First Bankers Trustshares, Inc.

Capitol Research Division
SNL Financial
1-800-969-4121

2004 Annual Report

Quincy, Illinois • 25th & Broadway

Macomb

Rushville

Paloma

Carthage

Table of Contents

Corporate Description

First Bankers Trustshares, Inc. (FBTI) is a bank holding company for First Bankers Trust Company, N.A., FBIL Statutory Trust I, FBIL Statutory Trust II, FBIL Statutory Trust III, and First Bankers Trust Services, Inc.. 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, Northeastern Missouri, and Southeastern Iowa.

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, one facility in Paloma, Illinois in northern Adams County, one facility in Macomb, Illinois in McDonough County, one facility in Carthage, Illinois in Hancock County, one facility in Rushville, Illinois in Schuyler County, and facilities located in Chicago, Illinois, Philadelphia, Pennsylvania and Phoenix, Arizona that provide trust services.

FBIL Statutory Trust I, FBIL Statutory Trust II, and FBIL Statutory Trust III were capitalized in September 2000 and 2003 and August 2004, respectively, 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: 245 *
*As of December 31, 2004

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
201 N. Harrison St., Suite 300
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.

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

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

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

Dennis R. Williams
Chairman of the Board, Quincy Newspapers, Inc.

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	12/31/04	09/30/04	06/30/04	03/31/04	12/31/03
High	$ 24.10	$ 22.00	$ 21.00	$ 18.00	$ 15.80
Low	$ 21.03	$ 19.05	$ 17.00	$ 15.40	$ 15.00
Period End Close	$ 24.00	$ 21.45	$ 19.00	$ 18.00	$ 15.40

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 (585) 546-5560

William D. Daniels, Chairman

Donald K. Gnuse, President and Chief Executive Officer

Dear Shareholder:

2004 proved to be a banner year for First Bankers Trustshares, Inc. Both our bank, First Bankers Trust Company, N.A., and our trust company, First Bankers Trust Services, Inc., turned in solid earnings performances for shareholders. Those performances resulted in a rise in net earnings per share of $1.59 compared to $1.52 for the year 2003.

Strategically, the acquisition of five offices of Union Bank in West Central Illinois represented a major step in our goal of increasing market share of customers and bank assets in our trade area. Your company now offers more wholly-owned banking offices to citizens in West Central Illinois than any other bank. This action should, over time, substantially increase the number of households that use the financial services of the First Bankers family.

While acquiring new offices in Carthage, Macomb, Paloma, Rushville, and Quincy was important, we also acquired some very talented and dedicated employees, who represent a major asset that is not recorded on our balance sheet. This talent and dedication stood out during the integration and conversions of financial data to our banking system. We wish to thank our Quincy and Mendon staff, who gave up weekends, postponed vacations, and worked incredibly long hours to make this conversion a success. They met deadlines, identified and resolved problems, and made certain that the proper systems were tested and in place to provide the service to many new customers. Now that the "boot camp", on-site training phase of acquisition conversions is history, the bank is ready and very capable of handling the next acquisition that comes down the road.

As if completing a major acquisition was not enough, during 2004 our company also transformed itself from a traditional bank with a trust department into becoming an untraditional bank and selling its trust department to a newly chartered trust company, First Bankers Trust Services, Inc. This has enabled a separate management team to devote 100% of its time to management and strategic planning for a dynamic company, focused primarily on Employee Benefit Plans. The new trust company was capitalized with $3,500,000 of capital from its shareholder, First Bankers Trustshares, Inc. with a separate Board of Directors. The development of a trust "niche" that was started some fifteen years ago, has grown from one office in Quincy with fifty million dollars in assets under management and administration, to a one billion three hundred million dollar operation with sales offices in Chicago, Phoenix, Philadelphia, and Quincy.

During 2005 your company will be arming its staff in each of its offices with additional financial services to offer both its faithful customers of many years and recently-welcomed customers. A new service that we are offering to business clients is called "Express Business Banking", an excellent cash management service allowing small and large business clients to enjoy greater functionality without jeopardizing security. We will continue to offer the latest internet banking products to our customers keeping in step with changes in technology.

It has been said that any banking enterprise worth its salt, is one that serves its community through high performance service, provides its employees with stable employment and career growth opportunities, while also returning a fair reward to its stockholders. We have already addressed our customer service and appreciation to our staff members. Now lets focus on you as shareholders.

Nowhere is the success of First Bankers Trustshares, Inc. more evident than in its investment return to shareholders. The focus of this company from its formation has been on performance-based strategies. Eleven consecutive years of increased cash dividends to you, our shareholder, confirms that the company is sharing this prosperity with you each year. The balance of the retained earnings has helped make it possible to acquire additional banking offices and acquire and retain a talented and dedicated staff. The market-makers perception as indicated in our fourth quarter report, has boosted our market value some 55% from the previous year. This is especially gratifying to our Board of Directors who are committed to enhancing shareholder value. We have benefited from the ongoing counsel and wisdom of our Board of Directors throughout the history of our company.

As we move through 2005 we continue to be excited about future prospects and opportunities to profitably grow our franchise. This will be accomplished through internal growth as well as seeking that growth through additional acquisitions and merger of equals. A special thanks to you, our shareholders, for continuing your investment and faith in First Bankers Trustshares, Inc.

William D. Daniels

William D. Daniels
Chairman

Donald K. Gnuse
President/CEO

Selected Financial Data

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

	YEAR ENDED DECEMBER 31,					
PERFORMANCE	**2004**	2003	2002	2001	2000	1999
Net income	$ 3,264	$ 3,123	$ 3,242	$ 3,457	$ 3,007	$ 2,710
Preferred stock cash dividends paid	$ -	$ -	$ -	$ -	$ -	$ -
Common stock cash dividends paid	$ 615	$ 533	$ 510	$ 464	361	$ 309
Common stock cash dividend payout ratio	18.84%	17.07%	15.73%	13.42%	12.01%	11.40%
Return on average assets	.94%	.97%	1.06%	1.15%	1.11%	1.14%
Return on common stockholders' equity[1]	15.03%	16.31%	17.81%	16.40%	16.43%	17.23%
PER COMMON SHARE[2]						
Earnings, basic and diluted	$ 1.59	$ 1.52	$ 1.49	$ 1.34	$ 1.17	$ 1.05
Dividends (Paid)	$ .30	$ .26	$ .22	$ .18	$ .14	$ .12
Book value[3]	$ 11.15	$ 9.86	$ 8.61	$ 8.66	$ 7.51	$ 6.49
Stock price						
High	$ 24.10	$ 17.00	$ 16.50	$ 20.00	$ 19.00	$ 13.75
Low	$ 15.40	$ 14.00	$ 14.00	$ 14.00	$ 13.13	$ 11.50
Close	$ 24.00	$ 15.40	$ 14.75	$ 14.25	$ 19.00	$ 13.13
Price/Earnings per share (at period end)	15.1	10.1	9.9	10.6	16.2	12.5
Market price/Book value (at period end)	2.15	1.56	1.71	1.65	2.53	2.02
Weighted average number of shares outstanding	2,048,574	2,048,574	2,175,059	2,579,230	2,579,230	2,579,230
AT DECEMBER 31,						
Assets	$ 407,367	$ 315,670	$ 311,920	$ 310,668	$ 298,497	$ 258,503
Investment securities	83,942	53,582	54,567	76,062	71,897	72,680
Loans held for sale	663	453	1,175	2,178	417	74
Loans	268,192	221,808	201,931	189,531	176,455	156,439
Deposits	340,555	258,413	258,170	256,609	244,362	199,477
Short-term borrowings and Federal Home Loan Bank advances	20,762	24,114	23,200	23,473	26,828	38,436
Note payable	4,000	-	4,500	-	-	2,780
Junior subordinated debentures	15,465	-	-	-	-	-
Company obligated mandatorily redeemable preferred securities	-	10,000	5,000	5,000	5,000	-
Stockholders' equity[4]	$ 22,835	$ 20,206	$ 17,636	$ 22,324	$ 19,357	$ 16,737
Total equity to total assets[4]	5.61%	6.40%	5.65%	7.19%	6.48%	6.47%
Tier 1 capital ratio (risk based)	8.54%	10.90%	10.05%	13.06%	12.31%	9.43%
Total capital ratio (risk based)	11.82%	13.14%	10.98%	14.03%	13.25%	10.53%
Leverage ratio	6.52%	8.12%	7.18%	8.68%	8.84%	6.45%

1 Return on common stockholders' equity is calculated by dividing net income by average common stockholders' equity. Common stockholders' equity is defined as equity plus or minus accumulated other comprehensive income or (loss).

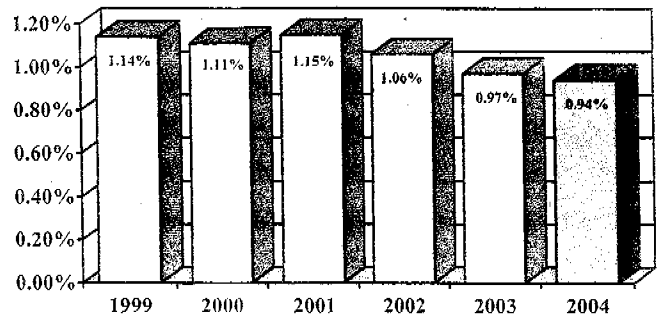
2 Previous year per share data has been adjusted to reflect the two-for-one stock split effective June 30, 2000.

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

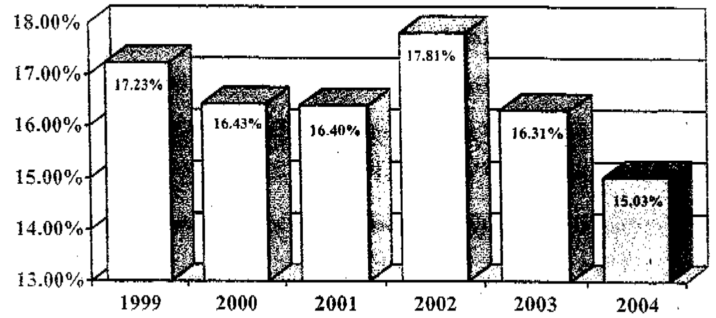
4 Stockholders' equity does not include accumulated other comprehensive income or (loss).

Selected Financial Data

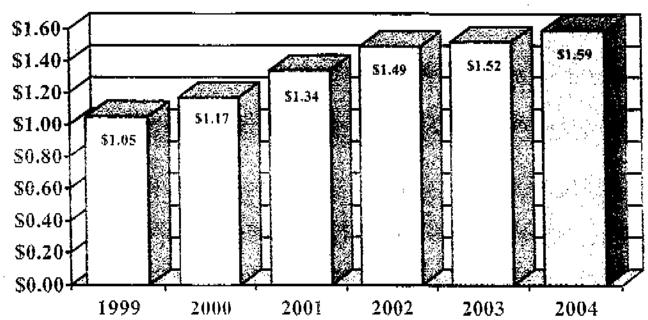
Return On Average Assets



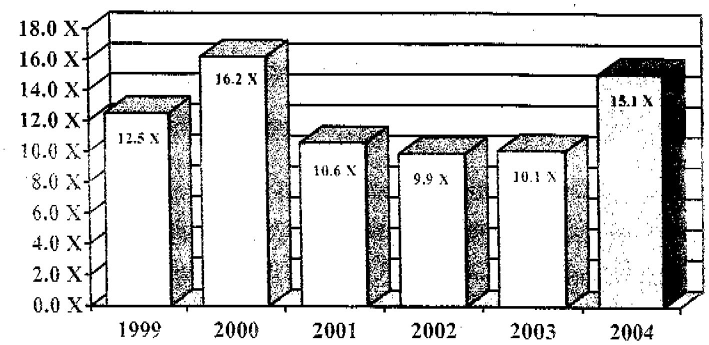
Return On Average Common Equity



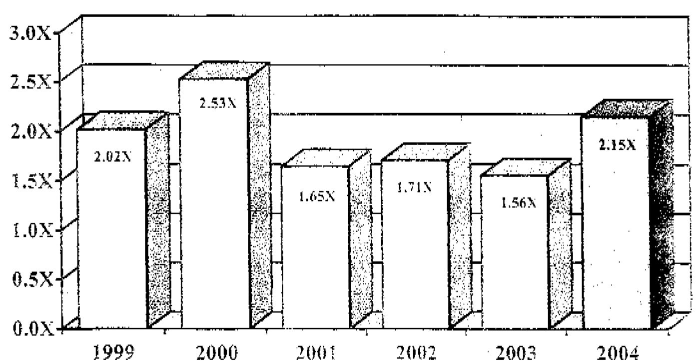
Earnings Per Share



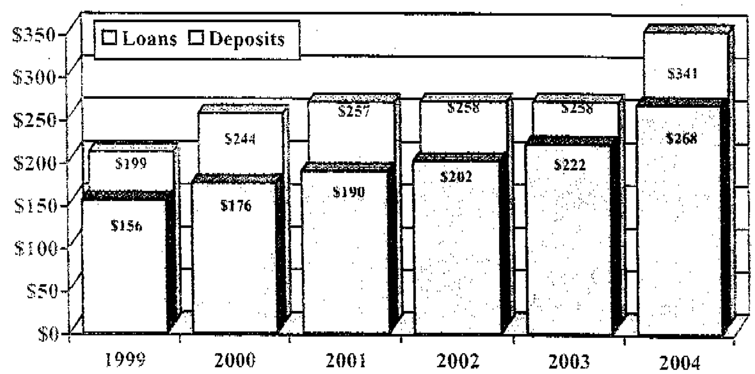
Price/Earnings Multiples



Market Price To Book Value



Loan/Deposit Growth



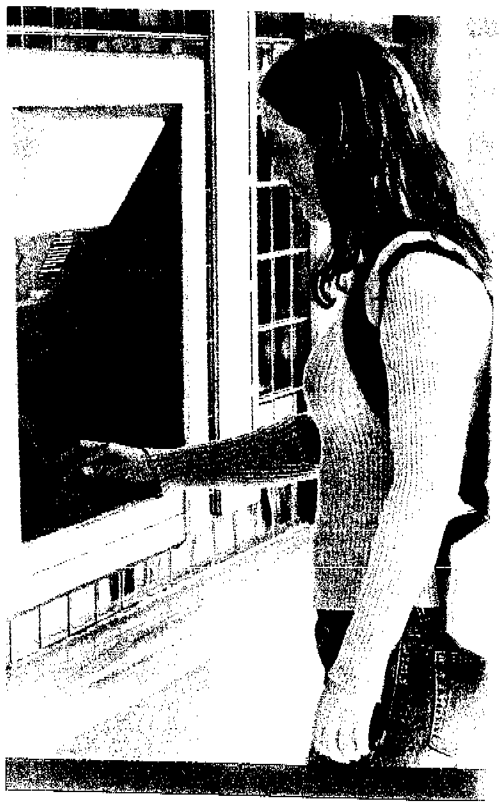
First Bankers Trustshares, Inc. – Corporate Structure

