≥$8,873	≥4.00%	N/A	N/A
Bank	$25,821	11.68%	≥$8,845	≥4.00%	≥$13,267	≥6.00%
Tier I Capital						
(to Average Assets)						
Company	$22,302	7.18%	≥$12,429	≥4.00%	N/A	N/A
Bank	$25,821	8.35%	≥$12,377	≥4.00%	≥$15,471	≥5.00%
As of December 31, 2001	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital						
(to Risk Weighted Assets)						
Company	$28,988	14.03%	≥$16,530	≥8.00%	N/A	N/A
Bank	$26,172	12.73%	≥$16,441	≥8.00%	≥$20,552	≥10.00%
Tier I Capital						
(to Risk Weighted Assets)						
Company	$26,990	13.06%	≥$8,265	≥4.00%	N/A	N/A
Bank	$24,174	11.76%	≥$8,221	≥4.00%	≥$12,331	≥6.00%
Tier I Capital						
(to Average Assets)						
Company	$26,990	8.68%	≥$12,437	≥4.00%	N/A	N/A
Bank	$24,174	7.85%	≥$12,312	≥4.00%	≥$15,390	≥5.00%

16. PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

	December 31,	
	2002	**2001**
Assets		
Cash	$ 828	$ 2,751
Investment in First Bankers Trust Company	27,516	25,341
Investment in FBIL Statutory Trust I	160	160
Other assets	138	144
Total assets	$ 28,642	$ 28,396
Liabilities and stockholders' equity		
Liabilities:		
Subordinated debentures	$ 5,155	$ 5,155
Note payable	4,500	-
Other	399	506
Total liabilities	$ 10,054	$ 5,661
Total stockholders' equity	$ 18,588	$ 22,735
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 28,642	$ 28,396

16. PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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

	Years Ended December 31,		
	2002	2001	2000
Income:			
Dividends received from First Bankers Trust Company	$ 2,125	$ -	$ 1,050
Dividends received from FBIL Statutory Trust I	16	16	-
Interest	15	104	91
Total income	$ 2,156	$ 120	$ 1,141
Expenses:			
Interest	$ 705	$ 547	$ 324
Salary and benefits	51	22	22
Other	128	134	114
Total expenses	$ 884	$ 703	$ 460
Income (loss) before income tax benefits and equity in undistributed earnings of subsidiaries	$ 1,272	$ (583)	$ 681
Income tax (benefit)	(335)	(235)	(130)
Income (loss) before equity in undistributed earnings of subsidiaries	$ 1,607	$ (348)	$ 811
Equity in undistributed earnings of First Bankers Trust Company	1,635	3,805	2,196
Net income	$ 3,242	$ 3,457	$ 3,007

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

	Years Ended December 31,		
	2002	2001	2000
Cash flows from operating activities			
Net income	$ 3,242	$ 3,457	$ 3,007
Adjustments:			
Equity in undistributed earnings of subsidiaries	(1,634)	(3,810)	(2,196)
Changes in assets and liabilities			
(Increase) decrease in other assets	6	(45)	26
Increase (decrease) in other liabilities	(98)	(151)	(120)
Net cash provided by (used in) operating activities	$ 1,516	$ (247)	$ 717
Cash flows from investing activities			
Capital infusion: FBIL Statutory Trust I	$ -	$ -	$ (155)
Cash flows from financing activities			
Proceeds from issuance of notes payable	$ 6,000	$ -	$ -
Principal payments on note payable	(1,500)	-	(2,780)
Purchase of treasury stock	(7,429)	-	-
Cash dividends paid on common stock	(510)	(464)	(361)
Proceeds from issuance of subordinated debentures	-	-	5,155
Net cash provided by (used in) financing activities	$ (3,439)	$ (464)	$ 2,014
Net increase (decrease) in cash	$ (1,923)	$ (711)	$ 2,576
Cash beginning	2,751	3,462	886
Cash ending	$ 828	$ 2,751	$ 3,462

17. INCOME TAX MATTERS

The components of income tax expense are as follows for the years ended December 31, 2002, 2001 and 2000 (*Amounts in thousands of dollars*):

	Years Ended December 31		
	2002	2001	2000
Current	$ **1,193**	$ 1,624	$ 1,307
Deferred	**(64)**	(118)	(25)
	$ **1,129**	$ 1,506	$ 1,282

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):

	2002 Amount	**% of Pretax Income**	2001 Amount	% of Pretax Income	2000 Amount	% of Pretax Income
Federal income tax at statutory rate	$ **1,483**	**34.0 %**	$ 1,687	34.0 %	$ 1,458	34.0 %
Changes from statutory rate resulting from:						
State tax, net of federal benefit	**114**	**2.6**	116	2.3	71	1.7
Amortization of goodwill	**-**	**-**	45	.9	45	1.0
Tax exempt interest income, net	**(314)**	**(7.2)**	(291)	(5.9)	(249)	(5.8)
State income tax refund, net of federal *income tax benefit*	**(143)**	**(3.3)**	-	-	-	-
(Under) accrual of provision and other, net	**(14)**	**(0.3)**	(51)	(1.0)	(43)	(1.0)
Income tax expense	$ **1,129**	**25.8 %**	$ 1,506	30.3 %	$ 1,282	29.9 %

