



June 5, 2019

Dear Parent Stockholder:

We are pleased to announce our plan to spin-off our wholly-owned subsidiary, First Bankers Trust Services, Inc. ("FBTS") into an independent company. The strategic goal of this distribution is to establish two focused companies dedicated to driving current and long-term value creation. We believe the best way to realize our full potential is to allow each company to operate independently with a dedicated focus to our respective and distinct businesses. Following the spin-off, we believe each company will be well-positioned with the resources, talent, and foundation to remain as a leader in its respective fields.

First Bankers Trustshares, Inc. and its wholly owned subsidiary, First Bankers Trust Company, N.A. will continue to operate as a community-oriented financial institution focused principally on small business loans, agricultural loans, consumer loans and one-to-four family residential mortgage loans primarily in the Midwest U.S. We plan to continue our efforts to better serve our customer, stockholders, communities and employees.

As an independent company, FBTS will focus on providing trust, fiduciary and investment services. FBTS has extensive experience in fiduciary services and as of December 31, 2018, manages \$9.8 billion in assets. FBTS has offices in Illinois, Missouri, Pennsylvania, Arizona, and Georgia and conducts business nationwide. Also, as part of the spin-off, FBTS will change its name to TI-Trust, Inc.

We believe the spin-off of our trust services business will benefit both companies in that each will be positioned to:

- focus on and pursue strategic priorities specific to its respective business;
- utilize distinct capital allocation strategies and capital structures;
- pursue operating efficiencies consistent with its respective long-term strategic objectives; and
- respond more quickly to rapidly changing developments and emerging opportunities in its respective markets.

As a result of the distribution, each Parent stockholder will receive one share of FBTS common stock for every share of Parent common stock held of record on June 17, 2019, the record date for the distribution. You do not need to take any action to receive the common stock of FBTS to which you are entitled as a Parent stockholder.

Please read the attached information statement, which is being made available to all Parent stockholders who hold our common stock as of June 5, 2019. It describes the distribution in detail and contains important information about Parent and FBTS.

We are extremely proud of the talented and dedicated team at FBTS. With a dedicated, focused management team, we believe FBTS will remain a leading trust services and asset management company and will be well-positioned to compete effectively for years to come.

We thank you for your continued support of First Bankers Trustshares, Inc.

Sincerely,

Allen W. Shafer
President/Chief Executive Officer
First Bankers Trustshares, Inc.



June 5, 2019

Dear Future First Bankers Trust Services, Inc. Shareholder:

It's an honor to welcome you as a future shareholder of our new independent company, First Bankers Trust Services, Inc. ("FBTS"). In the near future we will rename FBTS as "TI-Trust, Inc." and re-brand FBTS's business as "TI-Trust".

I am extremely excited about the opportunity to lead FBTS. FBTS is a leading, national provider of custody and fiduciary services to individuals and corporate clients. We specialize in trustee services for employee benefit and personal trust accounts, custody services for individual retirement and savings accounts, and farm services and management for land owners. As of December 31, 2018, assets under management were \$9.8 billion from our 1700+ client relationships. Our Farm Services division managed nearly 26,000 acres in the Midwest U.S. In 2018, FBTS generated solid financial results as we saw increased activities from Employee Benefits, Personal Trust and Farm Services groups.

For more than six decades, our staff has worked with thousands of clients and we are committed to providing services nationally and meeting our clients at their locale. We look forward to our future as an independent company and to your support as a shareholder of FBTS.

Sincerely,

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

INFORMATION STATEMENT

First Bankers Trust Services, Inc.

This information statement is being furnished to you as a holder of common stock of First Bankers Trustshares, Inc. (“Parent”) in connection with the distribution of shares of common stock of First Bankers Trust Services, Inc. (“FBTS”). FBTS is a wholly owned subsidiary of Parent that holds all of the assets and liabilities related to Parent’s trust services business. To implement the distribution, Parent will distribute all of the outstanding shares of FBTS common stock on a pro rata basis to record holders of Parent common stock in a manner that is intended to be tax-free for U.S. federal income tax purposes.

You will receive one share of FBTS common stock for every share of Parent common stock held of record by you as of the close of business on June 17, 2019, the record date for the distribution. As discussed under “The Distribution—Trading Between the Record Date and Distribution Date,” if you sell your shares of Parent common stock after the record date and before the distribution, you also will be selling your right to receive shares of FBTS common stock in connection with the distribution. FBTS expects the shares of FBTS common stock to be distributed by Parent to you on July 1, 2019. The date of distribution of FBTS common stock is referred to in this information statement as the “distribution date.”

No vote of Parent stockholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Parent a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of Parent common stock or take any other action to receive your shares of FBTS common stock.

There is no current trading market for FBTS common stock and a trading market may never develop or exist.

In reviewing this information statement, you should carefully consider the matters described under the caption “*Risk Factors*” beginning on page 12.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is June 5, 2019.

**This information statement is first being mailed to
Parent stockholders on or about June 5, 2019.**

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE DISTRIBUTION	1
INFORMATION STATEMENT SUMMARY	7
RISK FACTORS	12
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS	27
DIVIDEND POLICY.....	28
CAPITALIZATION	29
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	30
THE DISTRIBUTION.....	33
BUSINESS.....	38
MANAGEMENT.....	43
CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS	47
SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	49
MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES.....	50
DESCRIPTION OF FBTS’S CAPITAL STOCK	54
WHERE YOU CAN FIND MORE INFORMATION.....	59

Presentation of Information

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about FBTS assumes the completion of all of the transactions referred to in this information statement in connection with the distribution.

Unless the context otherwise requires, references in this information statement to the following terms shall have the following respective meanings:

- “FBTS,” “we,” “us,” “our,” “our company” and “the company” refer to First Bankers Trust Services, Inc., an Illinois trust company, together with its subsidiaries, as the context requires, in each case as they will exist, assuming the completion of all the transactions referred to in this information statement in connection with the separation and the distribution.
- “Parent” refers to First Bankers Trustshares, Inc., a Delaware corporation, and its consolidated subsidiaries;
- “trust services business” refers to the business of FBTS, including trustee services for employee benefit and personal trust accounts, custody services for individual retirement and savings accounts, and farm services and management for land owners;
- “First Bankers” refers collectively to Parent and the trust services business (conducted by Parent prior to the formation of FBTS in 2004);
- “Separation” refers to the separation of FBTS’s trust services business from Parent’s other businesses and the creation, as a result of the distribution, of an independent company, FBTS, that holds the trust services business, as further described in this information statement; and
- “Distribution” refers to the distribution by Parent to Parent stockholders of record as of the record date of all of the outstanding shares of FBTS, as further described in this information statement;

You should not assume that the information contained in this information statement is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this information statement may occur after that date, and we undertake no obligation to update the information except as required by applicable law.

Websites described in this information statement and the content therein or connected thereto shall not be deemed incorporated into this information statement.

Trademarks, Trade Names and Service Marks

In the near future FBTS will change its legal name to TI-Trust, Inc. Pursuant to the terms of the distribution agreement, FBTS is obligated to cease using any trademarks or service marks associated with Parent as soon as reasonably practicable following the distribution, but in any event no later than six months following the distribution; provided that for a period of twelve months following the distribution, FBTS is allowed to refer to the trademarks, service marks and trade names that it previously used but only in conjunction with the words “formerly known as” or some derivation thereof.

Industry and Other Data

We obtained the industry and market data in this information statement from our own internal estimates and, where noted in this information statement, from industry and general publications and research, surveys, studies and trials conducted by third parties. While we believe that this third party data is generally reliable, we have not independently verified industry and market data from third party sources. In addition, while we believe our estimates are reliable, they have not been verified by any independent source.

QUESTIONS AND ANSWERS ABOUT THE DISTRIBUTION

What is FBTS and why is Parent separating the FBTS business and distributing FBTS's common stock?

FBTS, which is currently a wholly-owned subsidiary of Parent, was formed in 2004 to hold Parent's trust services business. The separation of FBTS from Parent and the distribution of FBTS common stock are intended to provide you with equity investments in two separate, independent companies, each of which is able to focus on its respective business strategies. Parent and FBTS believe the distribution will enable each business to pursue focused growth and investment strategies in its respective businesses resulting in the enhanced long-term performance of each business, as discussed in "The Distribution—Overview" and "The Distribution—Reasons for the Distribution."

Why am I receiving this document?

Parent is delivering this information statement to you because you were a holder of record of shares of Parent common stock on June 4, 2019 and are entitled to receive one share of FBTS common stock for every one share of Parent common stock that you hold of record at the close of business on June 17, 2019. This information statement will help you understand how the distribution will affect your investment in Parent and your investment in FBTS after the distribution.

How will the distribution of FBTS from Parent work?

To accomplish the distribution, Parent will distribute all of the outstanding shares of FBTS common stock to Parent stockholders on a pro rata basis.

Why is the separation of FBTS structured as a distribution?

Parent believes that a tax-free distribution for U.S. federal income tax purposes of shares of FBTS common stock to the Parent stockholders is an efficient way to separate its trust services business from its core banking business in a manner that will create long-term value for Parent, FBTS and their respective stockholders. Parent's obligation to complete the distribution is conditioned on the receipt by Parent of an opinion from tax counsel to Parent that the distribution of FBTS common stock to Parent stockholders should be a tax-free distribution for U.S. federal income tax purposes. This condition is waivable by Parent in its sole discretion. For more information, see "The Distribution—Conditions to the Distribution."

What is the record date for the distribution?

The record date for the distribution will be June 17, 2019.

When will the distribution occur?

It is expected that all of the shares of FBTS common stock will be distributed by Parent on July 1, 2019, to holders of record of Parent common stock at the close of business on June 17, 2019. We refer to the date on which shares of FBTS common stock are distributed as the "distribution date."

What do stockholders need to do to participate in the distribution?

Nothing. Stockholders of Parent as of the record date will not be required to take any action to receive FBTS common stock, but are urged to read this entire information statement carefully. No stockholder approval of the distribution is required or sought. Therefore, you are not being asked for a proxy to vote on the distribution, and you are requested not to send us a proxy. You will neither be required to pay anything for the shares of FBTS common stock nor be required to surrender any shares of Parent common stock to participate in the distribution. Please do not send in your Parent stock certificates.

The distribution will not affect the number of outstanding shares of Parent common stock or any rights of Parent stockholders, although it may affect the market value of each outstanding share of Parent common stock. See “Questions and Answers about the Distribution—Will the distribution affect the market price of my Parent common stock?” for more information.

How will Parent distribute shares of FBTS common stock?

Registered stockholders: If you are a registered stockholder (meaning you hold physical Parent stock certificates or you own your shares of Parent common stock directly through an account with Parent’s transfer agent, American Stock Transfer and Trust Company, LLC (AST)), the distribution agent will credit the number of whole shares of FBTS common stock you receive in the distribution to your book-entry account on or shortly after the distribution date.

“Street name” or beneficial stockholders: If you own your shares of Parent common stock beneficially through a bank, broker or other nominee, your bank, broker or other nominee will credit your account with the number of whole shares of FBTS common stock you receive in the distribution on or shortly after the distribution date. Please contact your bank, broker or other nominee for further information about your account.

We will not issue any physical stock certificates to any stockholders receiving shares in the distribution, even if requested. See “The Distribution—When and How You Will Receive the Distribution” for more information.

How many shares of FBTS common stock will I receive in the distribution?

Parent will distribute to you one share of FBTS common stock for every one share of Parent common stock you hold of record as of the close of business on June 17, 2019, the record date. Based on approximately 3,087,488 shares of Parent common stock outstanding as of March 15, 2019, a total of approximately 3,087,488 shares of FBTS common stock will be distributed. For more information, see “The Distribution—The Number of Shares of FBTS Common Stock You Will Receive.”

Will FBTS issue fractional shares in the distribution?

FBTS will not distribute fractional shares of its common stock in the distribution. Because of the forward stock split taken by FBTS prior to the distribution to provide for a “one-for-one” distribution, the distribution will not require the use of any fractional shares. Parent will not distribute any fractional shares of FBTS common stock. For more information, see “The Distribution—The Number of Shares of FBTS Common Stock You Will Receive.”

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by Parent in its sole discretion) of a number of conditions, including, among others:

- the receipt and continuing validity of an opinion from tax counsel to Parent, substantially to the effect that, among other things, the distribution of shares of FBTS common stock should qualify under Section 355 of the Internal Revenue Code of 1986, as amended (the “Code”), with the result that Parent and Parent’s stockholders should not recognize any taxable income, gain or loss for U.S. federal income tax purposes as a result of the distribution;
- the receipt and continuing validity of an opinion from an independent appraisal firm to the Parent board of directors confirming the solvency and financial viability of FBTS after the distribution that is in form and substance acceptable to Parent in its sole discretion;
- FBTS having executed and delivered the transaction agreements relating to the distribution;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the distribution or any of the related transactions being pending, threatened, issued or in effect;
- the board of directors of Parent having declared the distribution and having approved all related transactions (and such declaration and approval not having been withdrawn);
- no other event or development existing or having occurred that, in the judgment of Parent’s board of directors, in its sole and absolute judgement, makes it inadvisable to effect the distribution and other related transactions.

Parent and FBTS cannot assure you that any or all of these conditions will be met, and Parent may waive any of these conditions to the distribution. In addition, Parent can determine, at any time, not to proceed with the distribution. For more information, see “The Distribution—Conditions to the Distribution.”

What is the expected date of completion of the distribution?

The completion and timing of the distribution are dependent upon a number of conditions. It is expected that the shares of FBTS common stock will be distributed by Parent on July 1, 2019 to the holders of record of shares of Parent common stock at the close of business on the record date. However, no assurance can be provided as to the timing of the distribution or that all conditions to the distribution will be met.

Can Parent decide to cancel the distribution of FBTS common stock even if all the conditions have been met?

Yes, until the distribution has occurred, Parent has the right to terminate the distribution, even if all of the conditions are satisfied. See “The Distribution—Conditions to the Distribution” for more information.

What if I want to sell my Parent common stock or my FBTS common stock?

You should consult with your advisors, such as your broker or tax advisor.

Where will I be able to trade shares of FBTS common stock?

Currently, there is no public market for FBTS common stock and an active public market may never develop or exist.

We cannot predict the trading prices for our common stock before, on or after the distribution date.

What will happen to the trading of shares of Parent common stock?

Shares of Parent common stock will continue to trade on the OTC Markets (OTCQB).

Will the number of shares of Parent common stock that I own change as a result of the distribution?

