



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 30, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Bankers Trust Company, National Association
Charter Number 14564**

**1201 Broadway
Quincy, IL 62301**

**Comptroller of the Currency
North Central Illinois & Eastern Iowa
111 West Washington Street Suite 300
East Peoria, IL 61611**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING

First Bankers Trust Company, N.A. (FBTC) is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- FBTC's lending to borrowers of different income levels regarding home purchases, home refinances, and home equity lines of credit is adequate.
- The geographic distribution of loans reflects satisfactory penetration among the census tracts (CT) in the AA.
- FBTC's community development performance demonstrates adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services.
- A majority of the loans originated by FBTC are to customers from within its AA.
- FBTC's quarterly average loan-to-deposit ratio of 77 percent over the evaluation period is reasonable.

SCOPE OF EXAMINATION

This Performance Evaluation assesses First Bankers Trust Company, N.A.'s record of meeting the credit needs of the communities in which it operates. We evaluated FBTC under the Intermediate Small Bank performance criterion, which includes a lending test and a community development test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates a bank's community development lending, qualified investment, and community development services activities.

- The evaluation period covers loans originated or purchased from November 1, 1999 through May 30, 2006.
- FBTC has one AA, generating a majority of the bank's loans and deposits. The lending test is based on FBTC's primary loan products.
- Conclusions regarding the bank's lending performance are based on residential mortgage and commercial loans originated or purchased from January 1, 2004 through March 31, 2006, utilizing 2000 census data.
- Since the bank is not located in a Metropolitan Statistical Area and is not subject to the requirements of the Home Mortgage Disclosure Act, the income data on residential home loan borrowers is not maintained outside of the individual mortgage files. Thus, a sample of

209 residential mortgage products originated during the evaluation period was used in assessing the range of distribution by borrower income levels.

- We reviewed a sample of the income information on commercial loans provided by FBTC and determined the data to be accurate, and used all commercial loans in our analysis.

DESCRIPTION OF INSTITUTION

FBTC is a \$391 million intrastate financial institution located on Interstate 172 along the Mississippi River in Adams County in West Central Illinois. The main office is located near downtown Quincy with a drive-up facility and ATM. FBTC has four additional offices in Quincy, and one branch office in Carthage, Macomb, Mendon, Paloma, and Rushville. Each office is equipped with drive-up facilities. FBTC has 16 ATMs located throughout the AA, with seven in Macomb, six in Quincy, and with one each in Carthage, Mendon and Rushville.

The bank is a wholly owned subsidiary of First Bankers Trustshares, Inc., a one-bank holding company headquartered in Quincy, Illinois. As of March 31, 2006, the holding company had total assets of \$397 million. The holding company also owns First Bankers Trust Services, Inc., which provides asset management services. In addition, the holding company has three statutory business trusts that are unconsolidated subsidiaries. The bank's affiliates do not negatively impact the bank's ability to meet the credit needs of the community.

In September 2004, FBTC acquired five branch offices of Union Bank. The acquired offices are located in Carthage, Macomb, Paloma, Quincy and Rushville. This acquisition significantly enlarged the bank's AA at the previous evaluation from the western half of Adams County to all or a part of five counties. FBTC's strategy of providing financial products and services to meet the needs of the customers in the communities they serve has not changed.

FBTC's two primary lending products are residential real estate and commercial loans. These two lending categories account for 74 percent of all loan originations during 2004 and 2005 and make up 75 percent of the outstanding loan balances as March 31, 2006. Thus, these two lending products were used for the analysis of this evaluation. Agricultural and consumer lending are not primary loan products accounting for 26 percent of all loan originations during 2004 and 2005 and the remaining 25 percent of the outstanding loan balances as of March 31, 2006.

Table 1 – Loan Originations by Loan Type for 2004 & 2005		
Loan Category	\$ (000)	%
Commercial Loans	\$111,589	38%
Residential Loans	\$106,432	36%
Consumer Loans	\$ 45,775	16%
Agricultural Loans	\$ 27,890	10%
Total Originations	\$291,686	100%

Source: Bank Records from 2004 and 2005

As of March 31, 2006, the bank reported \$267 million in outstanding loans and had a net loans and leases to total assets ratio of 68 percent. The loan portfolio consists of the following:

Table 2 – Loan Portfolio Summary by Loan Type March 31, 2006		
Loan Category	\$(000)	%
Commercial Loans	\$137,346	51%
Residential Loans	\$ 63,580	24%
Consumer Loans	\$ 39,439	15%
Agricultural Loans	\$ 26,697	10%
Total Loans	\$267,062	100%

Source: Call Report March 31, 2006

There are no financial conditions, legal constraints or other factors that would hinder the bank's ability in helping to meet the credit needs of the communities within its assessment area. Tier 1 capital was reported at \$33 million as March 31, 2006. The bank's previous CRA rating as of November 1, 1999 was Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

FBTC's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. FBTC has one AA covering 39 census tracts (CTs): Adams County, Hancock County, McDonough County, Schuyler County, and one CT in Pike County. One CT in McDonough County is designated low-income (2%), one other CT in McDonough County and four CTs in Adams County are designated moderate-income (13%), while the remaining thirty-three CTs are designated as middle- or upper-income (85%).

