

INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 21, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bankers Trust Company, National Association
Charter Number: 14564

1201 Broadway St.
Quincy, IL 62301-2811

Office of the Comptroller of the Currency

NORTH CENTRAL ILLINOIS & EASTERN IOWA FIELD OFFICE
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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: This institution is rated Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

- The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution reflects reasonable penetration.
- First Bankers Trust Company, N.A.'s (FBTC) net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's primary loan products were made within the bank's AA.
- FBTC has demonstrated excellent responsiveness to the community development needs within its AA through community development loans, qualified investments, and community development services.

Scope of Examination

We evaluated FBTC under the Intermediate Small Bank Community Reinvestment Act (CRA) examination procedures, which include lending and community development (CD) tests. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The CD test evaluates the bank's responsiveness to its AA's needs through CD lending, qualified investments, and CD services.

The evaluation period for this examination is from May 30, 2006 through July 21, 2009. We evaluated loans originated from January 1, 2007 through June 30, 2009, under the lending test. FBTC's primary loan products are home and business loans. The bank is not located in a Metropolitan Statistical Area and is not subject to the requirements of the Home Mortgage Disclosure Act, so the bank does not maintain income data on residential home loan borrowers outside of the individual loan files. Consequently, we evaluated the bank's home loan performance by selecting a sample of home loans made during the lending test evaluation period. We used a sample of business loans originated during the same period to evaluate the bank's business loan performance.

The evaluation period for the CD test was from May 30, 2006 through July 21, 2009. We reviewed CD activities to ensure they met the regulatory definition of CD.

FBTC has one AA. We conducted a full-scope review of the bank's AA.

Description of Institution

FBTC is a \$527 million intrastate financial institution located on Interstate 172 along the Mississippi River in Adams County, West Central Illinois. The main office is located near downtown Quincy with a drive-up facility and ATM. There are branches in Carthage, Macomb, Mendon, Paloma, and Rushville, as well as four additional offices in Quincy. Each office is equipped with drive-up facilities. FBTC has sixteen ATMs located throughout the AA: seven in Macomb, six in Quincy, and one each in Carthage, Mendon, and Rushville.

FBTC is wholly-owned by First Bankers Trustshares, Inc., a one-bank holding company. The holding company also owns First Bankers Trust Services, Inc., which provides asset management services. 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.

FBTC closed one branch office since the previous examination. The branch office was a Home Loan Center located at 2442 Broadway St., in Quincy, which is a middle-income census tract.

The bank offers a full range of deposit and loan products and services. FBTC's two primary lending products are residential mortgage and business lending. These two lending categories account for 80 percent of all loan originations during the evaluation period. We used these two loan products for the analysis of this evaluation.

| Loan Originations by Loan Type Over Evaluation Period | | |
|--|------------------|-------------|
| Loan Category | \$ (000) | % |
| Residential Loans | \$209,405 | 43% |
| Business Loans | \$183,574 | 37% |
| Consumer Loans | \$ 59,539 | 12% |
| Agricultural Loans | \$ 39,284 | 8% |
| Total Originations | \$491,801 | 100% |

Source: Bank Records of Originations 1/1/07-6/30/09

There are no financial conditions, legal constraints, or other factors that would hinder the bank's ability to meet the credit and community development needs of its AA. The bank's previous CRA rating as of May 30, 2006, was Satisfactory.

Description of Assessment Area

FBTC has one AA covering 39 census tracts (CTs). It includes all of Adams, Hancock, McDonough, and Schuyler counties, and one CT in Pike County. The AA is unchanged since the previous examination. One CT in McDonough County is designated low-income (3%), while one other CT in McDonough County and four CTs in Adams County are designated moderate-income (13%). The remaining 33 CTs are designated middle- or upper-income. Seven CTs in Hancock County and seven CTs in McDonough County

have been identified as distressed middle-income tracts due to population loss and poverty, respectively. FBTC’s AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

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. According to the FDIC’s Deposit Market Share Report dated June 30, 2008, FBTC ranks second in the area with 11 percent deposit market share.