First Bankers Trustshares, Inc. is the holding company for First Bankers Trust Company, N.A. and First Bankers Trust Services, Inc. The Company was incorporated on August 25, 1988 and is headquartered in Quincy, Illinois. First Bankers Trustshares, Inc. is a publicly held company whose common stock is traded over-the-counter. Though the Company's stock is not listed on the major

First Bankers Trust Company

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.

Since First Bankers Trust Company's founding in 1946, the bank has always focused on meeting our customers' changing financial needs. First Bankers Trust Company serves the communities of Carthage, Macomb, Mendon, Paloma, Quincy and Rushville, Illinois and the surrounding areas with traditional banking products such as checking, savings, certificate of deposits, IRAs and various types of personal and business loans. Internet Banking allows customers to manage their accounts any where any time and Online Bill Payment services allow customers to pay bills electronically through the use of a personal computer.



The next several pages of our annual report review some of the strategic growth, products and services offered by First Bankers Trustshares' subsidiaries that contribute to the overall success of the company.

stock exchanges, a price quote for the Company's common stock can be received by using the symbol FBTT.PK when using most stock quote services. The next several pages divulge some of First Bankers Trustshares strategic growth and select product offerings that contribute to the overall growth and success of First Bankers Trustshares, Inc.

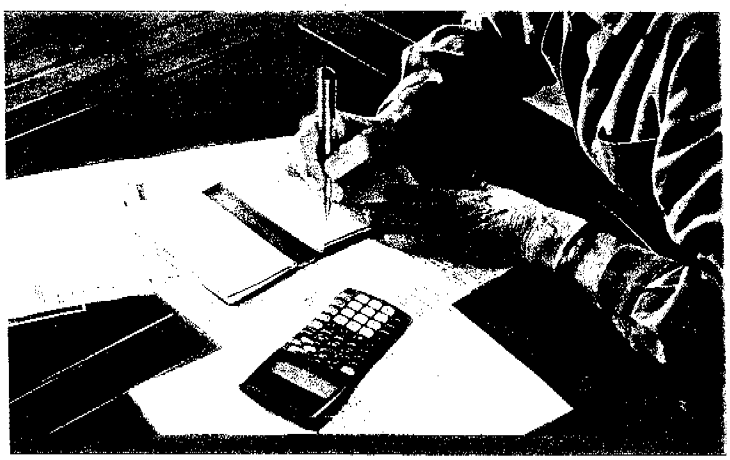
The products and services offered by its subsidiaries play a vital role in the success of First Bankers Trustshares, Inc. The following pages offer detail of specific products within each subsidiary. In addition to current products, First Bankers Trustshares, Inc. prides itself on its many innovative products and services recently introduced, as discussed in the next several pages.

Checking Accounts

First Bankers Trust Company has checking accounts for a variety of individual needs. Whether our customers need an account for everyday transactions or need an account to keep their funds liquid while it gains interest, First Bankers Trust Company offers a wealth of choices for checking account needs.

Savings Accounts

We have savings accounts for your first baby or your first retirement deposit. Our savings accounts offer the right type of savings plan for all different stages in life or financial positions.



Mortgage Loans

At First Bankers Trust Company, our Mortgage Lenders are ready to make your dreams of a new home come true. Whether you are looking for a new home or refinancing your first home, we will find the loan option that will best fit your needs. Not sure about the process of buying a home? Contact us and let our lenders review your purchasing power. Use the equity in your home to finance that fantasy vacation or to pay for your child's college education.

Certificates of Deposit

In times of financial investment uncertainty, certificates of deposit (cd's) offer peace of mind in knowing what your rate of return is going to be. As they are always backed by the bank and FDIC insured, Certificates of Deposit are a no risk, fixed rate alternative to other investing options.

Consumer Loans

Available for vehicles, boats, home improvements, vacations, or any other reason you may need money. First Bankers Trust Company offers: Competitive Interest Rates, Liberal down payment requirements, Flexible collateral requirements, Prompt approval and Professional service from experienced lenders.

Commercial Loans

Getting financing for your business is important. Finding the right financing can be the difference between a temporary solution and long term success. First Bankers Trust Company offers different types of financing for your business. Our financing includes competitive rates and terms and courteous, professional service. Whether you need to finance a new business, raise capital for an expansion, or manage your cash flow, we invite you to talk with one of our experienced lending officers. All lending decisions are made locally, by people familiar with you and your business.

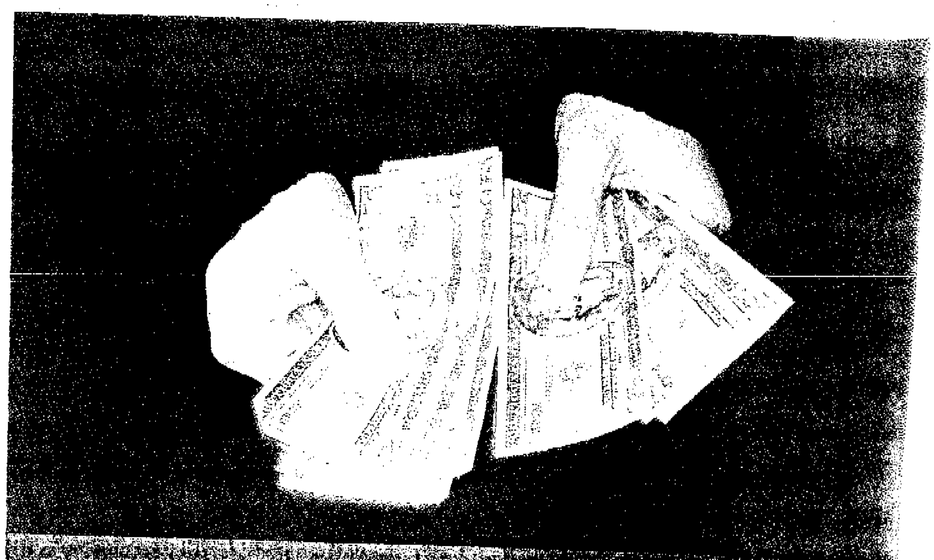
Internet Banking & Online Bill Payment

With Internet Banking, you can: View Account Balances, View actual statements, View account history, Transfer funds between accounts, Pay bills electronically, Reorder checks, and download information directly into Microsoft Money or Quicken. First Bankers Trust Company's internet banking is real-time so you see transaction immediately. Our online bill payment offers a faster and cheaper way to pay your bills all through the convenience of the internet!

First Bankers Trustshares, Inc. – Corporate Structure

FIRST BANKERS
TRUST SERVICES

In 1946, a group of Quincy businessmen decided to establish a new bank on Quincy s North side. This new bank s mission was to provide quality banking services to residents in the area. By 1953, the bank was doing well and received trust powers to broaden its commitment of service. Like most trust departments, it provided traditional trust services for estate settlement and trust established by a will or other agreements. In 1989, the bank saw an opportunity to expand its trust services by serving as trustee for Employee Stock Ownership Plans. In that year and several years to follow, the mutual savings institutions were converting to stock based banks and thrifts. As part of those conversions, ESOP s were established to provide the institution s employees with ownership in the new organization. In 1993, the trust department managed over $50 million in personal trust and employee benefit assets. On July 1, 2004, the trust department became a separate company, First Bankers Trust Services, Inc. This new company is owned by First Bankers Trustshares, Inc., the parent company of the bank, First Bankers Trust Company, N.A. Today, using our past experiences and with an eye toward the future, we have grown the trust services to over $1.2 billion in assets under management by expanding our personal trust, IRA, and employee benefit account administration. We now offer to our clients more options, including 401(k) investment platforms, and deferred compensation trust arrangements that are tailored to your needs.



Employee Benefits

401 (k) - A 401(k) Plan, named after section 401(k) of the Internal Revenue Code, is a qualified defined contribution plan that permits employees of qualifying companies to set aside tax-deferred funds each pay period. The 401(k) Plan is very flexible and is the most popular choice of employees. First Bankers Trust Services has made the commitment to provide clients with the 401(k) plan that best meets the needs of the company. We have access to over 700 mutual funds and the ability to hold company stock. Our flexibility enables us to effectively service your start-up or your multi-million dollar 401(k) Plan. Clients can rely on our up-to-date knowledge and experience for practical advice on retirement plan issues. We can serve you in a variety of ways depending on the needs of your company.

ESOP - An Employee Owned Stock Ownership Plan (ESOP) is a qualified, defined contribution employee benefit plan that is required to invest primarily in employer securities with the investments growing tax-free. An ESOP allows employees to share in the ownership of the company and rewards them with retirement benefits that are tied directly to company performance, which can lead to profitability through higher employee morale and productivity. We s er ve as ESOP trustee nationwide and pride ourselves on the quality of client service that we provide. We can serve you in a variety of ways depending on the needs of the company. The company decides on how First Bankers Trust Services can serve such as: Directed Trustee, Independent Trustee or Custodian.

Nonqualified Plans - A nonqualified plan is generally an agreement by an employer to compensate certain employees or directors, at some future date, for services performed currently. They also permit more design flexibility to fit each company s needs and do not have to meet the many requirements that must be met under qualified plans, which are governed under ERISA. We can serve you in a variety of ways, depending on your plan design and the needs of your company as well as provide access to a variety of investment vehicles

Private Trust

A trust is a legal arrangement that you create, with assistance from your attorney, to allow a trustee to hold and manage the property you place in the trust. A trust, simply stated, is a set of instructions that may be enacted during and/or after your lifetime, and like a will, disperse assets at the time of your death. A trust is a private document and is not subject to the constraints of probate. A trust offers management of your assets and offers privacy for the disposition of your assets. First Bankers Trust s efforts are indeed focused on successful investment returns, high quality personalized service, and assurance of permanent management of your assets. First Bankers Trust Services provides quality service to our clients by: Investing assets according to your financial objective, Distributing income and/or principal to the beneficiaries, Preparing statements of your account and paying monthly bills, We can serve you in a variety of ways depending on your financial needs. You decide how much control you want to retain. First Bankers Trust Services can serve as Sole Trustee, Co-Trustee, Investment Manager and Successor Trustee.

IRA's

Our Self Directed IRA Program allows you to choose the IRA Investment that best suits your financial retirement plan. You may choose from not only a wide range of First Bankers Trust Services Certificate of Deposit product offerings, but can select stocks, bonds, mutual funds, and other investment instruments that match your retirement planning goals. As Custodian, our experienced staff will help you decide which IRA meets your retirement planning goals. Compliance with all government regulations for IRA s is of utmost importance. Our qualified staff of professionals has an in-depth knowledge of all applicable Internal Revenue Service laws and regulations.

Strategic Growth

First Bankers Trustshares, Inc. continually seeks out profitable opportunities to expand its banking operations for consumers and businesses through planned and controlled growth. After nearly two years of due diligence and analysis, First Bankers Trustshares, Inc., through it's First Bankers Trust Company subsidiary, acquired certain assets of Union Bank - West Region on September 10, 2004. With the acquisition, First Bankers Trust Company acquired a new location in Quincy, Illinois at 2442 Broadway giving it a stronger geographic presence of six total locations. In addition, First Bankers Trust Company acquired locations in Paloma, Carthage, Rushville and Macomb, Illinois. At the time of the acquisition, First Bankers Trust Company's assets under management went from approximately $300 million to $400 million.