The one low-income CT consists of the campus of Western Illinois University. There are no 1-4 family residential dwellings located in this CT and very few commercial businesses, thus the opportunity of lending in this CT is very limited.

FBTC's AA has changed from the prior evaluation when it consisted of 17 CTs located in the City of Quincy and the western half of Adams County. The AA was expanded to include all of the CTs in Adams, Hancock, McDonough, and Schuyler counties and one CT in northwestern Pike County. As previously mentioned, this expansion was due to the acquisition of five branch offices from Union Bank in September 2004.

Competition within the AA is primarily from a state bank that serves a majority of the same communities and has a similar business focus. Other competitors are more localized and consist primarily of smaller community banks.

The following is demographic information for the assessment area:

Table 3 – Demographic Information for FBTC AA

Category of Information	Number	Percentage
Total Population:	131,274	
Population by CT Income Designation: Low-income	3,411	3%
Moderate-income	13,301	10%
Middle-income	103,025	78%
Upper-income	11,537	9%
Total Housing Units	56,179	
Occupancy: Owner Occupied Units	37,311	66%
Renter Occupied Units	14,080	25%
Vacant Units	4,788	9%
Median Home Value	\$ 66,541	
Median Year Built	1956	
Average Monthly Gross Rent	\$ 391	
2005 HUD Adjusted Median Family Income for Illinois Non-MSA	\$ 49,550	
Low Income Families	5,919	18%
Moderate Income Families	6,464	19%
Middle Income Families	8,560	25%
Upper Income Families	12,823	38%
Families living below the poverty level	2,537	8%
Households living below the poverty level	6,510	13%
Small Farms	1,445	97%
Small Businesses	4,743	63%

Source: 2000 Census Data

The population by CT designation is similar in percentage to the number of CTs within the AA by income designation. Two percent of the CTs are low-income with three percent of the population, 13 percent of the CTs are moderate-income with 10 percent of the population, while 85 percent of the CTs are middle- and upper-income and contain 87 percent of the population.

Economic Data

The local economy is considered stable. The April 2006 Adams and McDonough County unemployment rates of 3.8% and 4.1%, respectively, compare favorably to the 4.7% national average and to the 5.1% State of Illinois average rate. The April 2006 Hancock and Schuyler County unemployment rates of 4.8% are slightly above the national average, but below the state average rate. The economy of the AA is concentrated in the healthcare, education, manufacturing, and agricultural industries. Major employers include; Western Illinois University, Blessing Hospital, Quincy Medical Group, Titan Wheel International, Methode Electronics, Knapheide Manufacturing, Wal-Mart, the local school districts, and the city and county governments.

We contacted an economic development official during the examination. The official indicated the primary credit needs in the assessment area are commercial, home, car, and general consumer

loans. He felt FBTC and other local financial institutions were actively meeting the credit needs of the area. The local banks have always been willing to participate in loan programs sponsored by Two Rivers Regional Council, the Rural Adams Development Corp or the City of Quincy to meet the needs of the community, including low-and moderate-income families.

The contact stated the economy in the assessment area is rather strong as the unemployment rate is better than the state-wide average. A number of area manufacturing businesses are in the process or planning expansion projects. The contact said the area healthcare system continues to be strong and growing. He felt the increase in sales tax revenue the city of Quincy and Adams County is experiencing is indirectly related to the healthcare industry as it is a regional hub. People, who come for a medical appointment or treatment, in turn visit local retail stores and restaurants. The contact indicated there are not any credit needs or banking services not met or provided for by the local financial institutions. He said all local banks and their employees remain actively involved in the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

LENDING TEST

FBTC meets the standards for satisfactory performance.

- The distribution of loans to individuals of different income levels and businesses and farms of different sizes is satisfactory.
- The geographic distribution of loans reflects satisfactory penetration among the census tracts in the AA, including moderate-income census tracts.
- A majority of the loans originated by FBTC are to customers from within its AA.
- FBTC's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution of loans reflects satisfactory penetration among individuals of different income levels (including low-, and moderate-income) and businesses and farms of different sizes.