No. The number of shares of Parent common stock that you own will not change as a result of the distribution.

Will the distribution affect the market price of my Parent common stock?

Yes. As a result of the distribution, Parent expects the trading price of shares of Parent common stock immediately following the distribution to be lower than the trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the trust services business. Furthermore, as the market assesses Parent following the distribution, the trading price of shares of Parent common stock may fluctuate. There can be no assurance that, following the distribution, the combined trading prices of Parent common stock and FBTS common stock will equal or exceed what the trading price of Parent common stock would have been in the absence of the distribution, and it is possible the post-distribution combined equity value of Parent and FBTS will be less than Parent’s equity value prior to the distribution.

What are the U. S. federal income tax consequences of the distribution?

It is a condition to the distribution that Parent receive an opinion of tax counsel to Parent to the effect that the distribution should qualify as a transaction that is tax-free under Sections 355 of the Code. Except as otherwise noted, it is expected that the distribution should qualify as a transaction that is tax-free for U.S. federal income tax purposes to Parent and the holders of Parent common stock. Assuming that the distribution, so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you and no amount will be included in your income upon receipt of shares of FBTS common stock pursuant to the distribution.

You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as non-U.S. tax laws. For more information regarding the U.S. federal income tax consequences of the distribution, see “Material U.S. Federal Income Tax Consequences.”

How will I determine my tax basis in the shares of FBTS common stock I receive in the distribution?

Assuming that the distribution is tax-free to Parent stockholders, your aggregate basis in the common stock that you hold in Parent and the new FBTS common stock received in the distribution will equal the aggregate basis in the shares of Parent common stock held by you immediately before the distribution, allocated between your shares of Parent common stock and FBTS common stock you receive in the distribution in proportion to their relative fair market values on the distribution date. The fair market value of Parent’s common stock will be determined based on the closing price of Parent’s common stock following the distribution. We will provide further guidance on determining the basis of FBTS common stock following the distribution.

You should consult your own tax advisor as to the particular consequences of the distribution to you, including the application of the tax basis allocation rules and the application of state, local and non-U.S. tax laws. For a more detailed description, see “Material U.S. Federal Income Tax Consequences.”

What will FBTS’s relationship be with Parent following the distribution?

To effect the distribution and provide a framework for FBTS’s relationship with Parent after the distribution, FBTS intends to enter into a distribution agreement and certain other agreements with Parent, including a tax matters agreement and a transition services agreement. These agreements will provide for the separation between Parent and FBTS of the assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) of Parent attributable to periods prior to, at and after the distribution and will govern the relationship between Parent and FBTS subsequent to the completion of the distribution. For additional information regarding the distribution agreement and other transaction agreements, see “Risk Factors—Risks Related to the Distribution” and “Certain Relationships and Related Person Transactions—Agreements with Parent.”

Are there risks associated with owning FBTS common stock?

Yes. Ownership of FBTS common stock is subject to both general and specific risks related to FBTS's business, the industry in which it operates, its ongoing relationships with Parent and its status as a separate and independent company. Ownership of FBTS common stock is also subject to risks related to the distribution. These risks are described in the "Risk Factors" section of this information statement beginning on page 12. You are encouraged to read that section carefully.

Does FBTS plan to pay dividends?

FBTS does not expect to pay a regular cash dividend following the distribution. The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of FBTS's board of directors. See "Dividend Policy."

Who will be the distribution agent, transfer agent and registrar for the FBTS common stock?

The distribution agent, transfer agent and registrar for FBTS common stock will be American Stock Transfer and Trust Company, LLC (AST). For registered holders with questions relating to the transfer or mechanics of the stock distribution, you should contact: Brian Ippensen at (217) 221-8060.

How can I contact Parent or FBTS with any questions?

Before the distribution, if you have any questions relating to Parent or FBTS's business performance, you should contact:

First Bankers Trustshares, Inc.
Investor Relations Department
1201 Broadway
P.O. Box 3566
Quincy, IL 62305
Tel: (887) 228-8001
Email: investors@firstbankers.com

After the distribution, FBTS stockholders who have any questions relating to FBTS's business performance should contact FBTS at:

First Bankers Trust Services, Inc.
Investor Relations
2321 Kochs Lane
Quincy, IL 62305
Tel: (217) 228-8060
Email: brian.ippensen@fbtservices.com

INFORMATION STATEMENT SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the distribution or other information that may be important to you. To better understand the distribution and FBTS's business and financial position, you should carefully review this entire information statement, including the risks discussed under "Risk Factors."

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement assumes the completion of all of the transactions referred to in this information statement in connection with the distribution. Some of the statements in this summary constitute forward-looking statements. See "Cautionary Statement Concerning Forward-Looking Statements."

FBTS

From 1956 through 2004, Parent operated the trust services business directly. In 2004, the trust services business was reorganized and assigned to FBTS, an Illinois chartered trust company formed in 2004 to provide a variety of fiduciary services to a diversified client base from a dedicated corporate subsidiary. With offices located in Illinois, Missouri, Pennsylvania, Arizona and Georgia, FBTS serves individual and corporate clients across the country. The core business of FBTS is providing trustee services for employee benefit and personal trust accounts, custody services of individual retirement and savings accounts and farm management services for land owners. Revenue is derived from primarily two types of relationships with our clients; those clients with whom an on-going relationship exists and those for which we provide services on a transactional basis.

FBTS conducts business through three business lines: employee benefits division ("EB Division"), personal trust division ("PT Division") and farm services division ("Farm Services Division"). The EB Division is a national business which provides specialized fiduciary services for the administration of employer securities held in qualified retirement plans including employee stock ownership plans ("ESOP"), 401(k) and nonqualified plans. The PT Division primarily caters to clients in the Midwest U.S. and offers a variety of services for personal trust matters as well as provides several types of individual retirement accounts in both a managed and custodial capacity. The Farm Services Division primarily caters to clients in Quincy, Illinois and the surrounding areas and provides a variety of services from consulting to full farm management.

The total annual revenue for FBTS for the years ending December 31, 2018 and 2017 was \$11.3 million and \$11.0 million, respectively, with net recurring income accounting for \$9.46 million and \$8.87 million, respectively, and transactional income accounting for \$1.55 million and \$1.91 million, respectively. For the years ending December 31, 2018 and 2017: the EB Division had a net recurring income of \$7.54 million and \$7.01 million, respectively, and transactional income of \$1.42 million and \$1.76 million, respectively; the PT Division had a net recurring income of \$1.58 million and \$1.52 million, respectively, and transactional income of \$55,559 and \$87,484, respectively; and the Farm Services Divisions had a net recurring income of \$344,554 and \$339,253, respectively, and transactional income of \$78,650 and \$67,300, respectively.

FBTS has managed to grow its business despite increasingly challenging market conditions and has tangible growth prospects particularly with regards to growing market share from current levels of 3.1% as of year-end 2016. Despite challenging market conditions, FBTS has grown operating EBITDA at

a 20% CAGR since 2013, illustrating the scalability of the business model.

Strengths

We believe we possess a number of competitive advantages that distinguish us from our competitors, including:

- a good reputation in the markets we serve and specifically with our referral sources (attorneys, accountants, valuation advisory firms, third party administration firms, and investment advisory firms);
- substantial experience in the areas of retirement plan trust administration, investment management, wealth planning, and finance;
- extensive understanding in providing the types of fiduciary service required under the law and demanded by our clients;
- highly developed internal fiduciary professionals with deep technical experience; and
- our experienced management team has a track record of leadership, performance and execution in the trust services industry.

Strategies

FBTS's corporate goal is to achieve consistent revenue from high quality clients while focusing on controlling compliance and account administration exposure. We have focused on maintaining and engaging high quality accounts for administration, producing consistent and recurring levels of fee income from our existing services.

Existing clients may move all or a portion of their business to third parties, which requires the EB Division of FBTS is to be vigilant on replacing lost revenue with new, ESOP transactional engagements. To accomplish this task:

- we develop ongoing relationships by attending and participating in industry organizations, educating our referral sources and current clients, focusing on the request-for-proposal ("RFP") activity for successor opportunities, and highlighting our deep administrative capabilities;
- we charge appropriately for existing clients and transaction activities;
- we seek to expand on service offerings in the area of investment management services, fiduciary consulting engagements, and company stock in 401(k) plans; and
- we reinforce leadership in the industry through speaking engagements at national and regional conferences, participating in committees of the nationally recognized industry organizations, and initiating direct engagement with senior leadership in companies with similar industry initiatives;
- we continue to develop our deep network of referral sources, including but not limited to attorneys, accountants, valuation advisory firms, third party administration firms, and

investment advisory firms; and

- we leverage our substantial experience and nationwide salesforce team.

Risk Factors

An investment in FBTS common stock is subject to a number of risks, including risks related to the distribution, risks related to our business, and risks related to our common stock. Please read the information in the section captioned “Risk Factors” for a description of these risks.

The Distribution

On June 5, 2019, Parent announced its plans to separate and distribute to its stockholders, all of the common stock of First Bankers Trust Services, Inc. As a result, FBTS will be independent and Parent will focus on its traditional banking business. The distribution is intended to be tax-free for U.S. federal income tax purposes, except as otherwise noted.

In furtherance of this plan, on June 5, 2019, Parent’s board of directors approved the distribution of all of the issued and outstanding shares of FBTS common stock on the basis of one share of FBTS common stock for every one share of Parent common stock issued and outstanding on June 17, 2019, the record date for the distribution. As a result of the distribution, FBTS will become a separate and independent company.

FBTS’s Post-Distribution Relationship with Parent

FBTS intends to enter into a distribution agreement with Parent, which is referred to in this information statement as the “distribution agreement, and various other agreements with Parent, including a tax matters agreement and a transition services agreement. These agreements will effectuate the distribution and provide a framework for FBTS’s relationship with Parent after the distribution. For additional information regarding the distribution agreement and the other related agreements, see “Risk Factors—Risks Related to the Distribution” and “Certain Relationships and Related Person Transactions—Agreements with Parent.”

Reasons for the Distribution

The Parent board of directors believes that distributing the trust services business to the Parent stockholders is in the best interests of Parent and its stockholders for a number of reasons, including that:

- the distribution will allow each business to pursue focused operational, commercial and strategic priorities that address the distinct client and stakeholder dynamics of each business;
- the distribution will offer each business the ability to achieve operating efficiencies through the allocation of resources to areas presenting high growth potential for its respective business;
- the distribution will give each business the opportunity and flexibility to pursue its own investment, capital allocation and growth strategies consistent with its long-term objectives and with a goal of enhancing value for clients and other key stakeholders;
- the distribution will allow each business to more quickly respond to trends, developments

and opportunities in its respective markets;

- the distribution will allow investors to separately value each company based on its unique investment identity, including the merits, performance and future prospects of its business, providing investors with two distinct and targeted investment opportunities; and
- the distribution will mitigate the litigation and reputational risks to Parent arising from FBTS's business activities.

The Parent board of directors considered a number of potentially negative factors in evaluating the distribution, including risks relating to the creation of a standalone company and possible increased overall costs as well as one-time distribution costs, but concluded that the potential benefits of the distribution outweighed these factors. For more information, see "The Distribution—Reasons for the Distribution" and "Risk Factors" included elsewhere in this information statement.

Corporate Information

First Bankers Trust Services, Inc. was incorporated in the State of Illinois on March 2, 2004 for the purpose of holding Parent's trust services business. FBTS's principal executive offices will continue to be located at 2321 Kochs Lane, Quincy, IL 62305. FBTS's telephone number is (217) 228-8060. For the time being, FBTS's official website will continue to be www.fbtservices.com. In the near future, FBTS's official website will change to www.ti-trust.com.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of Parent who will receive shares of FBTS common stock in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of FBTS's securities.

Summary Historical and Unaudited Compiled Financial Information

The following table sets forth summary historical financial information for the periods indicated below. The summary balance sheet data as of December 31, 2018 and 2017 and the statements of income for the years ended December 31, 2018 and 2017 have been compiled by RSM US LLP. The unaudited compiled financial data of FBTS has been prepared on a basis consistent with the basis on which the audited combined financial statements have been prepared historically for Parent. In the opinion of FBTS's management, the unaudited compiled financial data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of such data. The summary interim balance sheet data as of March 31, 2019 and 2018 and the interim statements of income for the 3-month period ended March 31, 2019 and 2018 have been prepared internally. The unaudited interim financial information has been prepared on a basis consistent with the basis on which the unaudited compiled financial statements have been prepared. In the opinion of FBTS's management, the unaudited interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of such data. These interim results are not necessarily indicative of results to be expected for the full year.

FBTS did not operate as a standalone entity in the past and, accordingly, the summary financial data presented herein is not necessarily indicative of FBTS's future performance and does not reflect what FBTS's financial performance would have been had the company operated as an independent company during the periods presented, and should not be relied upon as an indicator of our future results.

The summary unaudited compiled financial information is for illustrative and informational purposes only and does not purport to represent what the financial position or results of operations would have been if FBTS had operated as an independent company during the periods presented, nor does it project the financial position at any future date or the results of operations for any future period, and should not be relied upon as an indicator of our future results. Please see the notes to the unaudited compiled financial statements included elsewhere in this information statement for further information.

The summary financial information should be read in conjunction with the discussion in “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the unaudited compiled financial statements and corresponding notes, the audited combined financial statements and corresponding notes and the unaudited interim financial statements included elsewhere in this information statement.

Statement of Income (In millions)	For the Years Ended December 31,	
	2018	2017
Total revenues	\$11,315,742	\$11,008,294
Net income	\$3,268,237	\$498,887
Balance Sheet (In millions)	As of December 31,	
	2018	2017
Total assets	\$11,807,997	\$10,242,592
Total liabilities	\$3,694,783	\$4,445,727
Total equity	\$8,113,214	\$5,796,865
Total liabilities and equity	\$11,807,997	\$10,242,892

Note:

2018 net income includes \$0.74 million in accrual reversals and reimbursements, resulting in lower total expenses
2017 net income includes \$1.75 million legal settlement expense

Statement of Income (In millions)	For the 3-Month Period Ended March 31,	
	2019	2018
Total revenues	\$3,365,544	\$2,861,363
Total expenses	\$1,963,843	\$1,880,084
Net income	\$1,004,001	\$703,579
Balance Sheet (In millions)	As of March 31,	
	2019	2018
Total assets	\$12,727,113	\$11,387,106
Total liabilities	\$4,545,719	\$4,946,476
Total equity	\$8,181,394	\$6,440,630
Total liabilities and equity	\$12,727,113	\$11,387,106

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating FBTS and FBTS's common stock. Any of the following risks could materially and adversely affect our results of operations or financial condition and could adversely impact, or result in volatility to, our stock price following the distribution. The risk factors generally have been separated into three groups: risks related to the distribution, risks related to our business, and risks related to our common stock. Some statements in this prospectus, including statements in the following risk factors section, constitute forward-looking statements. Please refer to "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to the Distribution

We may not achieve some or all of the expected benefits of the distribution, and the distribution could harm our business, results of operations and financial condition.