| Demographic Information for AA | | | | | | |
|--|---------|------------|----------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 39 | 2.56 | 12.82 | 76.92 | 7.69 | 0.00 |
| Population by Geography | 131,274 | 2.60 | 10.13 | 78.48 | 8.79 | 0.00 |
| Owner-Occupied Housing by Geography | 37,311 | 0.00 | 6.58 | 83.14 | 10.27 | 0.00 |
| Business by Geography | 9,704 | 0.21 | 13.95 | 78.60 | 7.24 | 0.00 |
| Farms by Geography | 1,395 | 0.00 | 1.08 | 94.84 | 4.09 | 0.00 |
| Family Distribution by Income Level | 33,766 | 17.53 | 19.14 | 25.35 | 37.98 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 12,383 | 0.97 | 14.75 | 77.86 | 6.41 | 0.00 |
| Median Family Income | | 43,613 | Median Housing Value | 66,541 | | |
| HUD Adjusted Median Family Income for 2009 | | 54,400 | Unemployment Rate | 3.45% | | |
| Households Below Poverty Level | | 13% | (2000 US Census) | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 US Census and 2009 HUD updated MFI

The local economy is stable. According to June 2009 data, unemployment rates for counties in the AA range from 5.7 percent to 9.7 percent, which is below or comparable to the state and national unemployment rates of 10.5 and 9.7 percent, respectively. Economic activity is relatively diverse, with industries in healthcare, education, manufacturing, and agricultural production. Major employers include Blessing Hospital, Titan International, Western Illinois University, local school districts, and the city and county governments.

While assessing the bank’s performance, we contacted an economic development official. The contact felt FBTC and other local financial institutions were actively meeting the credit needs of the area. The local banks are willing to participate in various economic development loan programs to meet the needs of the communities. The contact notes the area has a high number of “underemployed” individuals. Several projects are currently under way to entice businesses to the area, including improved transportation options to Peoria, Illinois.

Conclusions with Respect to Performance Tests

LENDING TEST

FBTC's performance under the lending test is satisfactory. The bank has reasonable penetration among borrowers of different income levels and businesses of different sizes. The geographic distribution of loans is reasonable. The bank originates a majority of their loans within their AA, and the loan-to-deposit ratio is reasonable.

Loan-to-Deposit Ratio

FBTC's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly loan-to-deposit ratio averaged 72 percent for the period April 1, 2006 to March 31, 2009. FBTC's average loan-to-deposit ratio is comparable to other community banks of similar size and location. The quarterly average loan-to-deposit ratios for the other six banks ranged from 59 percent to 86 percent over the same time-period. The six peer banks are community banks located in Adams, Hancock, McDonough, and Pike counties with total assets ranging from \$231 to \$801 million.

Lending in 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 by number and dollar volume during the evaluation period.

| Loans Originated within the AA | | | | | | | | | | |
|--------------------------------|-----------------|-----|---------|-----|-------|--------------------------|-----|---------|-----|---------|
| Loan Type | Number of Loans | | | | Total | Dollars of Loans (000's) | | | | Total |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Business | 16 | 80% | 4 | 20% | 20 | \$2,589 | 81% | \$607 | 19% | \$3,196 |
| Residential | 16 | 80% | 4 | 20% | 20 | \$1,456 | 80% | \$372 | 20% | \$1,828 |
| Totals | 32 | 80% | 8 | 20% | 40 | \$4,045 | 81% | \$979 | 19% | \$5,024 |

Source: Sample of 20 home loans and 20 commercial loans originated from 1/1/07 to 6/30/09

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

Residential Real Estate Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels. For both low- and moderate-income borrowers, the bank's lending was lower than the area demographics. The lower percentages are somewhat mitigated due to the fact that the thirteen percent poverty rate for the AA makes it more difficult for the low-income residents to be able to afford a home loan. The poverty rate is based on the 2000 Census.

| Borrower Distribution of Home Loans | | | | |
|-------------------------------------|-----|----------|--------|-------|
| Borrower Income Level | Low | Moderate | Middle | Upper |
| | | | | |

| | | | | | | | | |
|--------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Total | 17.5% | 10% | 19.1% | 15% | 25.4% | 15% | 38.0% | 60% |

Source: Sample of 20 home loans originated from 1/1/07 to 6/30/09

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Eighty-five percent of the bank’s originated business loans were made to small businesses. Small businesses are those with gross annual revenues of \$1 million or less. Demographic data for the AA shows 62 percent of the businesses reporting revenue data have revenues of \$1 million or less, but a large percentage of businesses do not report revenues. The following table displays the distribution of business loans among different-sized businesses.

| Borrower Distribution to Businesses in AA | | | | |
|--|-------------------------|------------------------|--------------------|--------------|
| Business Revenues (or Sales) | <=\$1,000,000 | >\$1,000,000 | Unavailable | Total |
| % of AA Businesses | 62.3% | 3.5% | 34.2% | 100% |
| % of Bank Loans in AA by # | 85.0% | 10.0% | 5.0% | 100% |
| % of Bank Loans in AA by \$ | 89.8% | 2.5% | 7.7% | 100% |

Source: Sample of 20 commercial loans originated from 1/1/07 to 6/30/09

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable penetration throughout the AA. 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. The opportunity for lending in this CT is very limited. We did not identify any conspicuous gaps within the AA.