Residential Real Estate Loans

FBTC's lending to borrowers of different income levels regarding home purchases, home refinances, and home equity lines of credit is adequate. Based on our sample, lending to moderate-income borrowers for home purchases and for home refinancing exceeds the percentage of moderate-income families in the AA, while lending to moderate-income borrowers for home equity lines of credit is near the percentage of moderate-income families in the AA. Lending to low-income borrowers for home purchases is near the percentage of low-income families in the AA, while the lending to low-income borrowers for home refinancing and for home equity lines of credit is below the percentage of low-income families in the AA. Although the lending to low-income borrowers is near or below the percentage of low-income families in the AA, this is still considered adequate given an eight percent family poverty rate in the AA.

Table 4 – Borrower Distribution of Residential Real Estate Loans in the AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Home Purchase	18%	15%	19%	35%	25%	31%	38%	19%
Home Refinance	18%	6%	19%	24%	25%	25%	38%	45%
HELOCs	18%	7%	19%	15%	25%	26%	38%	52%
Total	18%	10%	19%	24%	25%	27%	38%	39%

Source: Bank records for 2004 and 2005; 2000 Census Data.

Commercial Loans

FBTC's performance of lending to businesses of different sizes is good. From the commercial loans originated by FBTC during 2004 and 2005, eighty-two percent of the loans were made to small businesses, while forty-seven percent of the dollar amounts were loans made to small businesses. Small businesses are businesses with annual gross revenues of less than one million dollars. The demographic data for the AA shows that sixty-three percent of the businesses reporting revenue data in the AA have revenues equal to or less than one million dollars.

The following table shows the distribution of commercial loans among businesses of different sizes within the AA:

Table 5 – Borrower Distribution of Loans to Businesses of Different Sizes					
Business Revenues	Number of Loans		% Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	521	82%	63%	\$ 42,503	47%
>\$1,000,000	117	18%	5%	\$ 48,097	53%
Total	638	100%	68%	\$ 90,600	100%

Source: Bank records on new loans originated in 2004 and 2005; 2000 Census Data.

** 32 percent of AA businesses did not report revenue data.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects satisfactory penetration throughout the AA. The one census tract designated as low-income is located in Macomb and consists of the campus of Western Illinois University. Therefore, it is reasonable that there is no loan penetration in this census tract with the exception of one small commercial loan.

Residential Real Estate Loans

FBTC's geographic distribution of residential lending reflects a satisfactory level of penetration in census tracts of different income levels, including moderate-income census tracts. Based on the residential loans originated in 2004 and in 2005, the percentage of residential loans originated in moderate-income census tracts meets the level of owner occupied housing located in the moderate-income census tracts within the AA.

Table 6 – Geographic Distribution of Residential Real Estate Loans in the AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number
Residential	0%	0%	7%	7%	83%	77%	10%	16%

Source: Bank records for 2004 and 2005; 2000 Census Data.

Commercial Loans

FBTC's geographic distribution of commercial lending reflects a good level of penetration in census tracts of different income levels, including moderate-income census tracts. Based on the commercial loans originated in 2004 and in 2005, the percentage of commercial loans originated in moderate-income census tracts exceeds the level of commercial businesses located in the moderate-income census tracts within the AA. While the lending opportunities in the one low-income census tract are very limited, FBTC originated one small commercial loan within this census tract during the evaluation period.

Table 7 – Geographic Distribution of Loans Businesses in the AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number
Residential	0%	0%	14%	18%	78%	70%	8%	12%

Source: Bank records for 2004 and 2005; 2000 Census Data.

LENDING IN THE ASSESSMENT AREA

A majority of the loans originated by FBTC are to customers from within its AA. FBTC's lending to customers within the AA for all loan types is reasonable. The following table details the bank's lending within the AA by number of loan originations and dollar volume during the evaluation period.

Table 8 – Loans Originated within the Assessment Area								
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Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Commercial	640	81%	149	19%	789	\$ 91,657	82%	\$19,932	18%	\$111,589
Residential	1,292	88%	168	12%	1,460	\$ 92,519	87%	\$13,913	13%	\$106,432
Totals	1,932	86%	317	14%	2,249	\$184,176	84%	\$33,845	16%	\$218,021

Source: Bank records on new loans originated in 2004 and 2005.

LOAN-TO-DEPOSIT RATIO

FBTC's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. FBTC's quarterly average loan-to-deposit ratio for the period January 1, 2000, to March 31, 2006, was seventy-seven percent. The quarterly average loan-to-deposit ratio for other similarly situated financial institutions over the same time period ranged from seventy percent to eighty-five percent. FBTC's average loan-to-deposit ratio is comparable with the other three similarly situated banks, which range in asset size from \$159 million to \$563 million. The similarly situated banks utilized for comparison purposes are community banks located in Adams, Hancock, and McDonough counties.

RESPONSES TO COMPLAINTS

FBTC has not received any complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

COMMUNITY DEVELOPMENT TEST

FBTC's community development performance demonstrates adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services.

Number and amount of community development loans

FBTC has three qualifying loans totaling \$795,000 originated during the evaluation period.