We may not be able to achieve some or all of the anticipated strategic, financial, operational, marketing or other benefits expected to result from the distribution, or such benefits may be delayed or not occur at all. For example, in order to position ourselves for the distribution, we are undertaking strategic, structural and process realignment actions within our operations. These actions may not provide the benefits we currently expect and could lead to disruption of our operations, loss of, or inability to recruit, key personnel needed to operate and grow our businesses following the distribution, weakening of our internal standards, controls or procedures and impairment of our key customer and supplier relationships. In addition, completion of the distribution will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our businesses.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company, and we will be reliant on Parent for the provision of certain services for a period of time.

We have historically operated as part of Parent's corporate organization, and Parent has assisted us by providing various corporate and other business functions. Following the distribution, Parent will have no obligation to provide us with assistance other than providing certain services pursuant to agreements described under "Certain Relationships and Related Person Transactions—Agreements with Parent." If Parent is unable or unwilling to satisfy its obligations under these agreements, we could incur operational difficulties or losses that could have a material and adverse effect on our business, operating results and financial condition.

The services to be provided by Parent do not include every service or all of the information and technology systems that we have received from Parent in the past, and Parent is only obligated to provide these services for limited periods of time from the distribution date. Accordingly, following the distribution, we will need to provide internally or obtain from unaffiliated third parties the systems and services we currently receive from Parent.

If we do not have in place our own systems and services, including technology systems and services, or if we do not have agreements with other providers of these services in a timely manner or on terms and conditions as favorable as those we receive from Parent, we may not be able to operate our business effectively and our profitability may decline. Furthermore, if we fail to obtain the quality of services necessary to operate effectively or incur greater costs in obtaining these services, our profitability, operating results and financial condition may be materially and adversely affected.

We have no history of operating as a fully independent company and we expect to incur increased administrative and other costs following the distribution by virtue of our status as an independent company. Our historical financial information is not necessarily representative of the results that we would have achieved as a separate company and should not be relied upon as an indicator of our future results.

Our historical information provided in this information statement refers to our business as operated by and integrated with Parent. Our historical financial information included in this information statement is derived from the consolidated financial statements and accounting records of Parent. Accordingly, the historical financial information included in this information statement may not reflect the operating results, financial condition or cash flows that we would have achieved as a separate company during the periods presented or what we will achieve in the future primarily as a result of the following factors, among others:

Prior to the distribution, our business has been operated as a wholly-owned subsidiary of Parent and as a separate and distinct line of business, rather than as an independent company. Parent performed various corporate functions for us, including finance, human resources, tax planning, internal audit, information technology, shared services, insurance, employee benefits and facilities management and share-based compensation. Our historical financial results reflect allocations of corporate expenses from Parent for such functions, which are likely to be less than the expenses we would have incurred had we operated as a separate company. Following the distribution, our costs related to such functions previously provided by Parent may increase.

Historically, we have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we will enter into certain agreements with Parent in connection with the distribution, these arrangements may not fully capture the benefits that we have enjoyed as a result of being integrated with Parent and may result in us incurring higher costs than in the past.

We may lose certain synergies and benefits we enjoyed as a result of being a part of Parent. As a part of Parent, we benefited from, among other things, access to capital to fund investments. In addition, being a part of Parent enabled us to leverage Parent's technological capabilities, data and commerce platforms.

Following the completion of the distribution, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, or through strategic relationships or other arrangements, which may or may not be available.

We will enter into transactions with Parent that did not exist prior to the distribution. See "Certain Relationships and Related Person Transactions—Agreements with Parent" for information regarding these transactions.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from Parent. For additional information about the past financial performance of our business and the basis of preparation of the historical unaudited compiled financial statements of our business, see "Unaudited Compiled Financial Statements," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and accompanying notes included elsewhere in this information statement.

The distribution may adversely impact our ability to attract and retain key personnel, which could materially harm our business.

Our success depends in large part upon the leadership and performance of our management team and other key employees. Operating as an independent company will demand a significant amount of time and effort from our management and other employees and may give rise to increased employee turnover. If we lose the services of members of our management team or other key employees, we may not be able to successfully manage our business or achieve our business objectives.

Following the distribution, we will need to continue to attract and retain qualified key personnel in a highly competitive environment. Our ability to attract, recruit and retain such talent will depend on a number of factors, including the hiring practices of our competitors, our compensation and benefits, work location and work environment and economic conditions affecting our industry generally. If we cannot effectively hire and retain qualified employees, our business, results of operations and prospects could suffer.

The distribution may result in disruptions to, and negatively impact our relationships with, our customers and other business partners.

Uncertainty related to the distribution may lead customers and other parties with which we currently do business or may do business in the future to terminate or attempt to negotiate changes in our existing business relationships, or cause them to delay entering into business relationships with us or consider entering into business relationships with parties other than us. These disruptions could have a material and adverse effect on our business, operating results, financial condition and prospects. The effect of such disruptions could be exacerbated by any delays in the completion of the distribution. The attrition of customers and the associated loss of revenue from these customers might be significantly higher than historical attrition which would negatively impact our business.

If the distribution, together with certain related transactions, does not qualify as a transaction that is tax-free for U.S. federal income tax purposes, Parent and its stockholders could be subject to significant U.S. federal income tax liabilities, and we could be required to indemnify Parent for material U.S. federal income taxes pursuant to indemnification obligations under the tax matters agreement.

A condition to the distribution is the receipt by Parent of an opinion from Parent's tax counsel regarding the qualification of the distribution as a transaction that should qualify under Section 355 of the Code. Except as otherwise noted, it is expected that the distribution should qualify as a transaction that is tax-free for U.S. federal income tax purposes to Parent and the holders of Parent common stock. The opinion will be based on and rely on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings of us and Parent, including those relating to the past and future conduct of us and Parent. If any of these facts, assumptions, representations, statements or undertakings are, or become, inaccurate or incomplete, or if we or Parent breach any of our respective covenants in the distribution documents, the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding the opinion of counsel, the Internal Revenue Service (the "IRS") could determine on audit that the distribution is taxable for U.S. federal income tax purposes if it determines that any of these facts, assumptions, representations, statements or undertakings are incorrect or have been violated or if it disagrees with the conclusions in the opinion of counsel. An opinion of counsel is not binding on the IRS or any court, and there can be no assurance that the IRS will not challenge the conclusions reached in the opinion. The IRS will not provide a ruling that our proposed transaction will be tax-free.

If the distribution, together with certain related transactions, is ultimately determined to be taxable, Parent and its stockholders that are subject to U.S. federal income tax could incur significant tax liabilities. If the distribution fails to qualify for tax-free treatment, Parent would, for U.S. federal income tax purposes, recognize corporate level taxable gain and be treated as if it had sold our common stock in a taxable sale for its fair market value, and those Parent stockholders who are subject to U.S. federal income tax would be treated as receiving a taxable distribution in an amount equal to the fair market value of our common stock received in the distribution. The distribution would be taxable to such stockholder as a dividend to the extent of Parent's current and accumulated earnings and profits, which would include any earnings and profits attributable to the gain recognized by Parent on the taxable distribution. Any amount that exceeded Parent's earnings and profits would be treated first as a non-taxable return of capital to the extent of such stockholder's tax basis in its shares of Parent stock with any remaining amount being taxed as a gain on the Parent stock.

Under the tax matters agreement to be entered into between us and Parent, we would potentially be required to indemnify Parent against taxes incurred by Parent that arise as a result of our taking or failing to take, as the case may be, certain actions that result in the distribution failing to meet the requirements of a tax-free distribution under Section 355 of the Code. If we are required to indemnify Parent under the circumstances set forth in the tax matters agreement, we may be subject to substantial liabilities, which could materially adversely affect our financial condition.

For more information, please refer to "Certain Relationships and Related Person Transactions—Agreements with Parent—Tax Matters Agreement."

We will be subject to numerous restrictions to preserve the tax-free treatment of the transactions in the United States, which may reduce our strategic and operating flexibility.

Our ability to engage in significant equity transactions could be limited or restricted after the distribution in order to preserve, for U.S. federal income tax purposes, the tax-free nature of the distribution by Parent. Even if the distribution otherwise qualifies for tax-free treatment, the distribution may result in corporate-level taxable gain to Parent under Section 355(e) of the Code if either we or Parent undergoes a fifty percent (50%) or greater ownership change as part of a plan or series of related transactions that includes the distribution. The process for determining whether one or more acquisitions or issuances triggering these provisions has occurred is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. Any acquisitions or issuances of our stock or Parent's stock within a two-year period after the distribution generally are presumed to be part of such a plan, although we or Parent, as applicable, may be able to rebut that presumption. Accordingly, under the tax matters agreement that we intend to enter into with Parent, for the two-year period following the distribution, Parent and FBTS will be prohibited, except in certain circumstances, from:

- entering into any transactions resulting in the acquisition of 40% or more of our stock or substantially all of our assets, whether by merger or otherwise;
- merging, consolidating or liquidating;
- undertake or permit any transaction relating to Parent or FBTS stock, including issuances, redemptions or repurchases beyond certain thresholds; or
- ceasing to actively conduct our business.

These restrictions may limit our ability to pursue certain strategic transactions or other transactions that we may believe to otherwise be in the best interests of our shareholders or that might increase the value of our business. In addition, under the tax matters agreement, we will be required to indemnify Parent against any such tax liabilities as a result of the acquisition of our stock or assets, even if we do not participate in or otherwise facilitate the acquisition. For a more detailed description, see “Certain Relationships and Related Person Transactions—Agreements with Parent —Tax Matters Agreement.”

Our agreements with Parent may not reflect terms that would have resulted from negotiations with unaffiliated third parties.

The agreements related to the distribution, including, among others, the distribution agreement, the tax matters agreement and the transition services agreement, will have been entered into in the context of the distribution while we are still controlled by Parent. Until the distribution occurs, Parent will effectively have the sole and absolute discretion to determine and change the terms of the distribution, including the terms of any agreements between Parent and us and the establishment of the record date and distribution date. As a result, any changes could be unfavorable to us and may not reflect terms that would have resulted from negotiations between unaffiliated third parties. In addition, Parent may decide at any time not to proceed with all or any part of the distribution. For a more detailed description, see “Certain Relationships and Related Person Transactions—Agreements with Parent.”

We will be subject to continuing contingent tax related liabilities of Parent following the distribution.

After the distribution, there will be several significant areas where the liabilities of Parent may become our obligations. For example, under the Code and the related rules and regulations, each corporation that was a member of Parent’s consolidated tax reporting group during any taxable period or portion of any taxable period is jointly and severally liable for the U.S. federal income tax liability of the entire consolidated tax reporting group for such taxable period. We intend to enter into a tax matters agreement with Parent that will allocate the responsibility for prior period taxes of Parent’s consolidated tax reporting group between us and Parent. If Parent were unable to pay any prior period taxes for which it is responsible, however, under applicable law we could be required to pay the entire amount of such taxes, and such amounts could be significant. Other provisions of federal, state, local or foreign law may establish similar liability for other matters, including laws governing tax-qualified pension plans, as well as other contingent liabilities. For a more detailed description, see “Certain Relationships and Related Person Transactions—Agreements with Parent —Tax Matters Agreement.”

In connection with the distribution, we will assume and agree to indemnify Parent for certain liabilities. If we are required to make payment pursuant to these indemnities to Parent, we may need to divert cash to meet those obligations and our financial results could be negatively impacted.

Pursuant to the distribution agreement and certain other agreements we intend to enter into with Parent, we will assume and agree to indemnify Parent for certain liabilities for uncapped amounts, which may include, among other items, associated defense costs, settlement amounts and judgments, as discussed further in “Certain Relationships and Related Person Transactions—Agreements with Parent” and “Index to Financial Statements—Unaudited Compiled Financial Statements—Notes to Compiled Financial Statements.” Payments pursuant to these indemnities may be significant and could negatively impact our business, particularly indemnities relating to our actions that could impact the tax-free nature of the distribution and certain related transactions. Third parties could also seek to hold us responsible for any of the liabilities of the Parent’s banking business. Parent will agree to indemnify us for liabilities of the Parent’s banking business, but such indemnity from Parent may not be sufficient to protect us against the full amount of such liabilities, and Parent may not fully satisfy its indemnification obligations.

Moreover, even if we ultimately succeed in recovering from Parent any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, operating results, financial condition and cash flows.

The combined post-distribution value of Parent and our common stock may not equal or exceed the pre-distribution value of Parent common stock.

As a result of the distribution, Parent expects the trading price of Parent common stock immediately following the distribution to be lower than the “regular way” trading price of such common stock immediately prior to the distribution because the trading price will no longer reflect the value of our business held by Parent. The aggregate market value of Parent common stock and our common stock following the distribution may be higher or lower than the market value of Parent common stock immediately prior to the distribution.

We are changing our brand from “First Bankers Trust Services” to “TI-Trust” to distinguish our business from Parent’s business, which may adversely impact our relationships with customers and referral sources.

We believe our association with Parent has provided us with greater name recognition and that Parent’s reputation and financial strength have benefited us historically. The use of our new brand will result in additional costs and may result in potential loss of customer recognition and business. We are redesigning our internet webpage, email addresses and social media channels as part of our transition to a new name, which could cause some customer confusion even when customers are redirected automatically to new websites and email addresses.

No vote of Parent stockholders is required in connection with this distribution. As a result, if the distribution occurs and you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your Parent common stock prior to the record date.

No vote of the Parent stockholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your Parent common stock prior to the record date for the distribution.

Risks Related to Our Business

We are subject to possible claims and litigation pertaining to fiduciary responsibility.