"We're excited about returning to Macomb"

said Don Gnuse, "this is home to us." First Bankers Trust Company targeted the transaction with Union Bank for the growth opportunities offered in Macomb and the surrounding area.

"Macomb is a solid city with a great university, strongly supported by both an agri-business base and a strong business climate," said Gnuse.

"The transaction is the result of a strategic assessment completed during the last two years by First Bankers' Board of Directors, (which) regularly evaluates potential acquisition candidates as part of our ongoing search that will both enhance earnings performance and leverage the effectiveness of our existing banking franchise," said Gnuse. First Bankers Trustshares received a warm welcome into the new communities of its banking operations and looks forward to each of the new facilities' future contributions.

Carthage

Rushville

Macomb

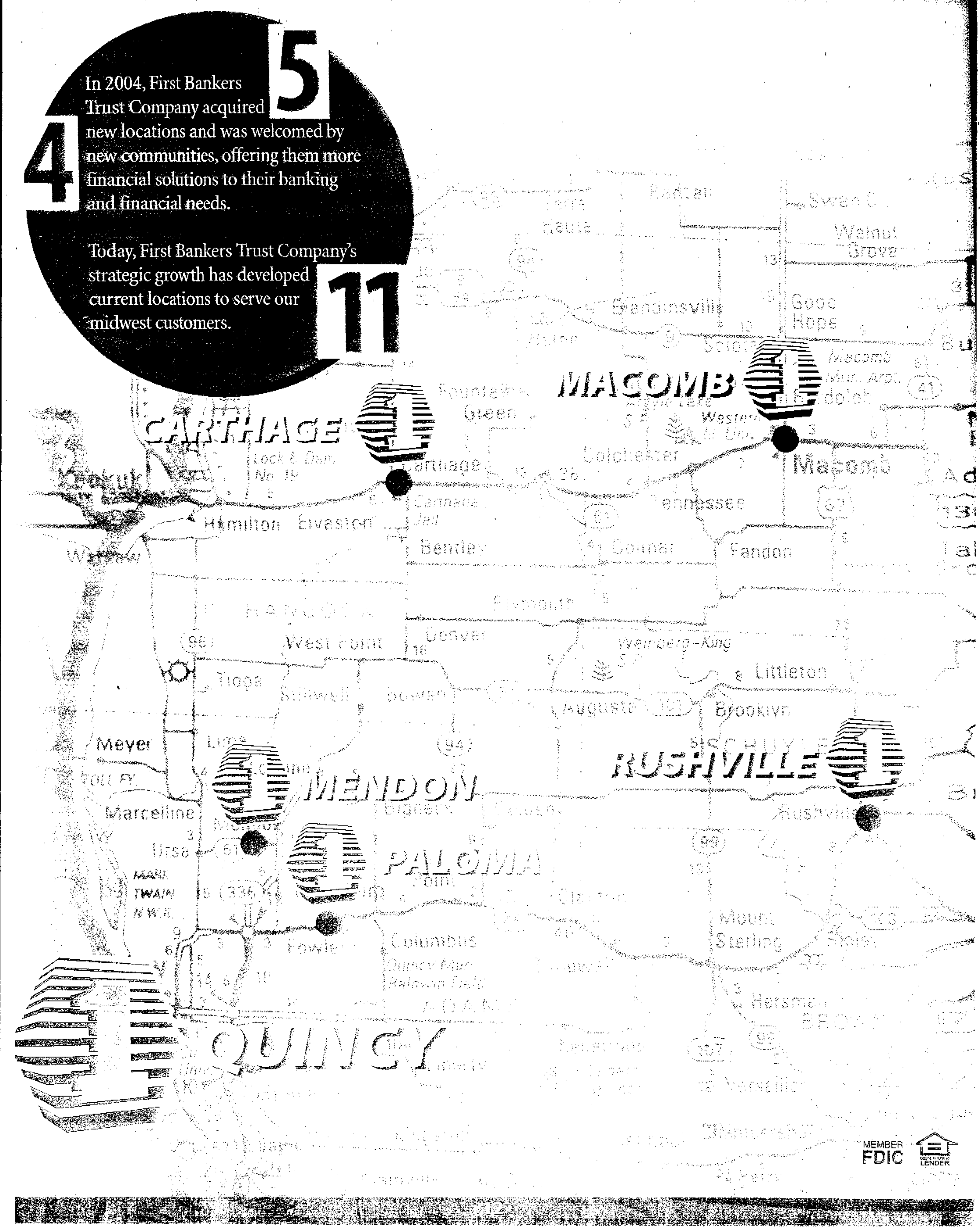
Paloma

4

In 2004, First Bankers Trust Company acquired 5 new locations and was welcomed by new communities, offering them more financial solutions to their banking and financial needs.

Today, First Bankers Trust Company's strategic growth has developed current locations to serve our midwest customers.

11



Strategic Growth

Brian Ippensen
Vice President,
Chief Financial Officer
First Bankers Trust
Services, Inc.

As we reported in the 2003 Annual Report to Shareholders, First Bankers Trustshares, Inc. announced its intention to have the trust department of First Bankers Trust Company become a wholly owned stand-alone subsidiary of First Bankers Trustshares, Inc. On July 1, 2004, the Bank completed the task and handed the reigns over to the holding company's newest entity, First Bankers Trust Services, Inc. as the provider of trust services. The establishment of a separate company has been very exciting for our staff and well received by our clients and professional partners. On behalf of the Board of Directors, management and the staff, we would like to take this opportunity to thank all of customers for their dedication and commitment.

The creation of a new entity provided many interesting challenges. A multitude of decisions, from the selection of Board members to stationary, needed to be considered and concluded. Any difficulties we encountered, though, were tempered by the past 58 years of providing trust services to our clients. The selection of the name, First Bankers Trust Services, Inc. and the adoption of using the familiar "diamond and one" logo, were deemed important to maintain the well respected name of First Bankers and simultaneously identifying trust services. As to be expected, the new entity incurred a number of expenses for its establishment. While we have completed many of those tasks in 2004, a few items remain in 2005 which have been appropriately incorporated into the 2005 plan.

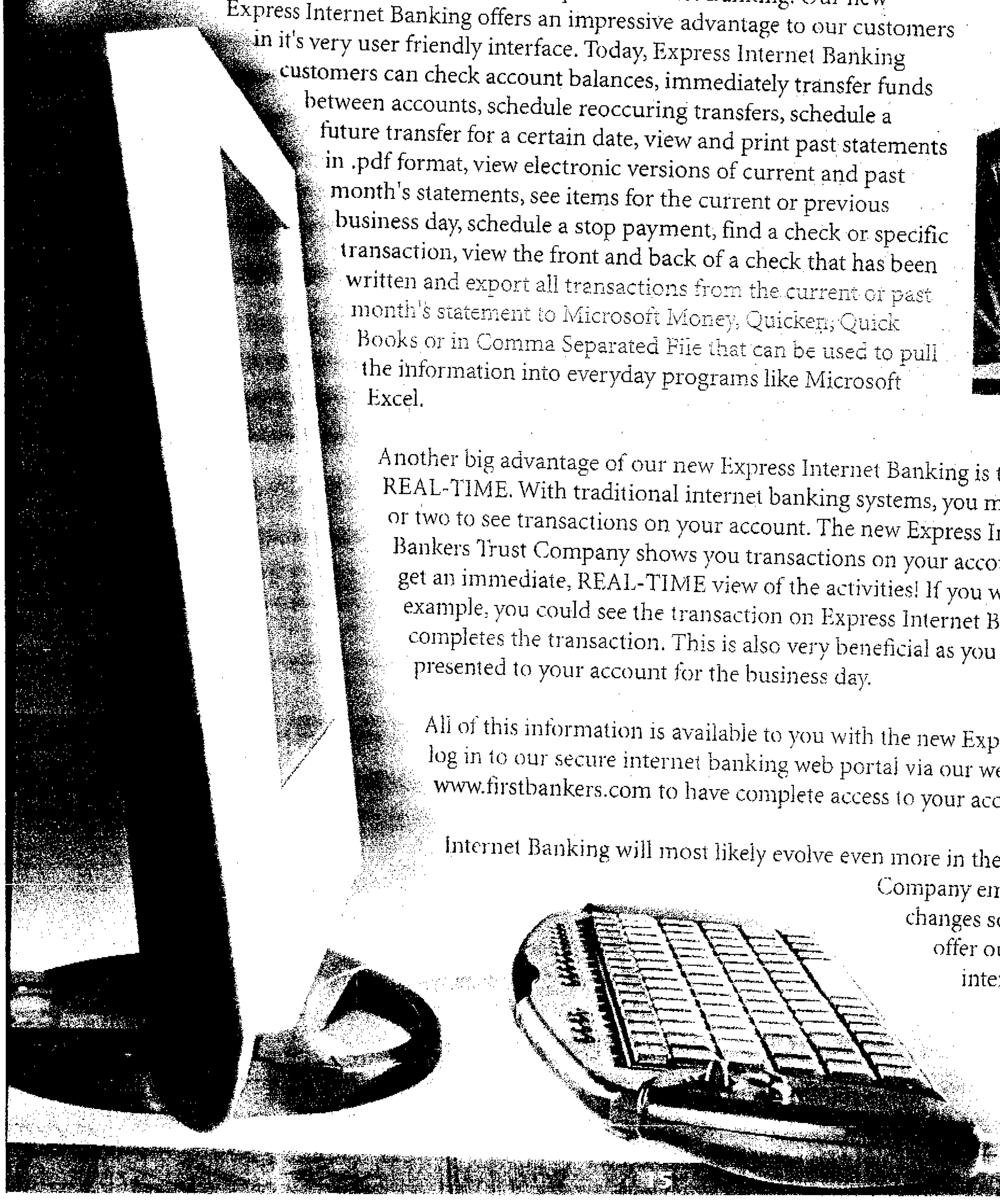
Unexpectedly, though, we saw a dramatic increase of employee benefit inquiries and fee revenue from new clients as 2004 came to a close. The rules and complexities of employee benefit plans are ever changing, and the election of 2004 brought forth comments of an ownership society by both parties. As this report goes to press, Washington DC is debating changes to social security and the need of individuals to plan for financial independence. FBTS, Inc. is well positioned to serve in those capacities. More than ever, we are encouraged and excited by the prospects and opportunities that trust services will play as an integral part of serving our customers in assisting them in accomplishing their financial goals.

First Bankers Trustshares, Inc. – Strategic Growth

Speeding along the Internet Highway of the future

Internet Banking is no longer a new concept, yet the challenge facing financial institutions today is keeping abreast of changes in the technology available to consumers. First Bankerst Trust Company has offered internet banking since 2002. From the first log-in to our secure site, we have have constantly maintained a level of evolving quality and service to offer our customers the latest in technology.

In 2004, First Bankers Trust Company maintained the driving role in internet banking for our customers by offering an improved version of Express Internet Banking. Our new Express Internet Banking offers an impressive advantage to our customers in it's very user friendly interface. Today, Express Internet Banking customers can check account balances, immediately transfer funds between accounts, schedule reoccuring transfers, schedule a future transfer for a certain date, view and print past statements in .pdf format, view electronic versions of current and past month's statements, see items for the current or previous business day, schedule a stop payment, find a check or specific transaction, view the front and back of a check that has been written and export all transactions from the current or past month's statement to Microsoft Money, Quicken, Quick Books or in Comma Separated File that can be used to pull the information into everyday programs like Microsoft Excel.



Another big advantage of our new Express Internet Banking is that all the information is REAL-TIME. With traditional internet banking systems, you may have to wait a business day or two to see transactions on your account. The new Express Internet Banking from First Bankers Trust Company shows you transactions on your account as they happen - so you get an immediate, REAL-TIME view of the activities! If you were to use our ATM, for example, you could see the transaction on Express Internet Banking as soon as the ATM completes the transaction. This is also very beneficial as you can see debits and deposits presented to your account for the business day.

All of this information is available to you with the new Express Internet Banking. Simply log in to our secure internet banking web portal via our website at www.firstbankers.com to have complete access to your account!

Internet Banking will most likely evolve even more in the future. First Bankers Trust Company embraces the ever evoloving changes so that we can continue to offer our customers the latest in internet baning technology.

Pay 10 bills in 15 seconds. Yeah, it's amazing!

In the third quarter of 2004, First Bankers Trust Company launched a new online bill payment system - Express Bill Payment. Express Bill Payment offers the latest in online bill payment technology. The new product is very customer friendly and easy to navigate. It offers a wealth of features that a wide array of demographics appreciates.

Breaking the mold...