- FBTC made a \$500,000 loan to a customer to purchase an existing three-unit house and construct an eight-unit apartment complex specifically to accommodate wheelchair-bound individuals. The West Central Illinois Center for Independent Living locates low-income individuals who are in nursing homes, but would be able to live on their own with some assistance. The cost to the State of Illinois is much lower than paying for nursing home rates while allowing individuals to live independently and rejoin society while

being able to interact with similar individuals. The rents paid by the occupants are significantly below the average \$391 rental rate for the AA.

- FBTC made a \$195,000 loan to a customer to purchase a 12-unit apartment complex in Ursa, Illinois. The customer used their own resources and labor to remodel the structure to make it more efficient to maintain. The units are leased to low- and moderate-income households and families. The apartments range in rent from \$225 to \$300, which is well below the \$391 average rent in the AA.
- FBTC made a \$100,000 revolving line of credit loan to a not-for-profit corporation that provides programs, services, and activities to low- and moderate-income individuals and families. This specific line of credit is to fund housing rehabilitation expenses until the corporation receives reimbursement from the Department of Housing and Urban Development (HUD) through the Illinois Housing Development Authority. Prior to this line of credit, this program was unattractive to contractors because of the length of the delay in receiving reimbursement due to a state and a federal agency being involved.

Number and amount of qualified investments

FBTC has one qualifying investment of \$1,250,000 purchased in 2003. This investment was to purchase a bond issue from Two Rivers Council Foundation (TRCF), a 501(c)(3) Illinois not-for-profit corporation. TRCF provides programs, services, activities to low- and moderate-income families and small businesses in the counties of Adams, Brown, Schuyler, and Pike. The proceeds from the sale of the bonds were used to purchase a building in a moderate-income census tract to serve as a place to combine most of their services, reduce costs and increase efficiency. The building is handicap accessible, located in the central business district, on a city bus route, and within two blocks of a school where a majority of their youth clients come from.

FBTC has made contributions of \$139,500 to three community service organizations assisting low- and moderate-income individuals and families within the assessment area. During the evaluation period, FBTC has contributed \$117,000 to the United Way, \$15,000 to Habitat for Humanity in Adams County and \$7,500 to Habitat for Humanity in McDonough County.

Extent to which the bank provides community development services

Delivery systems are reasonably accessible to individuals of different income levels. FBTC operates ten full-service offices and sixteen ATM's in the AA. None of the bank's branches is located in low- or moderate-income tracts; however, the main office is in a tract adjacent to a moderate-income tract. Extended hours are available at all office drive up locations. The branch at 34th & Broadway in Quincy offers extended lobby hours on Saturday and Sunday. All of the bank's loan and deposit products are available at all branch locations

FBTC offers a satisfactory level of community development services based on the capacity of the bank, and the need and availability of opportunities in the AA.

USDA Guaranteed Rural Housing Loan Program – this federal government program is designed to encourage people to purchase homes in rural areas. The USDA sets maximum income

guidelines for people to qualify for the program. FBTC originated 17 loans for \$1.4 million in 2005 under this program.

Illinois Housing Development Authority – First time home buyer program to low- and moderate-income families. The IHDA provides \$1,000 toward the closing costs for low- and moderate-income families and provides a \$5,000 grant for low-income families. Under this program, FBTC originated 81 loans for \$4.5 million in 2004 and 112 loans for \$6.8 million in 2005. Of the loans originated in 2004, 37 received grants and 61 received rebates, while in 2005, 31 received grants and 79 received rebates.

Quincy Housing Initiative Program – this program was designed for people to purchase a home in a moderate-income census tract and be within 15 minutes of their workplace. The City of Quincy and Blessing Hospital provided the homes and vacant lots. FBTC has originated 14 loans for \$403 thousand since the program began in 2002.

FBTC is a member of Rural Adams Development Corporation (RADC) – FBTC has been a member since RADC was founded in 1990 and is the only member from Quincy of the seven member institutions. RADC had 15 loans with \$247 thousand in outstanding balances as December 31, 2005. RADC has originated over 50 loans for \$1.5 million since inception.

FBTC worked with the YWCA in Quincy to provide financial counseling, including budgeting, to low-income single mothers. Completion of this program qualified participants to obtain a loan to purchase a car. FBTC originated three loans for \$16 thousand through this program.

Lending officers have been speakers the past three years at the local community college discussing the loan process to a group of small business owners, and have spoke to students at local high schools concerning student and auto loans.

Bank's responsiveness, through community development activities, to community development lending, investment, and services needs

FBTC continues to be responsive to the needs of the community. The bank works with the City of Quincy, the Two Rivers Regional Council, the Great River Economic Development Foundation, and the Rural Adams County Development Corporation on loan projects. The officers and employees of the bank are heavily involved a large number of community service organizations.