From time to time, clients or federal or state regulatory agencies could make claims and take legal action pertaining to our performance of our fiduciary responsibilities. Whether client claims and legal action related to our performance of our fiduciary responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to us, they may result in significant financial liability and/or adversely affect our market perception of our services as well as impact client demand for those services. Any financial liability or reputational damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations. Moreover, it is inherently difficult to assess the outcome of these matters, and we may not prevail in proceedings or litigation. Similarly, if we settle such legal proceedings, it may affect our financial condition and how we operate our business. Our insurance may not cover all claims that may be asserted against us and indemnification rights to which we are entitled may not be honored, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation or investigation significantly exceed our insurance

coverage, they could have a material adverse effect on our business, financial condition and results of operations. In addition, premiums for insurance covering the financial services industry may rise. We may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms or at historic rates, if at all. Moreover, further court decisions, alternative dispute resolution awards, matters arising due to business expansion, or legislative activity may increase our exposure to litigation and regulatory investigations.

Our fiduciary services business is subject to reputational risk.

Our fiduciary services business derives the majority of its revenue from fee income. Success in this business is highly dependent on reputation. Our ability to attract fiduciary services management clients is highly dependent upon external perceptions of this business' level of service, trustworthiness, business practices and financial condition. Negative perceptions or publicity regarding these matters could damage the business' and our reputation among existing clients, which could make it difficult for our business to attract new clients and maintain existing ones. Adverse developments with respect to the fiduciary services industry or our operation may also negatively impact our reputation, or result in greater regulatory or legislative scrutiny or litigation against us. Although we monitor developments for areas of potential risk to the lines of business and our reputation and brand, negative perceptions or publicity could materially and adversely impact both our revenue and net income.

Employee benefit trust services involve a substantial degree of risk for participants and administrators.

The employee benefit services we provide, including services for ESOPs, such as the valuation of underlying enterprises, are complex, difficult and often scrutinized by equity holders and government agencies. The federal laws and regulations relating to employee benefit plans can be vague and are subject to interpretation – they may also change at any time. Our services relating to ESOPs, including the valuation of underlying enterprises, carry inherent risk and may subject us to significant liabilities, including fines and penalties from regulators.

Personal Trust and Farm Management involve a substantial degree of risk for administrators.

Similar to the services we provide for employee benefits, the services we provide through our PT Division and Farm Services Division are often scrutinized by clients and government agencies. Each of these services carries inherent risk and may subject us to significant liabilities, including fines and penalties from regulators.

We continue to experience pricing pressures in areas of our business which may impair our future revenue and profitability.

We continue to experience pricing pressures on fiduciary services business, which has seen new entrants compete for clients on the basis of price. We believe that price competition and pricing pressures in these and other areas will continue as customers continue to reduce the amounts they are willing to pay, including by reducing the number of firms they use, and some of our competitors seek to obtain market share by reducing fees.

If we are unable to sell additional services to existing clients or attract new clients in a manner that is cost-effective and assures client success, we will not be able to grow our business, which could adversely affect our results of operations and financial condition.

In order to grow our business, we must continue to attract new clients in a cost-effective manner and enable these clients to realize the benefits associated with our services. If we are unable to entice existing clients to expand their use of our services, we may see an increase in our client acquisition costs which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to implement aspects of our business strategy, which may adversely affect our ability to maintain our historical earnings trends.

We may not be able to successfully implement our business plan as a stand-alone company. A downturn in regional or national economic market conditions, a failure to attract and retain high performing personnel, and heightened competition from other fiduciary services providers, among other factors, could limit our ability to grow as rapidly as we have in the past and as such may have a negative effect on our business, financial condition and results of operations. In addition, risks associated with failing to maintain effective financial and operational controls as we grow, such as complying with regulatory requirements, including reduced earnings and potential regulatory fines and penalties and restrictions on growth, all could have a negative effect on our business, financial condition and results of operations.

New lines of business or new services may subject us to additional risks.

From time to time, we may implement or may acquire new lines of business or offer new services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and new services, we may invest significant time and resources. We may not achieve target timetables for the introduction and development of new lines of business and new services and price and profitability targets may not prove feasible. External factors, such as regulatory compliance obligations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new service. Furthermore, any new line of business and/or new service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new services could have a material adverse effect on our business, results of operations and financial condition.

Growth of our business could result in increased costs.

Our overall profitability would be negatively affected if investments and expenses associated with the growth of our business are not matched or exceeded by the revenue that is derived from such growth. Further, expanding into new lines of business involve recruiting and hiring the necessary personnel. Such personnel may be employed by competitors, and the retention of such individuals may require us to enter into guaranteed compensation contracts for a period following commencement of employment. The compensation terms provided for in such contracts may be fixed in whole or in part. Any guaranteed compensation expenses that cannot be adjusted based on the success or profitability of the business could reduce our operating margins. Expansion also creates a need for additional compliance, documentation, risk management and internal control procedures, and often involves the hiring of additional personnel to monitor such matters. To the extent such responses are not adequate to appropriately monitor any new or expanded business, we could be exposed to a material loss or regulatory sanction.

We depend on key personnel, and may have difficulty identifying, attracting and retaining necessary personnel, to execute our business strategy and successfully expand our operations.

We derive a substantial portion of our revenue from the efforts of our fiduciary services professionals. Therefore, our future success depends, in large part, on our ability to attract, recruit, and retain qualified fiduciary services professionals. Demand for these professionals is high and their qualifications make them particularly mobile. These circumstances have led to escalating compensation packages in the industry. Up-front payments, increased payouts, and guaranteed contracts have made recruiting these professionals more difficult and can lead to departures by current professionals. From time to time we have experienced, and we may in the future experience, losses of such professionals. Departures can also cause client defections due to close relationships between clients and the professionals. If we are unable to retain our key employees or attract, recruit, integrate, or retain other skilled professionals in the future, our business could suffer.

We may elect or be compelled to seek additional capital, but that capital may not be available or it may be dilutive.

Our ability to raise capital in the future, if needed, will depend on conditions in the capital markets, which are outside our control, and on our financial performance. Accordingly, we cannot be assured of our ability to raise capital when needed, on favorable terms or at all. These outcomes could negatively impact our ability to operate or further expand our operations through acquisitions or otherwise and may result in increases in operating expenses and reductions in revenues that could have a material adverse effect on our financial condition and results of operations. In addition, in order to raise additional capital, we may need to issue shares of our common stock that would dilute the book value of our common stock and reduce our shareholders' percentage ownership interest to the extent they do not participate in future offerings.

We face competition that could hurt our business.

We conduct our business operations in markets where the fiduciary services business is highly competitive and is dominated by larger firms with operations and offices covering wide geographic areas. We also compete with other financial service businesses, including investment advisory and wealth management firms, mutual fund companies, financial technology companies, and securities brokerage and investment banking firms that offer competitive fiduciary services as well as products and services that we do not offer. Banks and many of those other larger financial service organizations have greater financial and marketing resources than we do that enable them to conduct extensive advertising campaigns and to shift resources to regions or activities of greater potential profitability. If we are unable to compete effectively with those banking or other financial services businesses, we could find it more difficult to attract new and retain existing clients and our fee revenues could decline, which could materially adversely affect our business, results of operations and prospects, and could cause us to incur losses in the future.

We continually encounter technological change, and we may have fewer resources than many of our competitors to invest in technological improvements.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve clients and to reduce costs. Our future success will depend, in part, upon our ability to address the needs of our clients by using technology to provide services that will satisfy client demands for convenience, as well as to create additional efficiencies in our operations. Many national vendors provide turn-key services that allow smaller trust companies to

compete with institutions that have substantially greater resources to invest in technological improvements. However, these technology services may not be as sophisticated or adoptable as some of our larger competitors and we may be subject to long-term contracts that impede our ability to change vendors to adapt to a changing technology marketplace. Thus, we may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our clients.

The occurrence of fraudulent activity, breaches of our information security, and cybersecurity attacks could adversely affect our ability to conduct our business, manage our exposure to risk or expand our businesses, result in the disclosure or misuse of confidential or proprietary information, increase our costs to maintain and update our operational and security systems and infrastructure, and adversely impact our results of operations and financial condition, as well as cause legal or reputational harm.

We are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us, our clients, or third parties with whom we interact and that may result in financial losses or increased costs to us or our clients, disclosure or misuse of confidential information belonging to us or personal or confidential information belonging to our clients, misappropriation of assets, litigation, or damage to our reputation.

Our business is highly dependent on the security and efficacy of our infrastructure, computer and data management systems, as well as those of third parties with whom we interact or on whom we rely. Our business relies on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks, and in the computer and data management systems and networks of third parties. In addition, to access our network and services, our clients and other third parties may use personal mobile devices or computing devices that are outside of our network environment and are subject to their own cybersecurity risks. All of these factors increase our risks related to cyber-threats and electronic disruptions.

Risks related to fraudulent activity, information security breaches and cybersecurity-related incidents have become a material risk in the financial services industry. These threats may include fraudulent or unauthorized access to data processing or data storage systems used by us or by our clients, electronic identity theft, “phishing,” account takeover, denial or degradation of service attacks, and malware or other cyber-attacks.

In recent periods, several governmental agencies and large corporations, including financial service organizations and retail companies, have suffered major data breaches, in some cases exposing not only their confidential and proprietary corporate information, but also sensitive financial and other personal information of their clients and their employees or other third parties, and subjecting those agencies and corporations to potential fraudulent activity and their clients, employees and other third parties to identity theft and fraudulent activity in their credit card and banking accounts. Therefore, security breaches and cyber-attacks can cause significant increases in operating costs, including the costs of compensating clients for any resulting losses they may incur and the costs and capital expenditures required to correct the deficiencies in and strengthen the security of data processing and storage systems.

Unfortunately, it is not always possible to anticipate, detect, or recognize these threats to our systems, or to implement effective preventative measures against all breaches, whether those breaches are malicious or accidental.

Although to date we have not experienced any losses or other material consequences relating to technology failure, cyber-attacks or other information, we may suffer such losses or other consequences in the future. While we invest in systems and processes that are designed to detect and prevent security

breaches and cyber-attacks and we conduct periodic tests of our security systems and processes, we may not succeed in anticipating or adequately protecting against or preventing all security breaches and cyber-attacks from occurring. Even the most advanced internal control environment may be vulnerable to compromise. Targeted social engineering attacks are becoming more sophisticated and are extremely difficult to prevent. Additionally, the existence of cyber-attacks or security breaches at third parties with access to our data, such as vendors, may not be disclosed to us in a timely manner. While we have insurance against losses related to cyber attacks, we may not be able to insure against losses related to cyber-threats in the future and our insurance may not insure against all possible losses. As cyber-threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or incidents.

As is the case with non-electronic fraudulent activity, cyber-attacks or other information or security breaches, whether directed at us or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with clients and third parties with whom we do business. A successful penetration or circumvention of system security could cause us negative consequences, including loss of clients and business opportunities, disruption to our operations and business, misappropriation or destruction of our confidential information and/or that of our clients, or damage to our clients' and/or third parties' computers or systems, and could expose us to additional regulatory scrutiny and result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact our results of operations, liquidity and financial condition.

We rely on client and counterparty information, which subjects us to risks if that information is not accurate or is incomplete.

When deciding whether to provide services to clients or interact with counterparties, we may rely on information provided by or on behalf of those clients and counterparties, including audited financial statements and other financial information. We may also rely on representations made by clients and counterparties that the information they provide is accurate and complete. We conduct appropriate due diligence on such client information and, where practical and economical, we engage valuation and other experts or sources of information to assist with assessing values and risks. Our financial results could be adversely affected if the financial statements or other financial information provided by clients or counterparties are incorrect.

We are subject to extensive government regulation and supervision, which could constrain our growth and profitability.

We are subject to extensive state regulation and supervision, including regulation and supervision by the State of Illinois' Division of Banking within the Department of Financial and Professional Regulation.

In addition, new proposals for legislation continue to be introduced in the U.S. Congress that could further substantially increase regulation of the financial services industry, impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices, including in the areas of compensation, interest rates, financial product offerings and disclosures, among other things. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied.

Certain aspects of current or proposed regulatory or legislative changes, including laws applicable to the financial industry and federal and state taxation, if enacted or adopted, may impact the profitability of our business activities, require more oversight or change certain of our business practices, including the ability to offer new services, and could expose us to additional costs, including increased compliance costs. These changes also may require us to invest significant management attention and resources to make any necessary changes to operations to comply, and could have a material adverse effect on our business, financial condition and results of operations. In addition, any proposed legislative or regulatory changes, including those that could benefit our business, financial condition and results of operations, may not occur on the timeframe that is proposed, or at all, which could result in additional uncertainty for our business.

The trust services fees we receive may decrease as a result of poor investment performance, in either relative or absolute terms, which could decrease our revenues and net earnings.

We derive our revenues primarily from fees based on assets under management. Our ability to maintain or increase assets under management is subject to a number of factors, including investors' perception of our past performance, in either relative or absolute terms, market and economic conditions, including changes in commodity prices, and competition from investment management companies. Financial markets are affected by many factors, all of which are beyond our control, including general economic conditions, including changes in commodity prices; securities market conditions; the level and volatility of interest rates and equity prices; competitive conditions; liquidity of global markets; international and regional political conditions; regulatory and legislative developments; monetary and fiscal policy; investor sentiment; availability and cost of capital; technological changes and events; outcome of legal proceedings; changes in currency values; inflation; credit ratings; and the size, volume and timing of transactions. A decline in the fair value of the assets under management, caused by a decline in general economic conditions, would decrease our fee income.

Investment performance is one of the most important factors in retaining existing clients and competing for new clients. Poor investment performance could reduce our revenues and impair our growth in the following ways:

- existing clients may withdraw funds from our business in favor of better performing products;
- asset-based management fees could decline from a decrease in assets under management;
- our ability to attract funds from existing and new clients might diminish; and
- our key employees may depart, to join a competitor or otherwise.

Even when market conditions are generally favorable, our performance may be adversely affected by the investment style of our wealth management and investment advisors and the particular investments that they make. To the extent our future investment performance is perceived to be poor in either relative or absolute terms, the revenues and profitability of our business will likely be reduced and our ability to attract new clients will likely be impaired. As such, fluctuations in the equity and debt markets can have a direct impact upon our net earnings.

Certain of our investment advisory and wealth management contracts are subject to termination on short notice, and termination of a significant number of investment advisory contracts could have a material adverse impact on our revenue.

Certain of our investment advisory and wealth management clients can terminate, with little or no notice, their relationships with us, reduce their aggregate assets under management, or shift their funds to other types of accounts with different rate structures for any number of reasons, including investment performance, changes in prevailing interest rates, inflation, changes in investment preferences of clients, changes in our reputation in the marketplace, change in management or control of clients, loss of key investment management personnel and financial market performance. We cannot be certain that we will be able to retain all of our clients. If our clients terminate their investment advisory and wealth management contracts, we could lose a substantial portion of our revenues.