Technology has offered us great strides in our lifestyles. It seems to constantly make things easier for us, or perhaps speed things up for us. In the world of bill payment, traditional systems offer customers convenience at a cost. This cost, traditionally, has been the loss of float when in comes to writing a check. Traditional bill payment systems would require a customer to schedule a payment approximately five days in advance of the required payment date. In addition, traditional bill payment systems would immediately deduct the required funds to pay the scheduled bill. If the customer was writing a check, those funds would not be taken out until the check cleared. So why technology made it easier for the customer, it was at the cost of the laxed time of deduction some customers needed to depend on. With First Bankers Trust Company's Express Bill Payment, the customer needs to schedule the payment five days in advance at first, however, as the customer continues to use the bill payment function, funds are eventually wired to the payee (if accepted by the payee) rather than delivering an actual check. In addition, with Express Bill Payment, funds are deducted from the customers account on the day the bill is scheduled to be paid. This way, the customer continues to have the "float", continues to earn interest on the funds (if they possess an interest bearing account), and no longer has to give up their money today just to pay a bill in the future.

Express Bill Pay is just that...EXPRESS! There are several payments that customers make each month whether it be a phone bill, utility bill, car payment, etc. Express Bill Payment offers the ability to pay 10 bills (or more) in as little as 15 seconds or less. Once you have your payments recipients in the system, you can make several payments just by entering in the dollar amount for each. With one click, you can pay several bills at once. Also, with it being electronic, you can have full history of all the payments you've made by date, payee, etc., all within a click of your mouse!

Convenient
Fast Safe
Accurate
Secure

MEMBER FDIC

You can focus on your business with Express Business Banking

Express Business Banking is an excellent cash management tool for current business customers as well as prospects. With access to the Internet a business customer can do everything from reviewing account balances to transferring funds, from requesting stop payments to reviewing corporate cash handling. Sophisticated and flexible funds management capabilities allow employees to make controlled disbursements, transfers including: ACH and internal transfers, domestic and foreign wire transfers, and payments such as tax and loan payments. Corporate clients enjoy greater functionality without jeopardizing security and can establish controls at either the client level or at the bank. A review function also allows employees to access and approve transfers based on permission controls in the specifications. An increasing number of business customers are finding this product to be very beneficial to them.

Security is extremely important when it comes to your financial matters. Complete privacy, controlled through encryption and passwords, ensures only authorized access to your accounts.

Our browser-based Express Business Banking product is designed for five general activities: Summarizing Account Information, Performing Fund Management Activities, Performing File Management Activities, Setting up New Employees and Reviewing Fund and File Transfers.

For Summarizing Account Information, a client can view a list of all applicable accounts at our financial institution by clicking on the "Accounts" drop-down menu. From the account list, a specific account can be selected to view account detail and to perform research functions.

For File Management Activities, a client can review assigned file transfer templates, issue file transfers and inquire into file transfers that have already been issued. For Administration Activities, a client can, but are not limited to, add new employees, designate employee account access and establish fund transfer templates. For Reviewing Fund and File Transfers, an assigned corporate administrator can review issued fund and file transfers before they even reach the bank.

For Fund Management Activities, a client can review assigned fund transfer templates, issue fund transfers and inquire into fund transfers that have already been issued. You can also select transactions, sort transactions and export transactions to personal financial management applications (such as Microsoft Money or Intuit's Quicken) with Express Business Banking.

A high yield of products for a diverse customer base

First Bankers Trust Company now offers a wealth of new options for farmers and country home residents. Our farmers have different needs when it comes to financing. Cash flow can be a major concern as well as options available for real-estate. First Bankers Trust Company helps our friends in the farming and country home community through new financing options to include Country Home Mortgages, Agriculture Overlines, Leases and Farm Real Estate Mortgages. Below is a brief explanation of each that should strongly contribute to First Bankers Trustshares overall profitability in the new markets acquired by First Bankers Trust Company.

Country Home Mortgages - Whether a country home sits on 1 acre or 100 acres, or if it hasn t been built yet, we offer flexible country home mortgages to fit the property. Financing is available with 15, 20 and 30 year fixed rates for qualifying rural residents and hobby farms. Now our customers' home and land can all be under one loan! Agriculture Overlines - Long term fixed loans for new farming ventures or expansions. Customers can apply for the financing they need and know what their payments will be for the life of the loan.

Leases - If a customer is looking to improve cash flow, realize large tax benefits or fulfill a special need, our lease program offers him the resources to meet his individual needs. All types of agricultural equipment including specialty equipment, vehicles, trucks and trailers can be leased. Our customer benefits from flexible lease structures that offer 100% financing, a savings on his working capital and increased flexibility.

Farm Real Estate Mortgages - We offer competitive rates with 10, 15 and 20 year long term fixed rates. Variable rate financing is also available. First Bankers Trust Company pledges prompt decision making and answers to customer loan questions and applications by experienced Ag Loan Specialists.

While First Bankers Trustshares, Inc. has greatly benefited by offering Agriculture related products and services in the past through First Bankers Trust Company, the new options for our Agriculture customers open up new avenues to better fit their individual needs.

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 2004 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**	**2004**	Change	2003	Change	2002	**2001**	2000	**1999**	5 Year Growth Rate
Cash and due from banks:									
Non-interest bearing	$ **8,661**	(9.65)%	$ 9.586	(14.79) %	$ 11.250	$ 8,631	$ 7.555	$ **6,964**	24.37 %
Interest bearing	**15,915**	193.42	5,424	(76.08)	22.674	17,228	16,163	**981**	1.522.32
Securities	**83,942**	56.66	53.582	(1.81)	54.567	76.062	71.897	**72,680**	15.50
Federal funds sold	**9,700**	(28.15)	13.500	-	13,500	9,500	18.700	**13,425**	(27.75)
Loans held for sale	**663**	46.36	453	(61.45)	1,175	2,178	417	**74**	795.95
Net loans	**265.428**	20.90	219,545	9.98	199.626	187,219	174.504	**154,520**	71.78
Other assets	**23,058**	69.79	13,580	48.77	9,128	9,850	9,261	9,359	146.37
Total Assets	$ **407,367**	29.05%	$ 315,670	1.20 %	$ 311,920	$ 310,668	$ 298,497	$ 258,503	57.59 %
Liabilities & Stockholders Equity									
Deposits	$ 340,555	31.79%	$ 258,413	.09 %	$ 258,170	$ 256,609	$ 244.362	$ 199,477	70.72 %
Short-term borrowings	1,762	(65.55)	5,114	21.76	4,200	10,473	17,828	26,436	(93.33)
Federal Home Loan Bank advances	19,000	-	19.000	-	19.000	13,000	9.000	12,000	58.33
Note payable	4,000	100.00	-	(100.00)	4.500	-	-	2,780	43.88
JuniorSubordinated Debentures	15,465	100.00	-	-	-	-	-	-	100.00
Company obligated manditorily redeemable preferred securities	-	(100.00)	10.000	100.00	5.000	5,000	5.000	-	-
Other liabilities	3,279	53.30	2,139	(13.12)	2,462	2,851	2,972	2.538	29.20
Stockholders' equity	23,306	10.96	21,004	13.00	18,588	22,735	19.335	15,272	52.61
Total Liabilities & Stockholders Equity	$ 407,367	29.05 %	$ 315,670	1.20 %	$ 311.920	$ 310,668	$ 298.497	$ 258,503	57.59 %

At December 31, 2004, the Company had assets of $407,367,000 compared to $315,670,000 at December 31, 2003. The acquisition of five banks from Union Bank - Streator is the primary factor in the growth of cash and due from banks (63.73%), securities (56.66%), loans (20.90%), and deposits (31.79%). In addition, the Company issued $5,000,000 of Junior Subordinated Debentures in order to capitalize First Bankers Trust Services, Inc.

Demand for the Bank's lending products, including commercial lines of credit, residential real estate, and consumer loans have traditionally been moderately strong. Commercial (24.45%), consumer (4.10%), residential real estate (12.78%) and tax exempt (10.38%) lending experienced growth during 2004. Approximately $11,615,000 of fixed rate long-term residential real estate loans were sold in the secondary market during 2004 while $10,768,000 was sold in 2003. Agricultural real estate loans totaling $1,032,000 were sold in the secondary market during 2004, while $1,414,000 was sold in 2003. In addition, under the Company's student loan program, approximately $374,000 in student loans were sold to Sallie Mae during 2004 compared to $341,000 sold in 2003. 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, 2004, the Company reported consolidated net income of $3,264,000, a $141,000 (4.51%) increase from 2003. Net interest income for the periods being compared increased $1,368,000 or 14.17%. Other income increased $1,231,000 (30.07%) and other expenses increased $2,113,000 (25.71%) over 2003 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 $325,314,000 for the year ended December 31, 2004. 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.

Consolidated Income Summary (Amounts in thousands of dollars)		2004	Change		2003	Change		2002		2001		2000		1999	5 Year Growth Rate
Interest income	$	17,525	8.27%	$	16,187	(9.02)%	$	17,792	$	20,255	$	19,839	$	16,414	6.77 %
Interest expense		(6,500)	(0.46)		(6,530)	(15.74)		(7,750)		(10,967)		(11,059)		(8,204)	(20.77)%
Net interest income	$	11,025	14.17	$	9,657	(3.83)%	$	10,042	$	9,288	$	8,780	$	8,210	34.29 %
Provision for loan losses		(1,165)	(9.34)		(1,285)	29.80		(990)		(660)		(240)		(240)	385.42
Net interest income after provision for loan losses	$	9,860	17.77%	$	8,372	(7.51)%	$	9,052	$	8,628	$	8,540	$	7,970	23.71 %
Other income		5,325	30.07		4,094	18.70		3,449		3,897		2,700		2,552	108.66
Other expense		(10,331)	25.71		(8,218)	1.08		(8,130)		(7,562)		(6,951)		(6,474)	59.58
Income before taxes	$	4,854	14.27%	$	4,248	(2.81)%	$	4,371	$	4,963	$	4,289	$	4,048	19.91 %
Income tax expense		(1,590)	41.33		(1,125)	(.35)		(1,129)		(1,506)		(1,282)		(1,338)	18.83
Net income	$	3,264	4.51%	$	3,123	(3.67)%	$	3,242	$	3,457	$	3,007	$	2,710	20.44%

	For the Years Ended December 31, (Amounts in thousands of dollars) 2004	2003	2002
Interest Income	$ 16,962	$ 15,186	$ 17,270
Loan Fees	563	1,001	522
Interest Expense	(6,500)	(6,530)	(7,750)
Net Interest Income	$ 11,025	$ 9,657	$ 10,042
Average Earning Assets	$ 325,314	$ 303,538	$ 289,637
Net Interest Margin	3.39%	3.18%	3.47%

The yield on average earning assets for the year ended 2004 was 5.39% while the average cost of funds for the same period was 2.41% on average interest bearing liabilities of $269,867,000. The yield on average earning assets for the year ended 2003 was 5.33%, while the average cost of funds for the same period was 2.59% on average interest bearing liabilities of $251,845,000. The increase in the net interest of $1,368,000 can be attributed to the $21,796,000 growth in average earning assets. The corresponding growth of $18,022,000 of interest bearing liabilities is offset by an 18 basis point drop in the cost of funds.

Provision for Loan Losses

The allowance for loan losses as a percentage of net loans outstanding is 1.03% at December 31, 2004, compared to 1.02% at December 31, 2003. Net loan charge-offs totaled $1,105,000 for the year ended December 31, 2004 compared to $1,327,000 in 2003.

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, 2004.

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, 2004 was $5,325,000, an increase of $1,231,000 (30.07%) from 2003. Trust Department income accounts for $788,000 (64.01%) of the increase.

Other Expense

Other expenses for the period ended December 31, 2004 totaled $10,331,000, an increase of $2,113,000 (25.71%) from 2003 year end totals. Salaries and employee benefits expense aggregated 56.62% and 53.95% of total other expense for the year ended December 31, 2004 and 2003 respectively.

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

(Amounts in thousands of dollars)

At December 31,	2004	2003	2002	2001	2000	1999
Non-accrual loans and leases	$ 405	$ 189	$ 104	$ 148	$ 242	$ 14
Other real estate owned	204	206	41	169	.	11
Total non-performing assets	$ 609	$ 394	$ 145	$ 317	$ 242	$ 26
Loans and leases past due 90 days or more and still accruing interest	980	201	58	429	489	25
Total non-performing assets and 90-day past due loans and leases	$ 1,589	$ 596	$ 203	$ 746	$ 731	$ 51
Interest income as originally contracted on non-accrual and restructured loans and leases	$ 14	$ 9	$ 7	$ 16	$ 26	$ 1
Interest income recognized on non-accrual and restructured loans and leases	-	-	-	-	-	
Reduction of interest income due to non-accrual and restructured loans and leases	$ 14	$ 9	$ 7	$ 16	$ 26	$ 1
Reduction in basic and diluted earnings per share due to non-accrual and restructured loans and leases	$ .00	$ .00	$ .00	$ .00	$ .01	$ .00

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, 2004, these categories totaled $40,519,000 or 9.95% of assets, compared to $34,656,000 or 10.98% the previous year.

As of December 31, 2004, securities held to maturity included $286,000 of gross unrealized gains and $3,000 of gross unrealized losses on securities which management intends to hold until maturity. Such amounts are not expected to have a material effect on future earnings beyond the usual amortization of premium and accretion of discount.