Net deferred tax assets consist of the following components as of December 31, 2002 and 2001 (Amounts in thousands of dollars):

	2002	2001
Deferred tax assets:		
Allowance for loan losses	$ **894**	$ 868
Accrued expenses	**140**	138
	$ **1,034**	$ 1,006
Deferred tax liabilities:		
Premises, furniture and equipment	$ **(278)**	$ (338)
Unrealized gains on securities available for sale, net	**(582)**	(254)
Stock dividends	**(80)**	(56)
	$ **(940)**	$ (648)
Net deferred tax assets	$ **94**	$ 358

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,		
	2002	2001	2000
Provision for income taxes	$ **(64)**	$ (118)	$ (25)
Statement of changes in stockholders' equity, accumulated other comprehensive income (loss), unrealized gains on securities available for sale, net	**328**	267	885
	$ **264**	$ 149	$ 860

18. CURRENT ACCOUNTING DEVELOPMENTS

The Financial Accounting Standards Board has issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" – an interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34." This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. Implementation of these provisions of the Interpretation is not expected to have a material impact on the Company's consolidated financial statements. The disclosure requirements of the Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002, and have been adopted in the consolidated financial statements for December 31, 2002.

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

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

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

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

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

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continue)

Note payable: The fair value for the variable rate note payable is equal to its carrying 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, 2002 and 2001 are as follows (Amounts in thousands of dollars):

	2002		2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Cash and due from banks	$ 33,924	$ 33,924	$ 25,859	$ 25,859
Securities held to maturity	8,700	8,953	9,620	9,608
Securities available for sale	45,867	45,867	66,442	66,442
Federal funds sold	13,500	13,500	9,500	9,500
Loans	203,106	203,930	191,709	192,334
Accrued interest receivable	1,632	1,632	1,951	1,951
Financial liabilities:				
Non-interest-bearing demand deposits	$ 43,978	$ 43,978	$ 40,626	$ 40,626
Interest-bearing demand deposits	72,824	72,824	71,718	71,718
Savings deposits	29,267	29,267	28,891	28,891
Time deposits	112,101	114,133	115,374	116,354
Short-term borrowings	4,200	4,200	10,473	10,473
Federal Home Loan Bank advances	19,000	20,347	13,000	13,330
Notes payable	4,500	4,500	-	-
Company obligated mandatorily redeemable preferred securities of subsidiary trust holding soley subordinated debentures	5,000	5,625	5,000	5,299
Accrued interest payable	1,002	1,002	1,434	1,434

19. COMMON STOCK SPLIT

On June 30, 2000 the Company issued an additiona l 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 has been retroactively adjusted for this split as if it occurred on December 31, 1999.

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

William D. Daniels
Chairman First Bankers Trustshares, Inc
Member Harborstone Group, LLC.

Donald K. Gnuse, Chairman
President & Chief Executive Officer
First Bankers Trustshares, Inc

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

Carl Adams, Jr.
President
Illinois Ayers Oil Company

Merle Tieken
President
Gem City Electric

Mark E. Freiburg
Owner
Freiburg Insurance Agency &
Freiburg Development

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

Dennis R. Williams
Consultant
Self-Employed

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

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Donald K. Gnuse
Chairman of the Board

Arthur E. Greenbank
President
Chief Executive Officer

Joe J. Leenerts
Executive Vice President
Chief Operating and Financial Officer

Norman E. Rosson
Senior Vice President
Trust Officer

Lansing M. Tomlinson
Senior Vice President
Corporate Services

Terri Hollender
Branch Manager

Dianna Orr
Branch Manager

Sherry A. Bryson
Assistant Vice President
Branch Manager

Doug R. Reed
Vice President
Business Banking

Pat Brink
Cashier

Timothy W. Corrigan
Assistant Director
Information Services

Jane A. Fischer
Director
Marketing

Stephen R. Griggs
Vice President
Consumer Lending

Marcia L. Hardin
Business Lending Officer

Peggy J. Junk
Vice President
Mortgage Lending

Lois J. Knapp
Branch Manager

Dave Rakers
Senior Vice President
Business Lending Manager

David J. McCaughey
Assistant Vice President
Fixed Asset Manager

Kjersti Cory
Trust Officer

Tom Frese
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Consumer Loan Officer

Gretchen A. McGee
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Kathleen D. McNay
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Human Resources

James R. Obert
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Business Lending