Risks Related to an Investment in our Common Stock

There is currently no regular market for our common stock. An active, liquid market for our common stock may not develop or be sustained upon completion of this offering, which may impair your ability to sell your shares.

Our common stock is not currently traded on an established trading market. As a result, there is no regular market for our common stock and an active, liquid trading market for our common stock may never develop or be sustained following this offering. A trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace and independent decisions of willing buyers and sellers of our common stock, over which we have no control. Without an active, liquid trading market for our common stock, shareholders may not be able to sell their shares at the volume, prices and times desired. Moreover, the lack of an established market could materially and adversely affect the value of our common stock. The market price of our common stock could decline significantly due to actual or anticipated issuances or sales of our common stock in the future.

The market price of our common stock may be subject to substantial fluctuations, which may make it difficult for you to sell your shares at the volume, prices and times desired.

The market price of our common stock may be highly volatile, which may make it difficult for you to resell your shares at the volume, prices and times desired. There are many factors that may affect the market price and trading volume of our common stock, including, without limitation:

- actual or anticipated fluctuations in our operating results, financial condition or asset quality;
- changes in economic or business conditions;
- the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve;
- operating and stock price performance of companies that investors deemed comparable to us;
- additional or anticipated sales of our common stock or other securities by us or our existing shareholders;
- additions or departures of key personnel;

- perceptions in the marketplace regarding our competitors or us;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving our competitors or us;
- other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services; and
- other news, announcements or disclosures (whether by us or others) related to us, our competitors, our primary markets or the financial services industry.

In addition, significant fluctuations in the trading volume in our common stock may cause significant price variations to occur. Increased market volatility may materially and adversely affect the market price of our common stock, which could make it difficult to sell your shares at the volume, prices and times desired.

Substantial sales of shares of our common stock may occur immediately following the distribution which could cause the market price of shares of our common stock to decline.

It is possible that many of Parent's stockholders will sell the shares of our common stock that they receive in the distribution immediately in the market because our business profile or market capitalization does not fit their investment objectives, because the shares are not included in certain indices or for other reasons. The sale of significant amounts of our shares or the perception in the market that this will occur may result in the lowering of the market price of our shares. We can offer no assurance that Parent's stockholders will continue to hold the shares they receive in the distribution.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our amended and restated articles of incorporation (as amended and restated and in effect prior to the completion of this offering) authorizes us to issue up to two million shares of one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our common stock at a premium over the market price and materially adversely affect the market price and the voting and other rights of the holders of our common stock.

We may issue new debt securities, which would be senior to our common stock and may cause the market price of our common stock to decline.

In the future, we may increase our capital resources by making additional offerings of debt or equity securities, which may include senior or additional subordinated notes, classes of preferred shares or common shares. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. If issued, debt securities would have a preference on liquidating distributions and a preference on interest payments that could limit our ability to make a distribution to the holders of our common stock. Future issuances of debt securities, or the perception that such issuances and sales could occur, may also cause prevailing market prices for our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

Our dividend policy may change without notice, and our future ability to pay dividends is subject to restrictions.

Holders of our common stock are entitled to receive only such cash dividends as our board of directors may declare out of funds legally available for such payments. Any declaration and payment of dividends on our common stock will depend upon our earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, our ability to service any equity or debt obligations senior to our common stock and other factors deemed relevant by our board of directors. Furthermore, consistent with our strategic plans, growth initiatives, capital availability, projected liquidity needs and other factors, we have made, and will continue to make, capital management decisions and policies that could adversely affect the amount of dividends, if any, paid to our common shareholders.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement includes forward-looking statements. Use by FBTS of the words “may,” “will,” “would,” “could,” “should,” “believes,” “estimates,” “projects,” “potential,” “expects,” “plans,” “seeks,” “intends,” “evaluates,” “pursues,” “anticipates,” “continues,” “designs,” “impacts,” “affects,” “forecasts,” “target,” “outlook,” “initiative,” “objective,” “designed,” “priorities,” “goal” or the negative of those words or other similar expressions is intended to identify forward-looking statements that represent FBTS’s current judgment about possible future events. All statements in this information statement, other than statements of historical facts, including statements about future events or financial performance, are forward-looking statements that involve certain risks and uncertainties.

These forward-looking statements may include statements with respect to: accounting estimates, assumptions and policies; estimates of liabilities; financial flexibility; our exposure to market volatility and foreign currency and interest rate risks; costs, revenues; expected capitalization; future cash flows; future transactions in our securities and debt issuances; dividends; litigation related matters including outcomes; business development activities; business and strategic objectives; geographic expansion; our growth; our relationship with our employees; our operation as a standalone company; the timing and expected impact of the distribution; agreements to be entered into in connection with the distribution; and all other statements that do not relate to historical facts.

These forward-looking statements are based on certain assumptions and analyses made in light of experience and perception of historical trends, current conditions and expected future developments as well as other factors that FBTS believes are appropriate in the circumstances. While these statements represent FBTS’s current judgment on what the future may hold, and FBTS believes these judgments are reasonable, whether actual future results and developments will conform to expectations and predictions is subject to a number of risks and uncertainties. Consequently, all of the forward-looking statements made in this information statement are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated will be realized or, even if realized, that they will have the expected consequences or effects on FBTS or its business or operations. FBTS does not undertake any obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other such factors that affect the subject of these statements, except where we are expressly required to do so by law. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under the sections entitled “Information Statement Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and “The Distribution,” all of which contain forward-looking statements.

DIVIDEND POLICY

We do not expect to pay a regular cash dividend following the distribution. The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of our board of directors. Our board of directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, industry practice, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends.

CAPITALIZATION

The following table sets forth FBTS’s capitalization as of March 31, 2019, on a historical basis. It is not indicative of FBTS’s future capitalization. This table should be read in conjunction with “Unaudited Compiled Financial Statements,” “Selected Historical Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and FBTS’s unaudited interim financial statements and notes included elsewhere in this information statement.

	As of March 31, 2019 (unaudited)
Cash and cash equivalents	\$ 4,926,047
Securities	\$ 5,714,808
Other assets	\$ 2,086,258
Total Assets	\$ 12,727,113
 Total Liabilities:	 \$ 4,545,719
 Equity:	
Common stock, par value \$1.00 per share	\$ 100,000
Additional paid-in capital	\$ 3,400,000
Accumulated other comprehensive loss	\$ (19,542)
Total shareholders’ equity	\$ 8,181,394
Total Liabilities + Equity	\$ 12,727,113

Although we have not yet finalized our post-distribution capitalization, including the amount of any pre-distribution dividend to Parent, we expect to be adequately capitalized and do not expect to have any indebtedness for borrowed money as of the distribution date.

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

The following discussion should be read in conjunction with the unaudited compiled financial statements and the corresponding notes and the unaudited interim financial statements and the corresponding notes included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

On June 5, 2019, Parent announced its plans to distribute the capital stock of FBTS to the stockholders of Parent. First Bankers Trust Services, Inc. was incorporated in the State of Illinois on March 2, 2004 and is currently a wholly owned subsidiary of Parent. To effect the distribution, Parent will make a pro rata distribution of FBTS's common stock to Parent's stockholders. The distribution is subject to a number of conditions, including the receipt of an opinion from tax counsel to Parent. See "The Distribution" section of this information statement for additional details on these conditions. After the distribution, FBTS will operate as an independent company.

Overview

From 1956 through 2004, Parent operated the trust services business directly. In 2004, the trust services business was reorganized and assigned to FBTS, an Illinois chartered trust company formed in 2004 to provide a variety of fiduciary services to a diversified client base from a dedicated corporate subsidiary. With offices located in Illinois, Missouri, Pennsylvania, Arizona and Georgia, FBTS serves individual and corporate clients across the country. The core business of FBTS is providing trustee services for employee benefit and personal trust accounts, custody services of individual retirement and savings accounts and farm management services for land owners. Revenue is derived from primarily two types of relationships with our clients; those clients with whom an on-going relationship exists and those for which we provide services on a transactional basis.

The employee benefit division of FBTS ("EB Division") provides specialized fiduciary services for the administration of employer securities held in qualified retirement plan including employee stock ownership plans (ESOP), 401(k) and nonqualified plans. The EB Division also serves as a fiduciary for complex transactions with public and private companies in purchasing and selling employer securities on behalf of retirement plans.

The personal trust division of FBTS ("PT Division") offers the services of acting as a trustee for personal trust matters, as executor or personal representative of estates, as a court ordered financial guardian of special needs persons, as a durable power of attorney for financial purposes or as an agent to someone who is personally providing such services. The PT Division also provides several types of individual retirement accounts that can be either managed or self-directed.

The Farm Services Division includes providing the service of preparing detailed farm appraisal reports. For land owners, the Farm Services Division offers a wide variety of services from consulting on an "as needed" basis to full farm management.

The compiled financial statements and interim financial statements have been prepared on a carve-out basis for the purpose of presenting FBTS's historical financial position, results of operations and cash flows. We did not operate on a standalone basis during the periods presented.

The total annual revenue for FBTS for the years ending December 31, 2018 and 2017 was \$11.3 million and \$11.0 million, respectively, with net recurring income accounting for \$9.46 million and \$8.87 million, respectively, and net transactional income accounting for \$1.55 million and \$1.91 million, respectively. For the years ending December 31, 2018 and 2017: the EB Division had a net recurring income of \$7.54 million and \$7.01 million, respectively, and net transactional income of \$1.42 million and \$1.76 million, respectively; the PT Division had a net recurring income of \$1.58 million and \$1.52 million, respectively, and net transactional income of \$55,559 and \$87,484, respectively; and the Farm Services Divisions had a net recurring income of \$344,554 and \$339,253, respectively, and net transactional income of \$78,650 and \$67,300, respectively.

For the quarters ending March 31, 2019 and 2018, the total revenue for FBTS was \$3.36 million and \$2.86 million, respectively, with net recurring income accounting for \$2.37 million and \$2.35 million, respectively, and net transactional income accounting for \$913,480 and \$431,209, respectively. For the quarters ending March 31, 2019 and 2018: the EB Division had a net recurring income of \$1.88 million and \$1.87 million, respectively, and a net transactional income of \$835,030 and \$388,706, respectively; the PT Division had a net recurring income of \$394,485 and \$391,816, respectively, and a net transactional income of \$23,210 and \$27,853, respectively; and the Farm Services Division had a net recurring income of \$95,358 and \$94,617, respectively, and a net transactional income of \$55,600 and \$14,650, respectively.

Separation from First Bankers Trustshares, Inc.

FBTS has not previously operated as an independent, standalone company, but rather as a part of Parent's corporate structure. There are limitations inherent in the preparation of all "carve-out" financial statements due to the fact that the business was previously part of a larger organization. The basis of preparation included in the combined financial statements of Parent provides a detailed description of the treatment of historical transactions. FBTS's net income has been or may be most notably impacted by the following consequences of carve-out accounting and the planned distribution:

- FBTS currently leases real property under a commercial lease agreement with First Bankers Trust Company, N.A. (the "Bank") wherein FBTS rents approximately 6,969 square feet in three locations with annual rent for 2018 of \$37,692. This arrangement is not expected to materially change following the distribution; rather, FBTS and the Bank will negotiate and execute an amendment to the existing lease agreement or a new lease agreement prior to the distribution on terms substantially similar to the current arrangement.
- FBTS and the Bank are parties to a support services agreement. According to the terms of the support services agreement, FBTS pays an annual fee to the Bank for human resources support services in the amount of \$41,548, for information systems support in the amount of \$10,200, for information technology support in the amount of \$2,000 and financial support in the amount of \$1,200. The terms of the support services agreement also provide that the Bank will provide FBTS with property maintenance services which are billed at an hourly rate and courier special services which are billed at \$260 for each month FBTS requests such services. Lastly, the terms of the contract also provides that the Bank will pay an annual fee to FBTS for legal and insurance support services in the amount of \$15,000 and for IRA support services in the amount of \$70,020. It is anticipated that this services agreement will be terminated and replaced with the transition services agreement.

- FBTS may incur certain significant one-time distribution costs, which are primarily associated with the design, establishment, and branding of FBTS as a separate company.
- Income tax expenses is computed on a separate company basis, as if operated as a standalone.

Debt and Capital

To meet its various operating and capital requirements, FBTS pledged securities of \$1,100,000, obtained a surety bond of \$1,000,000 and maintained capitalization in excess of the \$3,000,000 as required by the Illinois Department of Financial and Professional Regulation (“IDFPR”). As of December 31, 2018, FBTS had \$6,748,667 in capital resulting in excess capital of \$3,748,667 as defined by the applicable regulations. As of December 31, 2017 FBTS reported \$4,215,842 in capital resulting in excess capital of \$1,215,842.

Market Risk

FBTS has been subject to certain risks which may affect our results of operations, cash flows and fair value of assets and liabilities, including oversight of the Federal Reserve Board and the IDFPR. Additionally, employee benefit plans are subject to oversight by the Employee Benefits Security Administration division of the United States Department of Labor (“DOL”) and the Internal Revenue Service. Following the distribution, FBTS will no longer have oversight of the Federal Reserve Board but will continue to be subject to oversight by both the DOL and the IDFPR. Historically, the DOL has released very little guidance on substantive issues associated with employee stock ownership plans and their investigations into fiduciary breaches in ESOPs can result in significant civil liability and penalties. Further, it is unlikely that the DOL will issue any additional guidance in the near future which could impact claims made or alleged by third-parties in our industry (including the DOL).

THE DISTRIBUTION

Overview

On June 5, 2019, Parent announced its plans to separate and distribute to its stockholders, all of the common stock of First Bankers Trust Services, Inc. As a result, FBTS will be independent and Parent will focus on its traditional banking business. The distribution is intended to be generally tax-free for U.S. federal income tax purposes.

In furtherance of this plan, on June 5, 2019, Parent's board of directors approved the distribution of all of the issued and outstanding shares of FBTS common stock on the basis of one share of FBTS common stock for every one share of Parent common stock issued and outstanding as of the close of business on June 17, 2019, the record date for the distribution. As a result of the distribution, FBTS and Parent will become two independent companies.

On July 1, 2019, the distribution date, each Parent stockholder will receive one share of FBTS common stock for every one share of Parent common stock held of record at the close of business on the record date, as described below. Stockholders will not be required to make any payment, surrender or exchange their Parent common stock or take any other action to receive shares of FBTS common stock in the distribution. Because of the forward stock split taken by FBTS prior to the distribution to provide for a "one-for-one" distribution, the distribution will not require the use of any fractional shares.