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

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

Management believes that it has structured its pricing mechanisms such that the net interest margin should maintain acceptable levels in 2004, 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, 2004 Repricing Period		
	Through One year	After one Year through Five years	After Five years
Interest-earning assets	$ 153,946	$ 189,852	$ 40,610
Interest-bearing liabilities	221,796	81,321	15,466
Repricing gap (repricing assets minus repricing liabilities)	$ (67,850)	$ 108,531	$ 25,144

	As of December 31, 2003 Repricing Period		
	Through One year	After one Year through Five years	After Five years
Interest-earning assets	$ 130,474	$ 129,738	$ 40,291
Interest-bearing liabilities	170,662	65,631	5,000
Repricing gap (repricing assets minus repricing liabilities)	$ (40,188)	$ 64,107	$ 35,291

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.

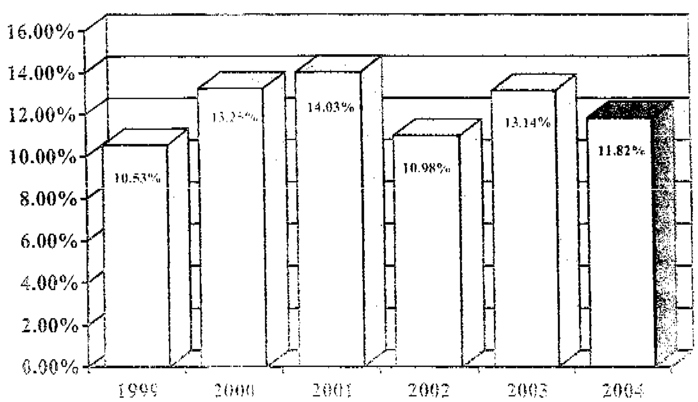
Capital

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 11.82 percent of risk-weighted assets at December 31, 2004. In addition, a leverage ratio of at least 4.00 percent is to be maintained. At December 31, 2004, the Company's leverage ratio was 6.52 percent.

Risked Based Capital Ratios



Asset Liability Management

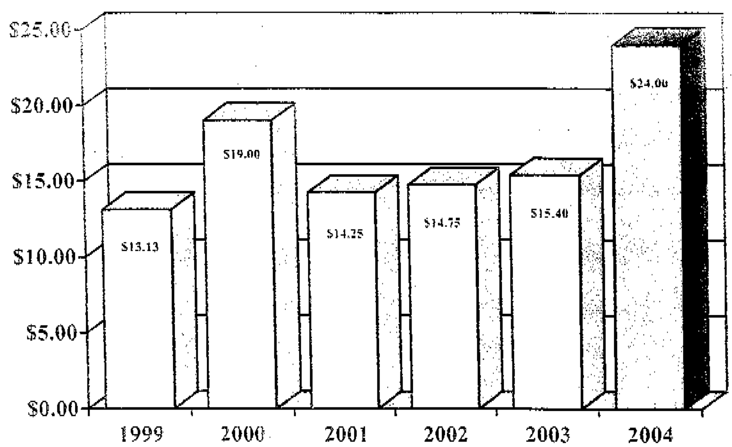
Since changes in interest rates may have a significant impact on operations the Company has implemented, and currently maintains, an asset liability management committee at the Bank to monitor and react to the changes in interest rates and other economic conditions. Research concerning interest rate 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 245 shareholders as of December 31, 2004, and is traded in a limited over-the-counter market.

On December 31, 2004 the market price of the Company's common stock was $24.00. Market price is based on stock transactions in the market. Cash dividends on common stock of $635,000 were declared by the Board of Directors of the Company for the year ended December 31, 2004.

Closing Share Price Data



Financial Report

Upon written request of any shareholder of record on December 31, 2004, the Company will provide, without charge, a copy of its 2004 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 10, 2005 at 9:00 A.M. at the Stoney Creek Inn, 3809 Broadway, 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, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2004, 2003 and 2002. 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, 2004 and 2003, and the results of their operations and their cash flows for the years ended December 31, 2004, 2003 and 2002, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Davenport, Iowa
February 11, 2005

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

	December 31, 2004		December 31, 2003	
Assets				
Cash and due from banks (Note 4)				
Non-interest bearing	$	8,661	$	9,586
Interest bearing		15,915		5,424
	$	24,576	$	15,010
Securities held to maturity (Note 5)	$	6,910	$	7,231
Securities available for sale (Note 5)		77,032		46,351
Federal funds sold		9,700		13,500
Loans held for sale		663		453
Loans (Note 6 and 10)		268,192		221,808
Less allowance for loan losses		(2,764)		(2,263)
Net loans	$	265,428	$	219,545
Premises, furniture and equipment, net (Note 7)	$	7,409	$	3,727
Accrued interest receivable		1,739		1,364
Life insurance contracts		4,617		4,402
Intangibles (Note 8)		4,640		569
Other assets		4,653		3,518
TOTAL ASSETS	$	407,367	$	315,670
Liabilities and Stockholders Equity				
Liabilities:				
Deposits:				
Non-interest bearing demand	$	62,199	$	51,234
Interest bearing demand		86,466		66,978
Savings		40,772		30,407
Time (Note 9)		151,118		109,794
Total Deposits	$	340,555	$	258,413
Securities sold under agreements to repurchase		1,762		5,114
Federal Home Loan Bank advances (Note 10)		19,000		19,000
Note payable (Note 11)		4,000		-
Junior subordinated debentures (Note 12)		15,465		-
Company obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely subordinated debentures (Note 12)		-		10,000
Accrued interest payable		1,072		834
Other liabilities		2,207		1,305
TOTAL LIABILITIES	$	384,061	$	294,666
Commitments and Contingencies (Note 13)				
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		-		-
Common stock, $1 par value: shares authorized 6,000,000; Shares issued 2,579,230 and outstanding 2,048,574		2,580		2,580
Additional paid in capital		2,251		2,251
Retained earnings		25,433		22,804
Accumulated other comprehensive income		471		798
Treasury stock, at cost - 530,656 shares		(7,429)		(7,429)
TOTAL STOCKHOLDERS EQUITY	$	23,306	$	21,004
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$	407,367	$	315,670

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, 2004	2003	2002
Interest income:			
Loans, including fee income:			
Taxable	$ 14,655	$ 13,651	$ 13,897
Non-taxable	196	171	198
Securities:			
Taxable	1,624	1,270	2,460
Non-taxable	695	737	822
Federal funds sold	180	130	146
Interest bearing deposits in banks	76	132	188
Other	99	96	81
Total interest income	$ 17,525	$ 16,187	$ 17,792
Interest expense:			
Deposits:			
Interest bearing demand and savings	$ 933	$ 887	$ 1,440
Time	3,737	3,955	4,609
Total interest on deposits	$ 4,670	$ 4,842	$ 6,049
Securities sold under agreements to repurchase	98	83	158
Federal Home Loan Bank advances	811	912	854
Note payable	62	102	159
Junior subordinated debentures	859		
Company obligated mandatorily redeemable preferred securities	-	591	530
Total interest expense	$ 6,500	$ 6,530	$ 7,750
Net interest income	$ 11,025	$ 9,657	$ 10,042
Provision for loan losses (Note 6)	$ 1,165	$ 1,285	$ 990
Net interest income after provision for loan Losses	$ 9,860	$ 8,372	$ 9,052
Other income:			
Trust department	$ 2,459	$ 1,671	$ 1,387
Service charges on deposit accounts	1,259	1,079	880
Gain on sale of loans	151	154	135
Investment securities gains, net	92	192	85
Other	1,364	998	962
Total other income	$ 5,325	$ 4,094	$ 3,449
Other expenses:			
Salaries and employee benefits	$ 5,849	$ 4,434	$ 4,379
Occupancy expense, net	621	535	551
Equipment expense	723	636	699
Computer processing	504	454	391
Professional services	360	273	197
Other	2,274	1,886	1,913
Total other expenses	$ 10,331	$ 8,218	$ 8,130
Income before income taxes	$ 4,854	$ 4,248	$ 4,371
Income taxes (Note 17)	1,590	1,125	1,129
Net income	3,264	3,123	3,242
Earnings per share of common stock, basic and diluted	$ 1.59	$ 1.52	$ 1.49

See notes to consolidated financial statements

FIRST BANKERS TRUSTSHARES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts in thousands of dollars, except share and per share data)

Years Ended December 31, 2004, 2003 and 2002

	Preferred Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Comprehensive Income	Total
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 3)	-	-	-	-	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
Comprehensive income:								
Net income	-	-	-	3,123	-	-	3,123	3,123
Other comprehensive (loss), net of tax, (Note 3)	-	-	-	-	(154)	-	(154)	(154)
Comprehensive income							$ 2,969	
Dividends declared on common stock (amount per share $.27)	-	-	-	(553)	-	-		(553
Balance, December 31, 2003	$ -	$ 2,580	$ 2,251	$ 22,804	$ 798	$ (7,429)		$ 21,004
Comprehensive income:								
Net income	-	-	-	3,264	-	-	3,264	3,264
Other comprehensive (loss), net of tax, (Note 3)	-	-	-	-	(327)	-	(327)	(327
Comprehensive income							$ 2,937	
Dividends declared on common stock (amount per share $.31)	-	-	-	(635)	-	-		(635
Balance, December 31, 2004	$ -	$ 2,580	$ 2,251	$ 25,433	$ 471	$ (7,429)		$ 23,306

See notes to consolidated financial statements

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

	Years Ended December 31,		
Cash Flows From Operating Activities	2004	2003	2002
Net income	$ 3,264	$ 3,123	$ 3,242
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	1,165	1,285	990
Depreciation	710	662	748
Amortization of intangibles	97	6	5
Amortization/accretion of premiums/discounts on securities, net	445	1,069	445
Investment securities (gains), net	(92)	(192)	(85)
Loans originated for resale	(13,231)	(11,801)	(12,974)
Proceeds from loans sold	13,172	12,677	14,112
Gain on sale of loans	(151)	(154)	(135)
Deferred income taxes	53	(119)	(64)
(Increase) decrease in accrued interest receivable and other assets	(363)	195	738
(Decrease) in accrued interest payable and other liabilities	820	(343)	(380)
Net cash provided by operating activities	$ 5,889	$ 6,408	$ 6,642
Cash Flows From Investing Activities			
Activity in securities portfolio:			
Purchases	$ (71,162)	$ (81,079)	$ (4,626)
Sales of securities available for sale	4,592	5,345	7,998
Calls, maturities and paydowns	35,329	75,595	18,632
Increase in loans, net	(7,598)	(21,495)	(13,696)
(Increase) decrease in federal funds sold	3,800	-	(4,000)
Purchases of premises, furniture and equipment	(1,424)	(307)	(734)
Purchase of life insurance contracts	-	(4,000)	-
Increase in cash value of life insurance contracts	(215)	(402)	-
Capital infusion, FBIL Statutory Trust III	(155)	-	-
Cash effect of Union acquisition	41,527	-	-
Net cash provided by (used in) investing activities	$ 4,694	$ (26,343)	$ 3,574
Cash Flows From Financing Activities			
Net increase in deposits	$ (6,205)	$ 243	$ 1,561
Issuance of note payable	4,000	-	6,000
Principal payments on note payable	-	(4,500)	(1,500)
Purchase of treasury stock	-	-	(7,429)
Cash dividends paid on common stock	(615)	(533)	(510)
Increase (decrease) in securities sold under agreement to repurchase	(3,352)	914	(6,273)
Proceeds from Federal Home Loan Bank advances	8,000	-	6,000
Repayments of Federal Home Loan Bank advances	(8,000)	-	-
Proceeds from junior subordinated debentures	5,155	-	-
Proceeds from issuance of preferred securities of subsidiary trust	-	4,897	-
Net cash provided by (used in) financing activities	$ (1,017)	$ 1,021	$ (2,151)
Net increase (decrease) in cash and due from banks	$ 9,566	$ (18,914)	$ 8,065
Cash and Due From Banks:			
Beginning	$ 15,010	$ 33,924	$ 25,859
Ending	$ 24,576	$ 15,010	$ 33,924

(continued)

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

	Years Ended December 31,		
	2004	2003	2002
Supplemental disclosure of cash flow information,			
Cash payments for:			
Interest	$ 6,262	$ 6,698	$ 8,182
Income taxes	$ 1,167	$ 1,090	$ 1,433
Supplemental schedule of noncash investing and financing activities:			
Net change in accumulated other comprehensive income, unrealized gains (losses) on securities available for sale, net	$ (327)	$ (154)	$ 541
Transfer of loans to other real estate owned	$ 245	$ 291	$ 299
Assets and (liabilities) received in conjunction with acquisition (Note 2):			
Cash and due from banks	$ 675	$ -	$ -
Loans, net	39,695	-	-
Premises, furniture, and equipment, net	2,968	-	-
Accrued interest receivable	219	-	-
Intangibles	4,168	-	-
Other assets	70	-	-
Deposits	(88,347)	-	-
Accrued interest payable	(244)	-	-
Other liabilities	(56)	-	-
	$ (40,852)	$ -	$ -
Less cash acquired	(675)	-	-
Net cash provided	$ (41,527)	$ -	$ -

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 which owns 100% of the outstanding common stock of, First Bankers Trust Company, N.A. (Bank), First Bankers Trust Services, Inc., FBIL Statutory Trust I (Trust I), FBIL Statutory Trust II (Trust II), and FBIL Statutory Trust III (Trust III). The Bank is engaged in banking and bank related services and serves a market area consisting primarily of Adams, McDonough, Schuyler, Hancock 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. Trusts I, II, and III were capitalized for the purpose of issuing company obligated mandatory redeemable preferred securities.