Residential Real Estate Loans

The geographic distribution of home loans in the AA reflects poor dispersion throughout CTs of different income levels; however, as less than 7 percent of the AA’s owner-occupied housing is located in moderate-income CTs, lending opportunities are limited. The following table details the bank’s performance compared to the percentage of owner-occupied housing units in each CT income level.

| Geographic Distribution of Home Loans | | | | |
|--|--|--|--|--|
| Census Tract Income | | | | |

| Level | Low | | Moderate | | Middle | | Upper | |
|-------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number Of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| % of Total | 0.00% | 0.00% | 6.58% | 0.00% | 83.14% | 70.00% | 10.27% | 30.00% |

Source: Sample of 20 home loans originated 1/1/07-6/30/09 and 2000 U.S. Census data

Business Loans

The bank’s geographic distribution of business loans reflects excellent dispersion throughout the CTs of different income levels. Fourteen percent of the businesses in the AA are located in low- and moderate-income CTs, and FBTC originated 35 percent of its commercial loans in our sample to businesses located in these low- and moderate-income tracts, which is more than reasonable. An additional 15 percent of the business loans in our sample were made to businesses in distressed, middle-income tracts. The following table shows the distribution of commercial loans among businesses in each CT income level, based on our sample.

| Geographic Distribution of Business Loans | | | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans |
| % of Total | 0.21% | 5.00% | 13.95% | 30.00% | 78.60% | 60.00% | 7.24% | 5.00% |

Source: Sample of 20 loans originated in AA 1/1/07-6/30/09 and 2008 Business Geo-demographic Data

Responses to Complaints

FBTC did not receive any complaints about its performance in helping to meet the credit needs of the AA during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The community development test is rated outstanding. Performance in the AA demonstrates excellent responsiveness to the CD needs within its AA.

Number and Amount of Community Development Loans

FBTC originated three CD loans totaling \$1.97 million since the last CRA examination.

- Two lines of credit for \$1.8 million and \$150 thousand were originated in 2009 to an organization that provides services for low-income people with mental health and developmental disabilities.
- One loan for \$15 thousand was made in 2008 to an organization that provides childcare services to the community, with a primary emphasis on the care of children from lower-income families.

Number and Amount of Qualified Investments

FBTC has the following qualifying investments:

- FBTC purchased a non-interest bearing bond for \$15 thousand from the Rural Adams Development Corporation (RADC). RADC manages a loan fund to finance projects that will create or retain jobs in Adams County.
- The bank purchased stock in Western Illinois Community Development Corporation (WICDC). WICDC provides funding to businesses that will create or retain jobs in the greater McDonough County area. The stock is currently worth \$8,800.
- FBTC has made contributions totaling \$71 thousand to three community service organizations assisting low- and moderate-income individuals and families within the AA.
- A bond issue purchased from Two Rivers Council Foundation in 2003 remains outstanding with a current principal balance of \$1.16 million. Two Rivers provides programs, activities, and services to low- and moderate-income families and small businesses in Adams, Brown, Schuyler, and Pike counties.

Extent to Which the Bank Provides Community Development Services

Delivery systems are reasonably accessible to individuals of different income levels. FBTC operates eight full-service offices and 19 cash-dispensing ATMs in the AA. One branch is located in a moderate-income tract, and one branch is located in a distressed middle-income tract. Six ATMs are located in low-income tracts, three ATMs are located in moderate-income tracts, and two additional ATMs are located in distressed middle-income tracts. Extended hours are available at all office drive-up locations, and one branch in Quincy offers extended lobby hours on Saturday and Sunday.

Two bank officers provided community development services to three qualifying programs in the AA during the evaluation period. Both officers serve on committees providing alternative funding to businesses with a focus on job creation and retention for the AA.

Responsiveness to Community Development Needs

FBTC's community development activities demonstrate satisfactory responsiveness to the needs and opportunities in the AA. CD opportunities are good with several organizations providing services to low- and moderate-income families and promoting economic development.

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.