The distribution of FBTS common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see this section under "—Conditions to the Distribution."

Reasons for the Distribution

Parent's board of directors determined that separating the trust services business from Parent would be in the best interests of Parent and its stockholders and approved the distribution agreement. A wide variety of factors were considered by Parent's board of directors in evaluating the separation. Among other things, Parent's board of directors considered the following potential benefits of the distribution:

- ***Enhanced business and strategic focus***—The distribution will allow each business to pursue focused operational, commercial and strategic priorities that address the distinct client and stakeholder dynamics of each business;
- ***More efficient allocation of resources***—The distribution will offer each business the ability to achieve operating efficiencies through the allocation of resources to areas presenting high growth potential for its respective business;
- ***Increased opportunity and flexibility***—The distribution will give each business the opportunity and flexibility to pursue its own investment, capital allocation and growth strategies consistent with its long-term objectives and with a goal of enhancing value for clients and other key stakeholders;
- ***More rapid response to markets***—The distribution will allow each business to more quickly respond to trends, developments and opportunities in its respective markets;

- ***Separate investment identity***—The distribution will allow investors to separately value each business based on its unique investment identity, including the merits, performance and future prospects of each company’s respective business, providing investors with two distinct and targeted investment opportunities; and
- ***Separation of litigation and reputational risk***—The distribution will protect Parent from the litigation risk and reputational risk arising from FBTS’s business activities.

Parent’s board of directors also considered a number of potentially negative factors in evaluating the distribution, including the following factors impacting FBTS:

- ***Loss of synergies and joint purchasing power and increased costs***—As a current part of Parent, FBTS takes advantage of Parent’s size and purchasing power in procuring certain goods and services. After the distribution, as a separate, independent entity, FBTS may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Parent obtained prior to the distribution. FBTS will also incur costs for certain functions previously performed by Parent, including executive oversight, treasury, finance, human resources, tax planning, internal audit, financial reporting, information technology, investor relations, shared services, insurance, and employee benefits and incentives, that may be higher than the amounts reflected in FBTS’s historical financial statements, which could cause FBTS’s profitability to decrease.
- ***Disruptions to the business as a result of the distribution***—The actions required to separate and distribute FBTS’s respective businesses could disrupt FBTS’s operations.
- ***One-time costs of the distribution***—FBTS will incur costs in connection with the transition to being a standalone company that will include establishment of accounting, tax, auditing, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel new to FBTS and costs to separate information systems.
- ***Inability to realize anticipated benefits of the distribution***—FBTS may not achieve the anticipated benefits of the distribution for a variety of reasons, including: (i) the distribution will require significant amounts of management’s time and effort, which may divert management’s attention from operating and growing the FBTS business and (ii) following the distribution, the FBTS business will be less diversified than Parent’s business prior to the distribution.
- ***Limitations on Strategic Transactions***—Under the terms of the tax matters agreement that FBTS intends to enter into with Parent, for a period of two years following the distribution, FBTS and Parent will both be restricted from taking certain actions that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. During this period, these restrictions may limit FBTS’s ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of its business.
- ***Uncertainty Regarding Stock Prices***—We cannot predict the effect of the distribution on the trading prices of FBTS or Parent common stock or whether the combined market value of one share of FBTS common stock and one share of Parent common stock will be less than, equal to, or greater than the market value of one share of Parent common stock prior to the distribution.

- ***Lack of Liquidity in FBTS Stock***—There is no current active trading market for the capital stock of FBTS and no market may ever develop or exist.

Parent’s board of directors concluded that the potential benefits of the distribution outweighed these factors. However, neither Parent nor FBTS can assure you that, following the distribution, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For more information on the risks involved in the distribution process, see “Risk Factors—Risks Related to the Distribution.”

When and How You Will Receive the Distribution

With the assistance of the distribution agent, Parent expects to distribute FBTS common stock on July 1, 2019, the distribution date, to all holders of outstanding Parent common stock as of the close of business on June 17, 2019, the record date. American Stock Transfer and Trust Company, LLC (AST) will serve as the distribution agent in connection with the distribution, and will also serve as the transfer agent and registrar for FBTS common stock.

If you own Parent common stock as of the close of business on the record date, FBTS common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, the distribution agent or the transfer agent will then mail you a direct registration account statement that reflects your shares of FBTS common stock. “Direct registration form” refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Parent common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of FBTS common stock that have been registered in book-entry form in your name. If you sell Parent common stock in the market up to and including the distribution date, you will be selling your right to receive shares of FBTS common stock in the distribution.

Most Parent stockholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your Parent common stock through a brokerage firm, your brokerage firm will credit your account for the FBTS common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in “street name,” please contact your bank or brokerage firm.

Results of the Distribution

After its distribution from Parent, FBTS will be an independent company. The actual number of shares to be distributed will be determined on June 17, 2019, the record date for the distribution. The distribution will not affect the number of outstanding shares of Parent common stock or any rights of Parent’s stockholders. Because of the forward stock split taken by FBTS prior to the distribution to provide for a “one-for-one” distribution, the distribution will not require the use of any fractional shares. Parent will not distribute any fractional shares of FBTS common stock.

Prior to the distribution, FBTS intends to enter into a distribution agreement and other agreements with Parent to effect the distribution and provide a framework for FBTS's relationship with Parent after the distribution. These agreements will provide for the allocation between Parent and FBTS of Parent's assets, liabilities and obligations (including employee benefits, intellectual property, and tax-related assets and liabilities) attributable to periods prior to, at and after FBTS's distribution from Parent and will govern certain relationships between Parent and FBTS after the distribution. For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions—Agreements with Parent."

The Number of Shares of FBTS Common Stock You Will Receive

For every one share of Parent common stock that you own at the close of business on June 17, 2019, the record date, you will receive one share of FBTS common stock on the distribution date. Parent will not distribute any fractional shares of FBTS common stock to its stockholders. Because of the forward stock split taken by FBTS prior to the distribution to provide for a "one-for-one" distribution, the distribution will not require the use of any fractional shares.

Transferability of Shares You Receive

Shares of FBTS common stock distributed to holders through the distribution will be transferable without registration under the U.S. Securities Act of 1933, as amended ("Securities Act"), except for shares received by persons who may be deemed to be FBTS affiliates. Persons who may be deemed to be FBTS's affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with FBTS, which may include certain of FBTS executive officers, directors or principal stockholders. Securities held by FBTS affiliates will be subject to resale restrictions under the Securities Act. FBTS affiliates will be permitted to sell shares of FBTS common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 promulgated under the Securities Act.

No Market for FBTS Common Stock

There is currently no trading market for FBTS common stock and an active trading market may never develop or exist. FBTS has not and will not set the initial price of its common stock.

Moreover, FBTS cannot predict the price at which its common stock will trade after the distribution, if at all. In fact, the combined trading prices, after the distribution, of the shares of FBTS common stock that each Parent stockholder will receive in the distribution and Parent common stock held at the record date may not equal the trading price of a share of Parent common stock immediately prior to the distribution. The price at which FBTS common stock trades may fluctuate significantly, particularly until an orderly market develops. Trading prices for FBTS common stock will be determined, if ever, in the trading markets and may be influenced by many factors. As a result, there is no assurance that you will be able to sell FBTS common stock when you wish to do so. See "Risk Factors—Risks Related to Our Common Stock."

Trading Between the Record Date and Distribution Date

If you sell Parent common stock in the market up to and including through the distribution date, you will be selling your right to receive FBTS common stock in the distribution.

Conditions to the Distribution

FBTS expects that the distribution will be effective at 12:01 a.m., Eastern Time, on July 1, 2019, the distribution date, provided that, among other conditions described in this information statement, the following conditions shall have been satisfied or waived by Parent in its sole discretion:

- the receipt and continuing validity of an opinion from tax counsel to Parent, substantially to the effect that, among other things, the distribution of our ordinary shares, should qualify under Section 355 of the Code, with the result that Parent and Parent's stockholders should not recognize any taxable income, gain or loss for U.S. federal income tax purposes as a result of the distribution;
- the receipt and continuing validity of an opinion from an independent appraisal firm to the Parent board of directors confirming the solvency and financial viability of FBTS after the distribution that is in form and substance acceptable to Parent in its sole discretion;
- FBTS shall have executed and delivered the transaction agreements relating to the distribution;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the distribution or any of the related transactions shall be pending, threatened, issued or in effect;
- the board of directors of Parent shall have declared the distribution and approved all related transactions (and such declaration and approval not having been withdrawn); and
- no other event or development existing or having occurred that, in the sole and absolute judgment of Parent's board of directors, makes it inadvisable to effect the distribution and other related transactions.

Parent and FBTS cannot assure you that any or all of these conditions will be met and, to the extent permissible under applicable law, Parent in its sole discretion may waive any of the conditions to the distribution. In addition, Parent will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date and the distribution ratio. Parent does not intend to notify its stockholders of any modifications to the terms of the distribution that, in the judgment of its board of directors, are not material.

BUSINESS

Summary

From 1956 through 2004, Parent operated the trust services business directly. In 2004, the trust services business was reorganized and assigned to FBTS, an Illinois chartered trust company formed in 2004 to provide a variety of fiduciary services to a diversified client base from a dedicated corporate subsidiary. With offices located in Illinois, Missouri, Pennsylvania, Arizona and Georgia, FBTS serves individual and corporate clients across the country. The core business of FBTS is providing trustee services for employee benefit and personal trust accounts, custody services of individual retirement and savings accounts and farm management services for land owners. Revenue is derived from primarily two types of relationships with our clients; those clients with whom an on-going relationship exists and those for which we provide services on a transactional basis.

The EB Division is uniquely qualified to provide specialized fiduciary services for the administration of employer securities held in qualified retirement plans including employee stock ownership plans (“ESOP”), 401(k) and nonqualified plans. The EB Division also serves as a fiduciary for complex transactions with public and private companies in purchasing and selling employer securities on behalf of retirement plans.

The PT Division offers the services of acting as a trustee for personal trust matters, as executor or personal representative of estates, court ordered financial guardianships, and durable power of attorney for financial purposes or as an agent to someone personally providing such services. The PT Division also provides several types of individual retirement accounts that can be managed or custodial in behavior.

The Farm Services Division provides highly detailed farm appraisals and farmland management and consulting to land owners.

Strengths

We believe we possess a number of competitive advantages that distinguish us from our competitors, including:

- a good reputation in the markets we serve and specifically with our referral sources (attorneys, accountants, valuation advisory firms, third party administration firms, and investment advisory firms);
- substantial experience in the areas of retirement plan trust administration, investment management, and wealth planning;
- extensive understanding in providing the types of fiduciary service required under the law and demanded by our clients;
- highly developed internal fiduciary professionals with deep technical experience; and
- our management team has a track record of leadership, performance and execution in the trust services industry.

Strategies

FBTS's corporate goal is to achieve consistent revenue from high quality clients while focusing on controlling compliance and account administration exposure. We have focused on maintaining and engaging good quality accounts for administration, producing consistent and recurring levels of fee income from our existing services.

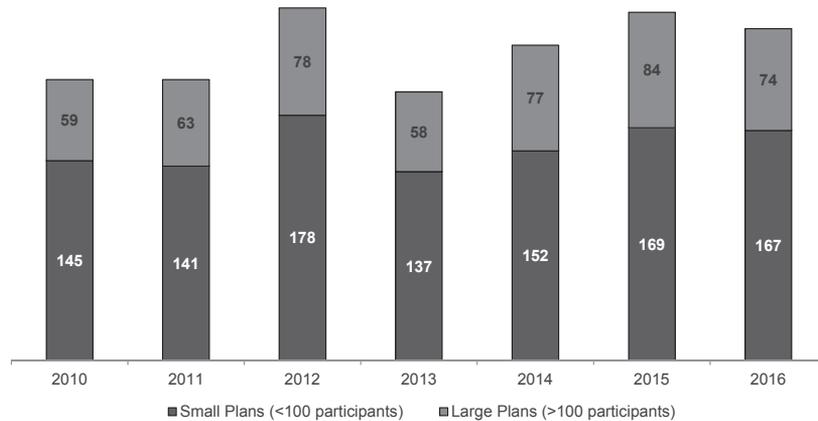
We can provide no assurance that we will be able to implement our business strategies or achieve our desired growth. Our business is subject to a number of risks and uncertainties. See "Risk Factors" beginning on page 12.

The EB Division of FBTS services clients throughout the United States. The EB Division is focused primarily on generating revenue from existing customers and from new ESOP transactional engagements. To accomplish this task:

- we develop ongoing relationships by attending and participating in industry organizations, educating our referral sources and current clients, focusing on the request-for-proposal ("RFP") activity for successor opportunities, and highlighting our deep administrative capabilities;
- we charge appropriately for existing clients and transaction activities;
- we seek to expand our service offerings in the area of investment management services, fiduciary consulting engagements, and company stock in retirement plans; and
- we reinforce leadership in the community through speaking engagements at large and regional conferences, participating in committees of the nationally recognized industry organizations, and initiating direct engagement with senior leadership in companies with similar industry initiatives.

FBTS has managed to grow their business despite increasingly challenging market conditions. With strong valuation multiples amidst a strong economic backdrop, potential ESOP candidates are finding suitors including competitors and financial sponsors that are willing to invest dollars into attractive companies, which has been a headwind to the development of new ESOPs. Demographic tailwinds remain supportive, driven by an aging Baby Boomer generation and the anticipated number of small businesses ownership turnover due to management succession needs.

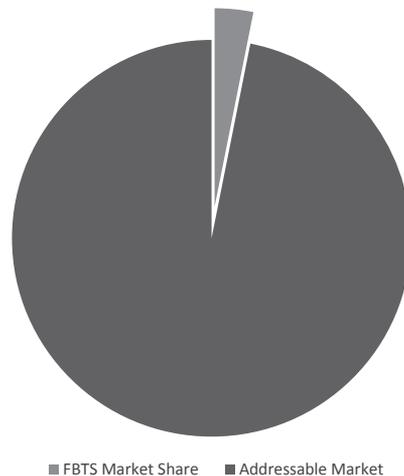
ESOP Formations per Year, by Plan Type



Source: NCEO.org

Additionally, FBTS has tangible growth prospects, particularly with regards to growing market share from current levels of 3.1% (as of year-end 2016, most recent available market data).