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

As of and for the year ended December 31, 2004, the accompanying consolidated financial statements include the accounts of First Bankers Trustshares, Inc. and its wholly-owned subsidiaries, except Trusts I, II, and III, which under current accounting rules, no longer meet the criteria for consolidation. See further discussion in "Current Accounting Developments" section of this note. For prior periods presented, the accompanying consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. 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 securities sold under agreements to repurchase are reported net.

Trust Company Assets

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

Securities

Securities held to maturity are those for which the Company 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.

Declines in the fair value of available for sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of

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

the issuer, and the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

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, 2004 or 2003.

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.

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, 2004 and 2003, the Bank had loan concentrations in agribusiness of 9.85% and 7.07%, hotel and motel industry of 3.05% and 3.76% and senior housing industry of 2.67% and 2.91%, 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, 2004 and 2003.

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.

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

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, 2004 and 2003, loans held for sale consist of residential real estate loans.

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.

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, 2004, 2003, and 2002.

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.

Current Accounting Developments

FASB Interpretation No. 46, Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51, (FIN 46) establishes accounting guidance for consolidation of variable interest entities (VIE) that function to support the activities of the primary beneficiary. Prior to the implementation of FIN 46, VIEs were generally consolidated by an enterprise when the enterprise had a controlling financial interest through ownership of a majority of voting interest in the entity. The provisions of FIN 46 were effective immediately for all arrangements entered into after January 31, 2003. In December 2003, the FASB issued a revision to FIN 46 (FIN 46R) which clarified certain implementation issues and revised implementation dates for VIEs created before January 31, 2003. Under the new guidance, special effective date provisions apply to enterprises that have fully or partially applied FIN 46 prior to issuance of the revised Interpretation. Otherwise, application of FIN 46R (or FIN 46) is required in financial statements of entities that have interests in special purpose entities effective for the first annual period beginning after December 15, 2004, but earlier adoption is permitted.

The Company early adopted FIN 46 and FIN 46R on a prospective basis as of January 1, 2004 which resulted in the Company no longer consolidating its wholly-owned subsidiaries, FBIL Statutory Trust I and FBIL Statutory Trust II, and not consolidating from inception date FBIL Statutory Trust III and recording them on the equity method. The Interpretation and the revision had no material effect on the Company's consolidated financial statements. The 2004 balance sheet includes $10,310,000 of junior subordinated debentures which, for prior periods presented, are classified in the balance

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

sheet as $10,000,000 of Company Obligated Mandatorily Redeemable Preferred Securities, after a consolidation elimination of $310,000. Additionally, the 2004 income statement includes interest expense on junior subordinated debentures which for the prior period presented, the year ended December 31, 2003, is classified as interest expense on Company Obligated Mandatorily Redeemable Preferred Securities, after a consolidation elimination.

On September 30, 2004, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") Emerging Issues Task Force ("EITF") Issue No. 03-1-1 delaying the effective date of paragraphs 10-20 of EITF 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments", which provides guidance for determining the meaning of "other-than-temporarily impaired" and its application to certain debt and equity securities within the scope of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", and investments accounted for under the cost method. The guidance requires that investments which have declined in value due to credit concerns or solely due to changes in interest rates must be recorded as other-than-temporarily impaired unless the Company can assert and demonstrate its intention to hold the security for a period of time sufficient to allow for a recovery of fair value to or beyond the cost of the investment which might mean maturity. Management continues to closely monitor and evaluate how the provisions of EITF 03-1 and proposed FSP Issue 03-1-a will affect the Company.

2. ACQUISITION

On September 7, 2004, the Company entered into a purchase and assumption agreement with Union Bank to acquire branch banking offices located in various cities in Illinois, primarily in the Macomb area, and related deposit liabilities, loans, and other assets associated with the business of those branches. In total the Company purchased five community banking offices. The acquisition included the purchase of fully functioning business units, with the necessary management, relationship officer, support staff, and other infrastructure for the acquired loans and deposits to be fully serviced. Total consideration was approximately 5.2% of acquired deposits, less agreed upon reductions. The premium was approximately $4.2 million and resulted in approximately $2.7 million in goodwill, $1.2 million in a core deposit intangible and other various insignificant intangible assets. See Note 8 for a discussion of the Company's accounting policies with regards to goodwill and core deposit intangible assets.

3. COMPREHENSIVE INCOME

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

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

	Before tax	Tax expense (benefit)	Net of tax
Year ended December 31, 2004			
Unrealized gains (losses) on securities available for sale:			
Unrealized holding (losses) arising during the year	$ (436)	$ (166)	$ (270)
Less reclassification adjustment for gains included in net income	92	35	57
Other comprehensive loss	$ (528)	$ (201)	$ (327)
Year ended December 31, 2003			
Unrealized gains (losses) on securities available for sale:			
Unrealized holding (losses) arising during the year	$ (55)	$ 20	$ (35)
Less reclassification adjustment for gains included in net income	192	73	119
Other comprehensive loss	$ (247)	$ (93)	$ (154)
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

4. 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 $419,000 and $327,000 at December 31, 2004 and 2003, respectively.

5. SECURITIES

The amortized cost and fair values of securities held to maturity as of December 31, 2004 and 2003 are as follows (Amounts in thousands of dollars):

	2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government agencies and corporations	$ 30	$ -	$ -	$ 30
State and political subdivisions	6,880	286	(3)	7,163
	$ 6,910	$ 286	$ (3)	$ 7,193

	2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government agencies and corporations	$ 111	$ 4	$ -	$ 115
State and political subdivisions	7,120	294	(1)	7,413
	$ 7,231	$ 298	$ (1)	$ 7,528

The amortized cost and fair values of securities available for sale as of December 31, 2004 and 2003 are as follows (Amounts in thousands of dollars):

	2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government agencies and corporations	$ 63,125	$ 476	$ (171)	$ 63,430
State and political subdivisions	9,989	473	(4)	10,458
Collateralized mortgage obligations	3,144	2	(17)	3,129
Other	15	-	-	15
	$ 76,273	$ 951	$ (192)	$ 77,032

	2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government agencies and corporations	$ 34,108	$ 790	$ (7)	$ 34,891
State and political subdivisions	8,014	505	-	8,519
Corporate securities	435	15	-	450
Collateralized mortgage obligations	2,507	-	(16)	2,491
	$ 45,064	$ 1,310	$ (23)	$ 46,351

5. SECURITIES (Continued)

Fair value and unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2004 are summarized as follows:

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities held to maturity:						
State and political subdivisions	$ 724	$ (3)	$ -	$ -	$ 724	$ (3)
Securities available for sale:						
U.S. Government agencies and Corporations	$ 28,827	$ (171)	$ -	$ -	$ 28,827	$ (171)
State and political subdivisions	454	(4)	-	-	454	(4)
Collateralized mortgage obligations	1,993	(15)	$ 165	$ (2)	2,158	(17)
	$ 31,274	$ (190)	$ 165	$ (2)	$ 31,439	$ (192)

All securities which had unrealized losses as of December 31, 2003 had been in the unrealized loss position for less than 12 months. Those securities are summarized as followed:

	Fair Value	Gross Unrealized Losses
Securities held to maturity:		
State and political subdivisions	$ 307	$ (1)
Securities available for sale:		
U.S. Government agencies and Corporations	$ 1,928	$ (7)
Collateralized mortgage obligations	2,334	(16)
	$ 4,262	$ (23)

For all the above investment securities, the unrealized losses are generally due to changes in interest rates and, as such, are considered to be temporary, by the Company.

The amortized cost and fair value of securities as of December 31, 2004 by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the 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	$ 1,773	$ 1,778
Due after one year through five years	1,379	1,430
Due after five years through ten years	1,626	1,705
Due after ten years	2,132	2,280
	$ 6,910	$ 7,193

Securities available for sale:	Amortized Cost	Fair Value
Due in one year or less	$ 4,310	$ 4,470
Due after one year through five years	52,103	52,114
Due after five years through ten years	10,882	11,185
Due after ten years	5,834	6,134
	$ 73,129	$ 73,903
Collateralized mortgage obligations	3,144	3,129
	$ 76,273	$ 77,032

5. SECURITIES (Continued)

Information on sales of securities available for sale during the years ended December 31, 2004, 2003 and 2002 follows (Amounts in thousands of dollars):

	2004	2003	2002
Proceeds from sales	$ 4,592	$ 5,345	$ 7,998
Gross gains	$ 92	$ 192	$ 104
Gross losses	$ -	$ -	$ 19

As of December 31, 2004 and 2003 securities with a carrying value of approximately $59,741,000 and $47,390,000 respectively, were pledged to collateralize deposits and securities sold under agreements to repurchase and for other purposes as required or permitted by law.

6. LOANS

The composition of net loans outstanding as of December 31, 2004 and 2003 are as follows (Amounts in thousands of dollars):

	2004	2003
Commercial	$ 143,398	$ 115,229
Agricultural	26,420	15,680
Tax exempt	4,677	4,237
Real estate, mortgage	45,933	40,727
Consumer	47,211	45,353
Other	553	582
	$ 268,192	$ 221,808
Less: Allowance for loan losses	(2,764)	(2,263)
Net loans	$ 265,428	$ 219,545

Nonaccrual and impaired loans were not material at December 31, 2004 and 2003. Loans past due 90 days or more and still accruing interest were $980,000 and $201,000 at December 31, 2004 and 2003, respectively.

Activity in the allowance for loan losses during the years ended December 31, 2004, 2003 and 2002 is summarized below (Amounts in thousands of dollars):

	2004	2003	2002
Balance, beginning of year	$ 2,263	$ 2,305	$ 2,312
Allowance acquired in acquisition (Note 2)	441	-	-
Provision for loan losses	1,165	1,285	990
Loan charge-offs	(1,175)	(1,370)	(1,045)
Recoveries of loans charged off	70	43	48
Balance, end of year	$ 2,764	$ 2,263	$ 2,305

Mortgage loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of these loans totaled $82,499,000 and $76,449,000 at December 31, 2004 and 2003, respectively.

6. LOANS (Continued)

In the ordinary course of business, the Bank has loans with directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders (hereafter referred to as related parties). The Bank believes that all such loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with other persons and that such loans do not present more than a normal risk of collectibility or present other unfavorable features. An analysis of the changes in the aggregate amount of these loans during 2004 and 2003 is as follows (Amounts in thousands of dollars):

	2004	2003
Balance, beginning of year	$ 3,366	$ 2,639
Advances	4,054	4,060
Repayments	(3,511)	(3,333)
Change in related parties	(30)	-
Balance, end of year	$ 3,879	$ 3,366

7. PREMISES, FURNITURE AND EQUIPMENT

The cost, accumulated depreciation and net book value of premises, furniture and equipment as of December 31, 2004 and 2003 is summarized as follows (Amounts in thousands of dollars):

	2004	2003
Land	$ 1,823	$ 942
Building and improvements	5,593	3,635
Furniture and equipment	5,692	4,565
	$ 13,108	$ 9,142
Less accumulated depreciation	(5,699)	(5,415)
	$ 7,409	$ 3,727

8. INTANGIBLES

On January 1, 2002, the Company implemented Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets.* Under the provisions of SFAS 142, goodwill is no longer subject to amortization over its estimated useful life, but instead will be subject to at least annual assessments for impairment by applying a fair value based test. SFAS 142 also requires that an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. The Company performs tests for impairment on an annual basis and has determined no impairment exists.

8. INTANGIBLES (Continued)

Goodwill and intangible asset disclosures are as follows (in thousands of dollars):

	As of December 31, 2004		As of December 31, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Core deposit intangible	$ 1,223	$ 62	$ -	$ -
Other intangibles	481	52	252	17
Total Amortized intangible assets	$ 1,704	$ 114	$ 252	$ 17
Aggregate amortization expense:				
For the year ended December 31, 2004	$ 97		$ 6	
Estimated amortization expense:				
For the year ended:				
2005	$ 243			
2006	243			
2007	243			
2008	243			
2009	216			
Thereafter	402			
Goodwill:	$ 3,050		$ 334	

9. TIME DEPOSITS

The aggregate amount of time deposits, each with a minimum denomination of $100,000, was approximately $38,967,000 and $27,420,000 at December 31, 2004 and 2003, respectively.

At December 31, 2004, the scheduled maturities of time deposits are as follows (Amounts in thousands of dollars):

2005	$ 85,144
2006	45,434
2007	13,199
2008	4,274
2009	3,066
2010	1
	$ 151,118

10. FEDERAL HOME LOAN BANK ADVANCES

Federal Home Loan Bank (FHLB) advances are summarized as follows at December 31, 2004 and 2003:

	2004		2003	
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
2005	2.53%	8,000	-	-
2006	4.55	9,000	4.55	9,000
2008	4.89	2,000	4.89	2,000
		$ 19,000		$ 19,000

First mortgage loans of approximately $31,046,000 and $31,317,000 as of December 31, 2004 and 2003, respectively, are pledged as collateral on FHLB advances.