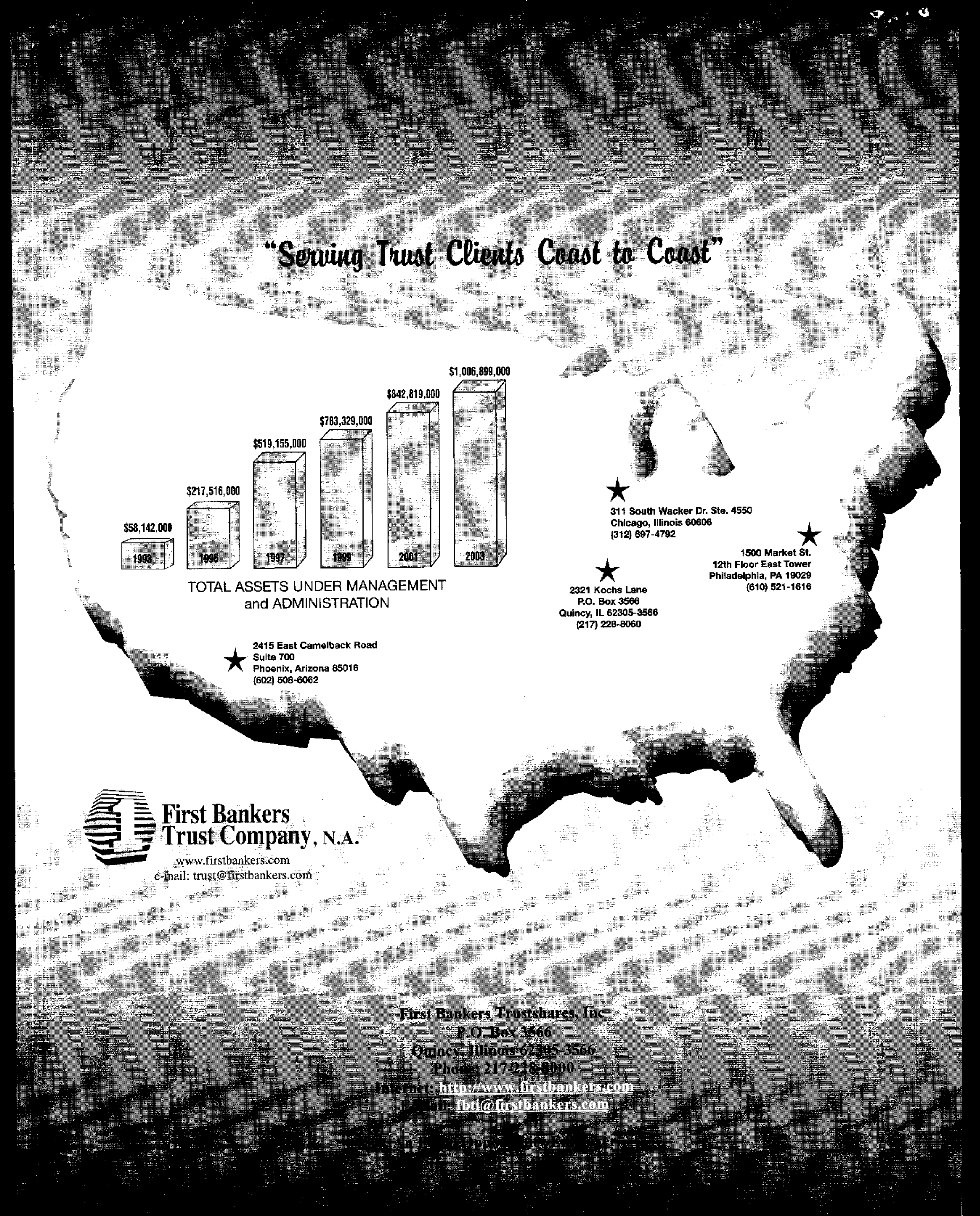
Jeanette L. Schinderling
Retail Banking Officer

Linda J. Shultz
Trust Officer

Brent R. Voth
Director
Information Systems

Debbie Staff
Trust Officer

Brian Ippenson
Vice President
General Manager
Trust Department


"Serving Trust Clients Coast to Coast"
$58,142,000
1993
$217,516,000
1995
$519,155,000
1997
$783,329,000
1999
$842,819,000
2001
$1,006,899,000
2003
TOTAL ASSETS UNDER MANAGEMENT
and ADMINISTRATION
311 South Wacker Dr. Ste. 4550
Chicago, Illinois 60606
(312) 697-4792
1500 Market St.
12th Floor East Tower
Philadelphia, PA 19029
(610) 521-1616
2321 Kochs Lane
P.O. Box 3566
Quincy, IL 62305-3566
(217) 228-8060
2415 East Camelback Road
Suite 700
Phoenix, Arizona 85016
(602) 508-6062
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Trust Company, N.A.
www.firstbankers.com
e-mail: trust@firstbankers.com
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P.O. Box 3566
Quincy, Illinois 62305-3566
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