Capacity to Grow Market Share

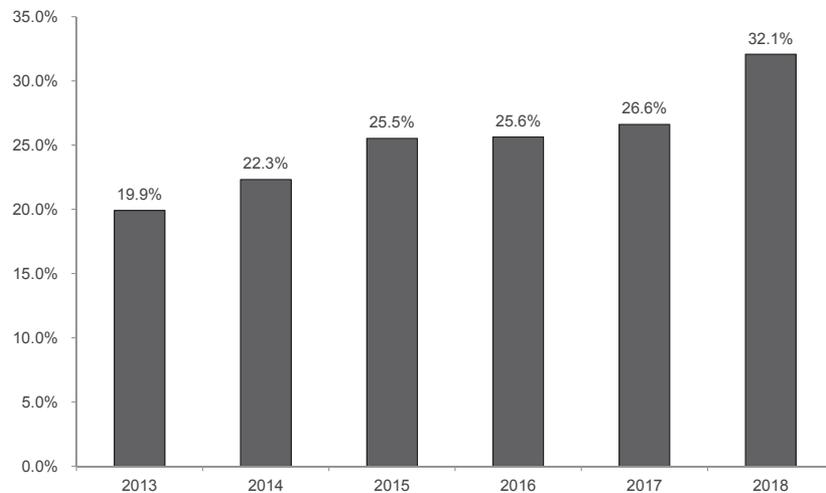


Source: Company documents; NCEO.org

EBITDA/Margin Trends

Since 2013, FBTS has grown operating EBITDA at a 20% CAGR. The primary drivers behind improving EBITDA have been revenue growth of 8.6% as well as operating expense growth of just 5.2%. This has resulted in a 12 percentage point operating EBITDA expansion, illustrating the scalability inherent in the FBTS business model. With legacy DOL penalties largely settled, the Company expects a smoother expense trajectory going forward.

EBITDA Margins Have Steadily Expanded



Source: Company documents

The PT Division of FBTS primarily caters to clients in the Midwest U.S. The PT Division is primarily focused on expanding the current services we offer to existing customers and to attracting new relationships. To accomplish this task:

- we expect to expand our presence in the Quincy, St. Louis and Chicago markets by targeting estate planning firms, joining estate planning councils, participating in estate planning conferences, and building relationships with the estate planning centers of influence;
- we seek to expand local business opportunities in the Quincy area through a stronger relationship with the estate planning firms and with Parent; and
- we intend to leverage our IRA expertise by focusing on the wealth management IRAs.

Market

FBTS provides asset and custodial management for clients throughout the country. All administration is conducted in Quincy, IL with sales offices in Hinsdale, IL, St. Peters, MO, Philadelphia, PA, Atlanta, GA and Phoenix, AZ.

Competition

The largest competitors of the EB Division are similarly situated trust companies. They are generally part of larger organizations, and have substantial experience with employee owned companies, highly developed internal processes and procedures and deep technical reputations. Our fees are competitive with these organizations.

The PT Division has multiple competitors that provide similar services. Generally, these organizations are part of larger financial institutions and have long term employees with similar experiences. These competitors include other banks and trust companies, brokerage firms, registered investment advisers and wealth management companies offering trust services.

The Farm Services Division has multiple competitors including a company with a national presence. They provide the full range of farm management and real estate appraisal services. In addition, they have licensed real estate sales persons and offer those services.

For additional information regarding competition, see the discussion of such matters in the “Risk Factors” section of this information statement.

Regulatory Matters

FBTS is subject to a number of federal and state regulatory bodies and associated rules governing each type of account. As a subsidiary of Parent, FBTS has oversight from the Board of Governors of the Federal Reserve System. As an Illinois chartered trust company, FBTS has oversight from the IDFPR. Pursuant to Illinois law administered by the IDFPR, FBTS is required to comply with certain minimum organizational capital requirements. Because of the nature of services provided to employee benefit plans, the activities of FBTS associated with those retirement plans are also subject to oversight by the Employee Benefits Security Administration division of the DOL as well as the Internal Revenue Service. Following the distribution, FBTS will no longer be subject to the oversight by the Federal Reserve Board.

Other Laws

As an Illinois chartered trust company, the activities of FBTS which are conducted in states other than Illinois are subject to the various foreign corporate and foreign fiduciary statutes and regulations of each state in which it operates.

Employees

We expect to employ approximately 60 persons as of the distribution date. We believe that we have good relations with our employees.

Legal Proceedings

Historically, we have been involved in various claims and legal proceedings, however, there are no claims or actions pending or threatened claims as of the date of this information statement.

MANAGEMENT

Executive Officers Following the Distribution

The following sets forth information regarding individuals who are expected to serve as our executive officers following completion of the distribution, including their positions and age as of the date of this information statement. While some of these individuals currently serve as officers and employees of Parent, after the distribution, none of our executive officers will be officers or employees of Parent.

Name	Age	Title
Brian A. Ippensen	50	President and Chief Financial Officer
Steven P. Eckert	61	Executive Vice President – Risk Management
Michele R. Foster	56	Executive Vice President & Corporate Counsel
P. Dawn Goestenkers	40	Executive Vice President – Employee Benefits
Julie E. Kenning	44	Executive Vice President - Operations
Jayson E. Martin	46	Executive Vice President - Investments
Larry E. Shepherd	58	Executive Vice President – Personal Trust

Brian A. Ippensen has been with First Bankers since 1997. Mr. Ippensen started with Parent as an internal audit manager but subsequently moved the trust services business. Mr. Ippensen became President and Chief Financial Officer in 2006 and also currently serves as a director of FBTS and treasurer of Parent; provided that Mr. Ippensen will resign as treasurer of Parent prior to the distribution. Prior to joining FBTS, Mr. Ippensen worked in public accounting and audits of banks, agriculture entities and retirement plans, cost accounting for edible oil refinery and bean crushing manufacturing, international accounting for foreign export sales, and retail banking operations.

Steven P. Eckert has been with First Bankers since 2004. From 2004 until 2009, Mr. Eckert was Assistant Vice President and Internal Audit Manager. Mr. Eckert currently manages the Risk Management Group. Prior to joining FBTS, Mr. Eckert worked in public and private accounting, manufacturing, agricultural business and banking.

Michele R. Foster has been with First Bankers since 2006 and is now the Executive Vice President & Corporate Counsel of FBTS. Prior to joining FBTS, Ms. Foster practiced law with a firm in Dallas and was a regional claims manager for an international insurance company.

P. Dawn Goestenkers has been with First Bankers since 2008. Ms. Goestenkers currently serves as the Executive Vice President – EB Fiduciary Advisory and Services Group. Prior to joining FBTS, Ms. Goestenkers has more than 10 years of experience in trustee services for employee stock ownership and qualified retirement plans. Ms. Goestenkers' past work experience includes commercial credit underwriting and lending with a concentration in plan administration and DOL regulatory issues, as well as deep ESOP transactional experience.

Julie E. Kenning has been with First Bankers since 1999. Ms. Kenning currently serves as the Executive Vice President – Operations. Prior to joining FBTS, Ms. Kenning worked as internal audit staff for Parent and as a staff accountant in both public accounting and for a manufacturing firm.

Jayson E. Martin has been with First Bankers since 2001. Mr. Martin currently serves as the Executive Vice President – Investment Management. Prior to joining FBTS, Mr. Martin worked for more than 20 years in investment advisory and management.

Larry E. Shepherd has been with First Bankers since 2012. Mr. Shepherd currently serves as the Executive Vice President of Personal Trust Group. Prior to joining FBTS, Mr. Shepherd worked in the banking industry, including lending and trust administration and operations.

Board of Directors Following the Distribution

The following table sets forth information with respect to those persons who are expected to serve on our board of directors immediately following the completion of the distribution.

Name	Age	Title
Donald K. Gnuse	85	Chairman of the Board
Steven E. Siebers	64	Secretary of the Board
Brian A. Ippensen	50	Board Member

Donald K. Gnuse has been with First Bankers since 1956, holding various titles including President of each of Parent, FBTS and Bank. Currently, he is the chairman of the board of directors for FBTS, a chairman of the board of directors of River Valley Bancshares, Inc. and a chairman of the board of directors of United States Bank.

Steven E. Siebers has served as a director of First Bankers since 1990 and currently serves as a director and secretary for Parent. Mr. Siebers is an experienced attorney and a partner at Scholz, Loos, Palmer, Siebers and Duesterhaus.

Brian A. Ippensen has been with First Bankers since 1997. Mr. Ippensen started with Parent as an internal audit manager but subsequently moved the trust services business. Mr. Ippensen became President and Chief Financial Officer in 2006 and also currently serves as a director of FBTS and treasurer of Parent; provided that Mr. Ippensen will resign as treasurer of Parent prior to the distribution. Prior to joining FBTS, Mr. Ippensen worked in public accounting and audits of banks, agriculture entities and retirement plans, cost accounting for edible oil refinery and bean crushing manufacturing, international accounting for foreign export sales, and retail banking operations.

Director Independence

It is anticipated that at least a majority of our board of directors will be independent.

Committees of the Board of Directors

Effective upon the completion of the distribution, our board of directors will have an Audit Committee. Our board of directors will adopt a written charter for this committee, which will be posted on our website, www.fbtservices.com.

Audit Committee

The responsibilities of the Audit Committee will be more fully described in our Audit Committee Charter and are expected to include, among other duties:

- overseeing the independence, qualifications and performance of our independent registered public accounting firm and ensuring receipt of their annual independence statement;

- appointing and approving the compensation of our independent registered public accounting firm;
- pre-approving, with sole authority and direct responsibility, all audit, audit-related and permitted non-audit services to be provided to us by the independent registered public accounting firm;
- reviewing annual financial statements, as well as disclosures required to be reviewed under applicable legal, regulatory or stock exchange requirements;
- obtaining and reviewing periodic reports, at least annually, from management assessing the effectiveness of our internal control over financial reporting;
- reviewing our accounting, financial reporting and other processes to assure compliance with all applicable laws, regulations and corporate policy;
- reviewing our tax strategy and internal audit and corporate compliance functions;
- establishing procedures for confidential and anonymous submission and treatment of complaints regarding our accounting, internal controls, disclosure or other financial or auditing matters; and
- overseeing management's exercise of its responsibility to assess and manage risks associated with the company's financial, accounting and disclosure matters.

Compensation Committee Interlocks and Insider Participation

During the 2018 fiscal year, FBTS did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who are expected to serve as our executive officers were made by FBTS's board of directors

Corporate Governance

Corporate Governance Principles and Codes

In connection with the separation and the distribution, our board of directors is expected to adopt corporate governance principles that set forth the responsibilities of the board of directors and the qualifications and independence of its members and the members of its standing committees. In addition, in connection with the distribution, our board of directors is expected to adopt, among other codes and policies, a code of conduct setting forth standards applicable to all of our companies and our directors, officers and employees.

Communications with the Board of Directors and Procedures for Treatment of Complaints Regarding Accounting, Internal Accounting Controls and Auditing Matters

Upon the distribution, FBTS expects that the Audit Committee will establish procedures for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (accounting matters) and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting matters. Such complaints or concerns are expected to be able to be submitted to FBTS, care of its Secretary or through another method as published on FBTS's website. Stockholders who wish to communicate directly with our board of directors, or any individual

director, should direct questions in writing to the Secretary, First Bankers Trust Service, Inc. 2321 Kochs Lane, Quincy, IL 62305. Communications addressed in this manner will be forwarded directly to our board of directors or named individual director(s).

Board Leadership Structure

Our governing documents allow the roles of chairman and president to be filled by the same or different individuals. This approach allows our board of director's flexibility to determine whether the two roles should be separated or combined based upon our needs and our board of director's assessment of our leadership from time to time. It is expected that our board of directors will regularly consider the advantages of having an independent chairman and a combined chairman and president and is open to different structures as circumstances may warrant.

At this time, our board of directors believes that separating the roles of chairman and president serves the best interests of FBTS and its stockholders. We believe that having an independent chairman promotes a greater role for the independent directors in the oversight of our company, including oversight of material risks facing the company, encourages active participation by the independent directors in the work of our board of directors, enhances our board of directors' role of representing stockholders' interests and improves our board of directors' ability to supervise and evaluate our president and other executive officers.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Agreements with Parent

Following the distribution, FBTS and Parent will operate separately, each as an independent company. Prior to the distribution, FBTS and Parent intend to enter into a distribution agreement and several other agreements to effect the distribution and provide a framework for FBTS's relationship with Parent after the distribution. These agreements will govern the relationships between Parent and FBTS subsequent to the completion of the distribution. In addition to the distribution agreement (which contains many of the key provisions related to the distribution of FBTS's shares of common stock to Parent stockholders), these agreements include:

- the tax matters agreement;
- the transition services agreement;
- the real property lease agreement.

Copies of the forms of material agreements described below are available upon request and the summaries below set forth the terms of the agreements that FBTS believes are material. These summaries are qualified in their entirety by reference to the full text of the applicable agreements.

The terms of the agreements described below that will be in effect following the distribution have not yet been finalized. Changes to these agreements, some of which may be material, may be made prior to the distribution.

The Distribution Agreement

We intend to enter into a distribution agreement with Parent prior to the distribution of our common stock to Parent stockholders. The distribution agreement will set forth our agreements with Parent regarding the principal actions to be taken in connection with the separation and the distribution. The business, assets and liabilities of each of Parent and FBTS are and have historically been held by distinct and separate legal entities. Although we do not anticipate that it will be necessary, if any business, assets or liabilities of one company is held by the other, the distribution agreement will address the transfer assets to be transferred, liabilities to be assumed and contracts to be assigned to each of FBTS and Parent as part of the distribution, and it will provide for when and how these transfers, assumptions and assignments will occur.

Assumption of Assets and Liabilities. Although we do not anticipate that it will be necessary, the distribution agreement will provide for the assumptions of assets and liabilities that are necessary in connection with the distribution so that FBTS and Parent retain the assets necessary to operate our respective businesses and retain or assume the liabilities allocated in accordance with the distribution. The distribution agreement will also provide for the settlement or extinguishment of existing contracted obligations for future services between us and Parent.

Except as otherwise set forth in the distribution agreement or any ancillary agreement, each party to the distribution agreement will assume the liability for, and control of, all pending, threatened and future legal matters related to its own business or its assumed or retained liabilities.

The allocation of liabilities with respect to taxes are solely covered by the tax matters agreement.

Further Assurances. Each party will agree to use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under

applicable law or contractual obligations to consummate and make effective the transactions contemplated by the distribution agreement and other transaction agreements.