11. NOTE PAYABLE

At December 31, 2004, the Company has a note payable with a balance of $ 4,000,000 due to a Bank with quarterly payments at LIBOR plus 125 basis points (3.81% at December 31, 2004), which is due June 30, 2007. Principal is payable in 2 installments of $333,000 each, beginning June 30, 2005, 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.

12. JUNIOR SUBORDINATED DEBENTURES AND COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUSTS HOLDING SOLELY SUBORDINATED DEBENTURES

Junior subordinated debentures are due to FBIL Statutory Trusts I, II, and III, which are all 100% owned non-consolidated subsidiaries of the Company. The debentures were issued in 2000, 2003, and 2004, respectively, in conjunction with each Trusts' issuance of 5,000 shares of Company Obligated Mandatorily Redeemable Preferred Securities. The debentures all bear the same interest rate and terms as the preferred securities, detailed following. The debentures are included on the consolidated balance sheets as liabilities; however, in accordance with Federal Reserve Board regulations in effect at December 31, 2004, the Company is allowed, for regulatory purposes, to include $7,612,000 of the capital securities issued by the Trust in Tier I capital, with the remainder included in Tier II capital. In March 2005, the Federal Reserve Board issued final regulations, which become effective March 31, 2009. If those regulations had been in effect at December 31, 2004, the Company would have been allowed to include approximately $6,208,000 of the securities in Tier I capital and the remainder in Tier II capital. The Company would exceed all regulatory minimum capital ratios if the regulations that are to take effect were in place as of December 31, 2004.

During 2004 FBIL Statutory Trust III issued 5,000 shares of Company Obligated Mandatorily Redeemable (COMR) Preferred Securities. Distributions are paid quarterly. Cumulative cash distributions are calculated at a variable annual rate that is 265 basis points above the 3 month LIBOR rate (5.21% as December 31, 2004). The Trust may, at one or more times, defer interest payments on the capital securities for up to 20 consecutive quarterly periods, but not beyond September 15, 2034. At the end of the deferral period, all accumulated and unpaid distributions will be paid. The capital securities will be redeemed on September 15, 2034; however, the Trust has the option to shorten the maturity date to a date not earlier than September 15, 2009 at par plus any accrued and unpaid distributions to the date of the redemption. The redemption may be in whole or in part, but in all cases in a principal amount with integral multiples of $1,000. If a special event occurs prior to September 15, 2009, providing the Trust the right of redemption in whole, but not in part, the redemption price will vary depending on how close to the issue date the redemption occurs. The redemption price is a maximum of 104.3% of the principal amount of the debentures at March 15, 2005 declining by approximately 30 basis points each quarter until September 15, 2008 and thereafter at which time the redemption price will be at par. Any accrued and unpaid distributions to the date of redemption must also be paid.

During 2003 the Company issued 5,000 shares of Company Obligated Mandatorily Redeemable (COMR) Preferred Securities of FBIL Statutory Trust II Holding Solely Subordinated Debentures. Distributions are paid quarterly.

12. JUNIOR SUBORDINATED DEBENTURES AND COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUSTS HOLDING SOLELY SUBORDINATED DEBENTURES (Continued)

Cumulative cash distributions are calculated at a variable annual rate that is 295 basis points above the 3 month LIBOR rate (5.51% and 4.11% as of December 31,2004 and 2003, respectively). The Company may, at one or more times, defer interest payments on the capital securities for up to 20 consecutive quarterly periods, but not beyond September 17, 2033. At the end of the deferral period, all accumulated and unpaid distributions will be paid. The capital securities will be redeemed on September 17, 2033; however, the Company has the option to shorten the maturity date to a date not earlier than September 17, 2008 at par plus any accrued and unpaid distributions to the date of the redemption. If a special event occurs prior to September 17, 2008, providing the Company the right of redemption in whole, but not in part, the redemption price will vary depending on how close to the issue date the redemption occurs. The redemption price is a maximum of 104.3% of the principal amount of the debentures at March 17, 2004 declining by approximately 30 basis points each quarter until September 17, 2007 and thereafter at which time the redemption price will be at par. Any accrued and unpaid distributions to the date of redemption must also be paid.

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 Trust's indebtedness and senior to the Trust's capital stock.

13. 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, 2004 and 2003 is as follows (Amounts in thousands of dollars):

	2004	2003
Unused lines of credit	$ 38,115	$ 35,684
Standby letters of credit	1,104	1,863

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.

13. 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, 2004 and 2003 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 $663,000 and $453,000 at December 31, 2004 and 2003, 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 $6,098,000, $6,061,000, and $13,039,000 respectively as of December 31, 2004. In the opinion of management, no material risk of loss exists due to the financial condition of the institutions.

14. 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 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.

Contributions to the 401(k) plan for the years ended December 31, 2004, 2003 and 2002 totaled $197,000, $180,000 and $204,000, respectively. Contributions made to the incentive compensation plan for the year ended December 31, 2004 were $200,000. There were no contributions to the incentive compensation plan for years ended December 31, 2003 or 2002.

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, 2004, 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, 2004	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total Capital (to Risk Weighted Assets)						
Company	$36,308	11.82%	≥$24,583	≥8.00%	N/A	N/A
Bank	$33,953	11.15%	≥$24,351	≥8.00%	≥$30,439	≥10.00%
Tier I Capital (to Risk Weighted Assets)						
Company	$26,236	8.54%	≥$12,291	≥4.00%	N/A	N/A
Bank	$31,189	10.25%	≥$12,176	≥4.00%	≥$18,263	≥6.00%
Tier I Capital (to Average Assets)						
Company	$26,236	6.52%	≥$16,084	≥4.00%	N/A	N/A
Bank	$31,189	7.89%	≥$15,815	≥4.00%	≥$19,768	≥5.00%
As of December 31, 2003	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to Risk Weighted Assets)						
Company	$32,072	13.14%	≥$19,531	≥8.00%	N/A	N/A
Bank	$29,661	12.19%	≥$19,460	≥8.00%	≥$24,324	≥10.00%
Tier I Capital (to Risk Weighted Assets)						
Company	$26,607	10.90%	≥$9,765	≥4.00%	N/A	N/A
Bank	$27,461	11.29%	≥$9,730	≥4.00%	≥$14,595	≥6.00%
Tier I Capital (to Average Assets)						
Company	$26,607	8.12%	≥$13,113	≥4.00%	N/A	N/A
Bank	$27,461	8.43%	≥$13,032	≥4.00%	≥$16,290	≥5.00%

16. PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

	December 31,	
	2004	2003
Assets		
Cash	$ 2,400	$ 2,118
Investment in First Bankers Trust Company	36,252	28,988
Investment in FBIL Statutory Trust I	155	160
Investment in FBIL Statutory Trust II	155	155
Investment in FBIL Statutory Trust III	155	
Investment in First Bankers Trust Services	3,840	
Other assets	233	399
Total assets	$ 43,190	$ 31,820
Liabilities and stockholders equity		
Liabilities:		
Junior subordinated debentures	$ 15,465	$ 10,310
Note payable	4,000	-
Other	419	506
Total liabilities	$ 19,884	$ 10,816
Total stockholders equity	$ 23,306	$ 21,004
TOTAL LIABILITIES AND STOCKHOLDER S EQUITY	$ 43,190	$ 31,820

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

	Years Ended December 31,		
	2004	2003	2002
Income:			
Dividends received from First Bankers Trust Company	$ 2,100	$ 1,900	$ 2,125
Dividends received from FBIL Statutory Trust I	16	16	16
Dividends received from FBIL Statutory Trust II	7	2	-
Dividends received from FBIL Statutory Trust III	2	-	-
Interest	11	5	16
Total income	$ 2,136	$ 1,923	$ 2,157
Expenses:			
Interest	$ 921	$ 710	$ 705
Salary and benefits	109	90	51
Other	137	125	128
Total expenses	$ 1,167	$ 925	$ 884
Income (loss) before income tax benefits and equity in undistributed earnings of subsidiaries	$ 969	$ 998	$ 1,273
Income tax (benefit)	(364)	(499)	(335)
Income (loss) before equity in undistributed earnings of subsidiaries	$ 1,333	$ 1,497	$ 1,608
Equity in undistributed earnings of First Bankers Trust Company	1,931	1,626	1,634
Net income	$ 3,264	$ 3,123	$ 3,242

16. PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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

	Years Ended December 31, 2004	2003	2002
Cash flows from operating activities			
Net income	$ 3,264	$ 3,123	$ 3,242
Adjustments:			
Equity in undistributed earnings of subsidiaries	(1,931)	(1,626)	(1,634)
Changes in assets and liabilities			6
(Increase) decrease in other assets	171	(261)	-
Increase (decrease) in other liabilities	(107)	87	(98)
Net cash provided by operating activities	$ 1,397	$ 1,323	$ 1,516
Cash flows from investing activities			
Capital infusion, First Bankers Trust Company	$ (6,000)	$ -	$ -
Capital infusion, First Bankers Trust Services	(3,500)	-	-
Capital infusion, FBIL Statutory Trust III	(155)	(155)	-
Net cash (used in) investing activities	$ (9,655)	$ (155)	$ -
Cash flows from financing activities			
Proceeds from issuance of notes payable	$ 4,000	$ -	$ 6,000
Principal payments on note payable	-	(4,500)	(1,500)
Purchase of treasury stock	-	-	(7,429)
Cash dividends paid on common stock	(615)	(533)	(510)
Proceeds from issuance of subordinated debentures	5,155	5,155	-
Net cash provided by (used in) financing activities	$ 8,540	$ 122	$ (3,439)
Net increase (decrease) in cash	$ 282	$ 1,290	$ (1,923)
Cash beginning	2,118	828	2,751
Cash ending	$ 2,400	$ 2,118	$ 828

17. INCOME TAX MATTERS

The components of income tax expense are as follows for the years ended December 31, 2004, 2003 and 2002 (Amounts in thousands of dollars):

	Years Ended December 31		
	2004	2003	2002
Current	$ 1,537	$ 1,244	$ 1,193
Deferred	53	(119)	(64)
	$ 1,590	$ 1,125	$ 1,129

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):

	2004 Amount	% of Pretax Income	2003 Amount	% of Pretax Income	2002 Amount	% of Pretax Income
Federal income tax at statutory rate	$ 1,650	34.0 %	$ 1,444	34.0 %	$ 1,483	34.0 %
Changes from statutory rate resulting from:						
State tax, net of federal benefit	154	3.2	112	2.6	114	2.6
Tax exempt interest income, net	(277)	(5.7)	(281)	(6.6)	(314)	(7.2)
Increase in cash surrender value	(73)	(1.5)	(137)	(3.2)	-	-
Over (under) accrual of provision and other, net	136	2.8	(13)	(0.3)	(154)	(3.6)
Income tax expense	$ 1,590	32.8 %	$ 1,125	26.5 %	$ 1,129	25.8 %

Net deferred tax assets consist of the following components as of December 31, 2004 and 2003 (Amounts in thousands of dollars):

	2004	2003
Deferred tax assets:		
Allowance for loan losses	$ 1,048	$ 905
Accrued expenses	160	144
	$ 1,208	$ 1,049
Deferred tax liabilities:		
Premises, furniture and equipment	$ (322)	$ (139)
Unrealized gains on securities available for sale, net	(288)	(489)
Stock dividends	(144)	(115)
Prepaid expenses	(67)	(67)
	$ (821)	$ (810)
Net deferred tax assets	$ 387	$ 239

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,		
	2004	2003	2002
Provision for income taxes	$ 53	$ (119)	$ (64)
Statement of changes in stockholders' equity, accumulated other comprehensive income (loss), unrealized gains (losses) on securities available for sale, net	(201)	(93)	328
	$ (148)	$ (212)	$ 264

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Loans 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.

Securities sold under agreements to repurchase: The fair value of securities sold under agreements to repurchase is considered to equal carrying value due to the borrowings short-term nature.

Federal Home Loan Bank advances, Company obligated mandatorily redeemable preferred securities, and junior subordinated debentures: The fair value of Federal Home Loan Bank advances and fixed rate Company obligated mandatorily redeemable preferred securities/junior subordinated debentures is estimated using discounted cash flow analyses, using interest rates currently being offered for similar borrowings. The fair value of variable rate Company obligated mandatorily redeemable preferred securities/junior subordinated debentures equals their carrying value.

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.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The carrying values and estimated fair values of the Company's financial instruments as of December 31, 2004 and 2003 are as follows (Amounts in thousands of dollars)

	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Cash and due from banks	$ 24,576	$ 24,576	$ 15,010	$ 15,010
Securities held to maturity	6,910	7,193	7,231	7,528
Securities available for sale	77,032	77,032	46,351	46,351
Federal funds sold	9,700	9,700	13,500	13,500
Loans	268,855	269,199	222,261	222,852
Accrued interest receivable	1,739	1,739	1,364	1,364
Financial liabilities:				
Non-interest-bearing demand deposits	$ 62,199	$ 62,199	$ 51,234	$ 51,234
Interest-bearing demand deposits	86,466	86,466	66,978	66,978
Savings deposits	40,772	40,772	30,407	30,407
Time deposits	151,118	151,495	109,794	111,674
Securities sold under agreements to repurchase	1,762	1,762	5,114	5,114
Federal Home Loan Bank advances	19,000	19,296	19,000	19,904
Note payable	4,000	4,000	-	-
Junior Subordinated Debentures	15,465	16,040	-	-
Company obligated mandatorily redeemable preferred securities of subsidiary trust holding soley subordinated debentures	-	-	10,000	11,014
Accrued interest payable	1,072	1,072	834	834

BOARD OF DIRECTORS – FIRST BANKERS TRUST SERVICES, INC.

Donald K. Gnuse
President & Chief Executive Officer
First Bankers Trust Services, Inc.

Norman Rosson
Vice President

Steven E. Siebers
Secretary

Carl Adams, Jr
President
Illinois Ayers Oil Company

Phyllis Hofmeister
Secretary/Treasurer
Robert Hofmeister, Inc.

OFFICERS

Deborah J. Staff
Personal Trust Officer

Jay Martin
Investment Trust Officer

Linda Shultz
Employees Benefits Trust Officer

Kimberly Serbin
Employee Benefits Trust Officer

Kiersti Cory
Employee Benefits Trust Officer

Julie Kenning
Trust Operations Officer

Diane McHatton
IRA Administrator, Assistant Trust Officer

Merri Ash
Trust Officer

William Ryan
Trust Officer

Brian Ippensen
VP & CFO

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

William D. Daniels
Member
Harborstone Group, LLC.

Carl Adams, Jr.
President
Illinois Ayers Oil Company

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

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

Merle Tieken
President
Gem City Electric

Dennis R. Williams
Chairman of the Board
Quincy Newspapers, Inc.

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

Mark E. Freiburg
Owner
Freiburg Insurance Agency & Freiburg Development
President, Freiburg, Inc.
Secretary, Freiburg Farm Corporation

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

OFFICERS

Arthur E. Greenbank
President
Chief Executive Officer

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

Katie J. Bloom
Mortgage Lending Officer
Macomb

Patricia A. Brink
Vice President
Cashier

Sherry A. Bryson
Assistant Vice President
Branch Manager – Mendon/Paloma

Timothy W. Corrigan
Assistant Director
Information Services

Daron D. Duke
Vice President
Business / Ag Lending

Susan A. Dunseth
Vice President Operations
Macomb

Susan Farlow
Branch Manager
25th & Broadway / 34th & Broadway

Jane A. Fischer
Vice President
Direct Sales

Christy L. Foster
Consumer Lending Officer/Collector
Macomb

Thomas J. Frese
Controller

Joshua J. Hamm
Commercial Lending Officer
Macomb

Marcia L. Hardin
Assistant Vice President
Business / Ag Lending

Dennis R. Iversen
Senior Vice President
Business Development - Macomb

Peggy J. Junk
Vice President
Residential Mortgage Lending

James M. Keller
Consumer Lending Officer

Lois J. Knapp
Branch Manager
24th & State

David J. McCaughey
Assistant Vice President
Fixed Asset Manager / Security

Gretchen A. McGee
Senior Vice President
Retail Banking Manager

Kathleen D. McNay
Vice President
Human Resources

James E. Moore
Branch Manager
Rushville

Brenda Naylor
Branch Manager
Macomb

James R. Obert
Vice President
Business Lending

Dianna S. Orr
Branch Manager
24th & Kochs Lane

Pamela K. Pfanner
Assistant Vice President
Deposit Accounting Manager

Marvin E. Rabe
Vice President
Business / Ag Lending

David J. Rakers
Senior Vice President
Chief Lending Officer

Douglas R. Reed
Vice President
Business Lending

Linda D. Reinold
Customer Services Officer

Hugh R. Roderick
Assistant Vice President
Consumer Loan Dept. Manager

James R. Schaller
Vice President
Business / Ag Lending

Jeanette L. Schinderling
Assistant Vice President
Branch Manager 12th & Broadway

Heather K. Taute
Consumer Lending Officer

Scott L. Thoele
Vice President
Compliance Officer

Lansing M. Tomlinson
Senior Vice President
Residential Loan Dept. Manager

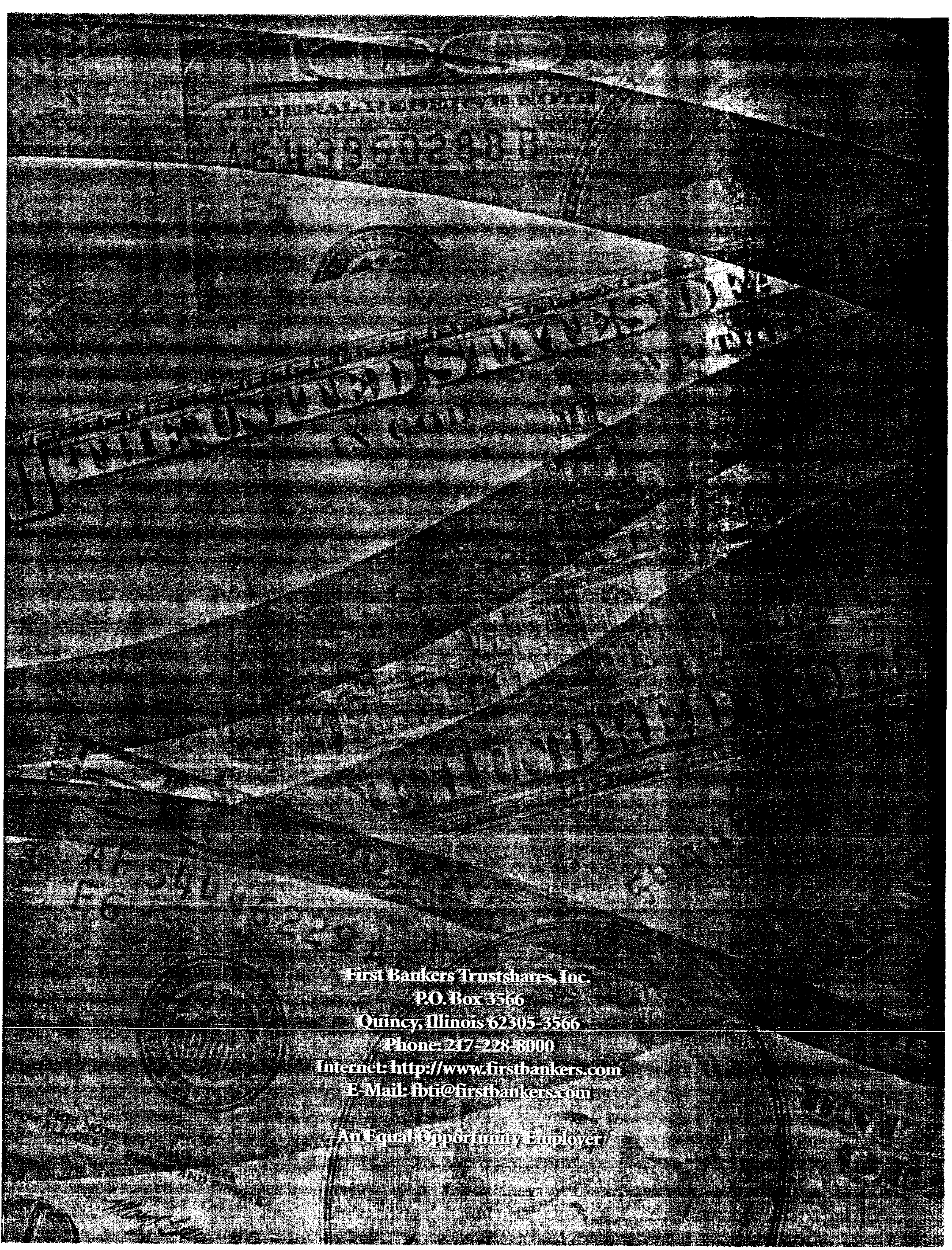
Linda K. Tossick
Assistant Controller

Leslie Vermillion
Branch Manager
Carthage

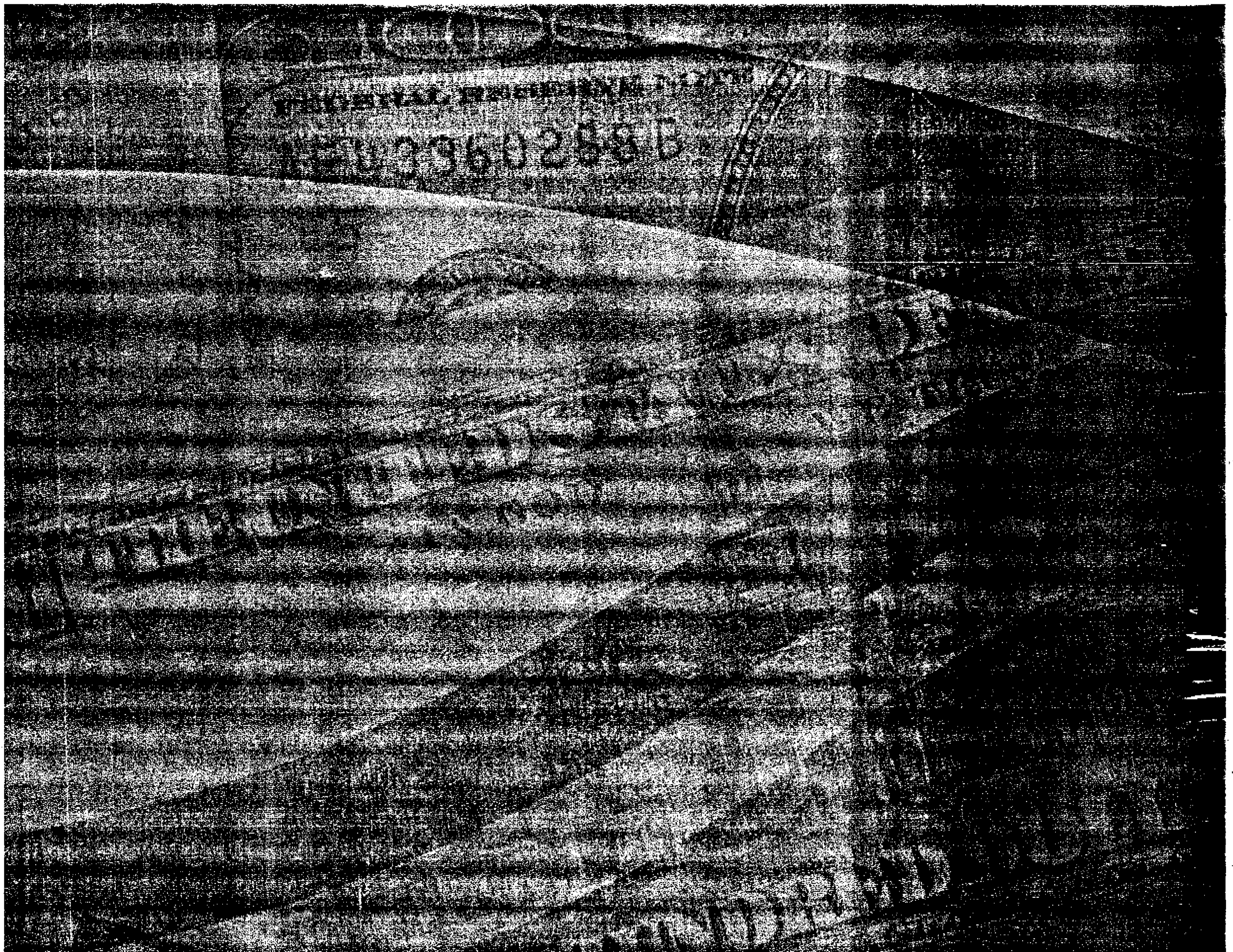
Brent R. Voth
Vice President
Operations

Patricia J. Westerman
Mortgage Lending Officer

Joan M. Whitlow
Assistant Vice President
Residential/Consumer Lending - Rushville



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

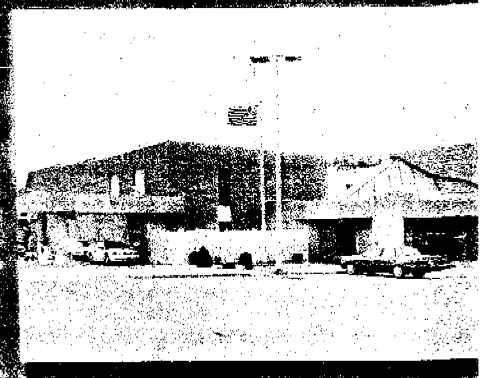


Mendon

Quincy, Illinois • 34th & Broadway

Quincy, Illinois • 24th & Kochs Lane

Quincy, Illinois • 24th & State Street



Quincy, Illinois • 12th & Broadw