The Distribution. The distribution agreement will govern the rights and obligations of the parties with respect to the distribution and certain actions that must occur prior to the distribution. Parent will cause its agent to distribute to holders of shares of Parent's common stock as of the record date for the distribution all of the issued and outstanding shares of our common stock. Parent will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the date of the distribution.

Conditions. The distribution agreement will provide that the distribution is subject to several conditions that must be satisfied (or waived by Parent, in its sole discretion). For further information regarding these conditions, see "The Distribution—Conditions to the Distribution." Parent may, in its sole discretion, at any time prior to the completion of the distribution decide to abandon or modify the distribution.

Indemnification. The distribution agreement will provide for cross-indemnities that, except as otherwise provided in the distribution agreement, are principally designed to place financial responsibility for the obligations and liabilities allocated to FBTS under the distribution agreement with FBTS and financial responsibility for the obligations and liabilities allocated to Parent under the distribution agreement with Parent.

The distribution agreement will also specify procedures with respect to claims subject to indemnification and related matters. Indemnification with respect to taxes will be governed by the tax matters agreement.

Term/Termination. Prior to the distribution, Parent will have the unilateral right to terminate or modify the terms of the distribution agreement.

Other Matters Governed by the Distribution Agreement. Other matters governed by the distribution agreement include, without limitation, access to financial and other information, insurance, confidentiality and access to and provision of records.

Tax Matters Agreement

We intend to enter into a tax matters agreement with Parent prior to the distribution which will generally govern Parent's and FBTS's respective rights, responsibilities and obligations after the distribution with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes.

The tax matters agreement will also provide that FBTS is liable for taxes incurred by Parent that may arise if FBTS takes, or fails to take, as the case may be, certain actions that may result in the distribution failing to meet the requirements of a tax-free distribution under Section 355 of the Code.

Transition Services Agreement

We intend to enter into a transition services agreement with Parent prior to the distribution pursuant to which Parent will provide employee benefits services, insurance services, IT services, accounting services and other services to FBTS, on an interim, transitional basis, following the distribution. The agreement will provide for Parent to provide such services for a limited time, generally for a period of twelve to eighteen months following the date of the distribution, for specified fees. Additionally, the transition services agreement will provide for FBTS to provide certain services to Parent, including legal support and administrative services.

SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Prior to the distribution, all of the outstanding shares of our common stock will be owned beneficially and of record by Parent. The following table sets forth information with respect to the expected beneficial ownership of our common stock by: (1) each person who we believe will be a beneficial owner of more than five percent of our common stock, (2) each expected director, director nominee and named executive officer of us and (3) all of our expected directors, director nominees and executive officers as a group. Except as noted below, we based the share amounts on each person's beneficial ownership of Parent common stock as of March 15, 2019, giving effect to a distribution ratio of one share of our common stock for every one share of Parent common stock. Immediately following the distribution, we estimate that 3,087,488 of our shares of common stock will be issued and outstanding based on the number of shares of Parent common stock expected to be outstanding as of the record date. The actual number of our outstanding shares of our common stock following the distribution will be determined on June 17, 2019, the record date.

Security Ownership of Certain Beneficial Owners

Based solely on the information available as of March 15, 2019, reporting beneficial ownership of Parent common stock, we anticipate the following stockholders will beneficially own more than five percent of our common stock following the distribution.

Name and Address of Beneficial Owner	Number of Owned Shares of Parent Common Stock ⁽¹⁾	Number of Owned Shares of Our Common Stock	Percent of Shares Outstanding
Carl W. Adams, Jr	203,897	203,897	6.60%
Dennis R. Williams	196,200	196,200	6.35%
Phyllis J. Hofmeister	177,792	177,792	5.76%

⁽¹⁾ The shares described as "owned" are shares of Parent common stock directly or indirectly owned by each listed person.

Security Ownership of Directors and Executive Officers

The following table provides information regarding beneficial ownership of our named executive officers, our expected directors, director nominees and all of our expected directors, director nominees and executive officers as a group.

Name	Amount and Nature of Beneficial Ownership (Number of FBTS Shares)			Total	Percent of Class ⁽¹⁾
	Direct	Indirect	Right to Acquire		
Brian A. Ippensen	2,927	-	-	2,927	0.09%
Donald K. Gnuse	142,042	-	-	142,042	4.60%
Steven E. Siebers	114,994	-	-	114,994	3.72%
Directors and Officers as a Group	262,890	-	-	262,890	8.41%

* Less than one percent

⁽¹⁾ The calculation of percentages is based upon our expectation that, immediately following the distribution, approximately 3,087,488 shares of our common stock will be issued and outstanding based upon approximately 3,087,488 shares of Parent common stock outstanding as of March 15, 2019.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material U.S. federal income tax consequences of the distribution of FBTS common stock to “U.S. holders” (as defined below) of Parent common stock. This summary is based on the Code, U.S. Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as in effect as of the date of this information statement, and all of which are subject to differing interpretation and change at any time, possibly with retroactive effect. This summary assumes that the distribution will be consummated in accordance with the distribution agreement and as described in this information statement. We have not sought any ruling from the IRS with respect to the statements made and conclusions reached in the following discussion, and there can be no assurance that the IRS will not take a position contrary to such statements and conclusions discussed below and that any position taken by the IRS would not be sustained.

U.S. Holders

This summary applies only to “U.S. holders” of Parent common stock who hold such shares of Parent common stock as capital assets within the meaning of the Code (generally, property held for investment). For purposes of this section, a “U.S. holder” is a beneficial owner of Parent common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state or political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under the applicable Treasury Regulations to be treated as a U.S. person.

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to particular holders of Parent common stock in light of their particular circumstances, nor does it address the consequences to holders of Parent common stock subject to special treatment under the Code including, but not limited to:

- non-U.S. persons, non-U.S. entities and U.S. expatriates;
- tax-exempt entities and pension funds;
- banks, trusts, financial institutions, or insurance companies;
- broker-dealers;
- partners in partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) that hold Parent common stock;

- partnerships, S corporations and other pass-through entities (or investors therein);
- dealers or traders in securities who elect to apply a mark-to-market method of accounting;
- stockholders who hold Parent common stock as part of a “hedge,” “straddle,” “conversion,” “synthetic security,” “integrated investment,” “constructive sale transaction” other risk reduction transaction for U.S. federal income tax purposes;
- individuals who receive Parent or FBTS common stock upon the exercise of employee stock options or otherwise as compensation;
- stockholders whose functional currency is not the U.S. Dollar;
- holders who are liable for the alternative minimum tax; or
- any holders who actually or constructively own five percent or more, by voting power or value, of Parent common stock).

This discussion also does not address any U.S. federal estate, gift or other non-income tax consequences or any state, local or non-U.S. tax consequences or the consequences of the Medicare tax on net investment income. **The distribution may be taxable under such other tax laws and all holders should consult their own tax advisors with respect to the applicability and effect of any such tax laws.**

If a partnership (including any entity or arrangement taxable as a partnership for U.S. federal income tax purposes) holds shares of Parent common stock, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. Holders of Parent common stock that are partnerships (or other entities or arrangements taxable as partnerships for U.S. federal income tax purposes) and partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences of the distribution.

THE FOLLOWING DISCUSSION IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT U.S. FEDERAL INCOME TAX LAW. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND NON-U. S. TAX LAWS.

Treatment of the Distribution

It is a condition to the distribution that Parent receive an opinion from Parent’s tax counsel, satisfactory to Parent’s board of directors, to the effect that the distribution should qualify under Section 355 of the Code. Except as otherwise noted, it is expected that the distribution should qualify as a transaction that is tax-free for U.S. federal income tax purposes to Parent and the holders of Parent common stock. The tax opinion is generally expected to conclude that, for United States federal income tax purposes:

- no gain or loss should be recognized by, and no amount should be includible in the income of, Parent as a result of the distribution;
- no gain or loss should be recognized by, and no amount should be included in the income of, U.S. holders of Parent common stock upon the receipt of FBTS common stock in the distribution;

- the aggregate tax basis of Parent common stock and FBTS common stock received in the distribution in the hands of each U.S. holder of Parent common stock immediately after the distribution should equal the aggregate basis of Parent common stock held by the U.S. holder immediately before the distribution, allocated between Parent common stock and FBTS common stock in proportion to their relative fair market values on the date of the distribution; and
- each U.S. holder's holding period in FBTS common stock received in the distribution should generally include the holding period of their shares of Parent common stock with respect to which the distribution is made.

Parent stockholders that have acquired different blocks of Parent common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, our shares distributed with respect to blocks of Parent common stock.

The tax opinion will be based upon, among other things, various factual representations and assumptions, as well as certain undertakings made by Parent and FBTS. If any of those factual representations or assumptions are untrue or incomplete in any material respect, any undertaking is not complied with, or the facts upon which the opinion will be based are materially different from the facts at the time of the distribution, the distribution may not qualify for tax-free treatment. In rendering the tax opinion, Parent's counsel also will rely on certain covenants that we and Parent enter into, including the adherence to certain restrictions on Parent's and our future actions. The tax opinion will be expressed as of the date of the distribution and will not cover subsequent periods. As a result, the tax opinion is not expected to be issued until the closing date of the distribution.

Opinions of counsel represents counsel's best judgment based on current law and are not binding on the IRS or the courts. As a result, the conclusions expressed in an opinion of counsel could be challenged by the IRS or another tax authority could adopt a position contrary to one or all those conclusions and that a court could sustain that contrary position. The tax opinion is not binding on the IRS or a court, and there can be no assurance that the IRS will not challenge the validity of the distribution as a tax-free transaction under Section 355 of the Code or that any such challenge ultimately will not prevail. If the IRS prevails in such a challenge, the tax consequences described above would not apply and Parent and the holders of Parent common stock could be subject to significant U.S. federal income tax liability.

If the distribution were determined not to qualify as a tax-free transaction under Section 355 of the Code, each U.S. holder generally would be treated as receiving a taxable distribution in an amount equal to the fair market value of the shares of FBTS common stock received by such holder, and such taxable distribution would be treated as a dividend to the extent of such holder's pro rata share of Parent's current and accumulated earnings and profits, including Parent's taxable gain, if any, on the distribution, as determined under U.S. federal income tax principles. To the extent such taxable distribution exceeds Parent's current and accumulated earnings and profits, each U.S. holder generally would be treated as receiving a tax-free return of capital to the extent of such U.S. holder's adjusted basis in its Parent common stock, and any amount exceeding such U.S. holder's adjusted basis will be treated as capital gain from the sale or exchange of Parent stock. Additionally, if the distribution were determined not to qualify as a tax-free transaction under Section 355 of the Code, then Parent would recognize corporate level taxable gain on the distribution in an amount equal to the excess, if any, of the fair market value of FBTS common stock distributed to Parent stockholders on the distribution date over Parent's tax basis in such stock.

Even if the distribution otherwise qualifies as a tax-free transaction under Section 355 of the Code, the distribution could result in corporate level taxable gain to Parent under Section 355(e) of the Code if we undergo a 50 percent or greater ownership change as part of a plan or series of related transactions that includes the distribution and potentially including transactions occurring after the distribution. The process for determining whether one or more acquisitions or issuances triggering this provision has occurred, the extent to which any such acquisitions or issuances results in a change of ownership and the cumulative effect of any such acquisitions or issuances together with any prior acquisitions or issuances is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. Any acquisitions or issuances of our stock within a two-year period after the distribution generally are presumed to be part of such a plan, although we may be able to rebut that presumption. If an acquisition or issuance of stock triggers the application of Section 355(e) of the Code, Parent would recognize taxable gain as described above, but the distribution would be tax-free to each Parent stockholder. In certain cases, we may be required to indemnify Parent for all or part of the tax liability resulting from the application of Section 355(e). In connection with the distribution, Parent and FBTS will enter into a tax matters agreement pursuant to which Parent and FBTS will be responsible for certain liabilities and obligations following the distribution. In general under the terms of the tax matters agreement, for the two-year period following the distribution, Parent and FBTS will be prohibited, except in certain circumstances, from:

- entering into any transactions resulting in the acquisition of 40% or more of our stock or substantially all of our assets, whether by merger or otherwise;
- merging, consolidating or liquidating;
- undertake or permit any transaction relating to Parent or FBTS stock, including issuances, redemptions or repurchases beyond certain thresholds; or
- ceasing to actively conduct our business.

For a discussion of the tax matters agreement, see “Certain Relationships and Related Person Transactions—Agreements with Parent—*Tax Matters Agreement*.” The indemnification obligations of FBTS to Parent and Parent to FBTS under the tax matters agreement in the event that the distribution fails to qualify as a tax-free transaction are not expected to be limited in amount or subject to any cap. If FBTS is required to pay any taxes or indemnify Parent and its subsidiaries or directors or officers subject to exposure, FBTS may be subject to substantial liabilities.

Information Reporting and Backup Withholding

U.S. Treasury Regulations require certain stockholders that receive stock in a distribution to attach a detailed statement setting forth certain information relating to the distribution to their respective U.S. federal income tax returns for the year in which the distribution occurs. Within 45 days after the distribution, Parent will provide stockholders who receive FBTS common stock in the distribution with the information necessary to comply with such requirement. In addition, all stockholders are required to retain permanent records relating to the amount, basis, and fair market value of FBTS common stock received in the distribution and to make those records available to the IRS upon request of the IRS.

DESCRIPTION OF FBTS'S CAPITAL STOCK

Our articles of incorporation and bylaws will be amended and restated prior to the distribution. The following is a summary of the material terms of our capital stock that will be contained in the amended and restated articles of incorporation and amended and restated bylaws, and is qualified in its entirety by reference to these documents. Copies of the forms of our amended and restated articles of incorporation and amended and restated bylaws described below are available upon request. Prior to the distribution date, Parent, as our sole shareholder, will approve and adopt our amended and restated articles of incorporation, and our board of directors will approve and adopt our amended and restated bylaws. For more information on how you can obtain our amended and restated articles of incorporation and our amended and restated bylaws, see "Where You Can Find More Information" on page 59 of this information statement. We urge you to read our amended and restated articles of incorporation and our amended and restated bylaws in their entirety.

Authorized Capital Stock

Our authorized capital stock will consist of 5,000,000 shares of common stock, par value \$0.01 per share, and 2,000,000 shares of preferred stock, par value \$0.01 per share.

Common Stock

Immediately following the distribution, we expect that approximately 3,087,488 shares of our common stock will be issued and outstanding based upon approximately 3,087,488 shares of Parent common stock outstanding as of March 15, 2019.

Voting Rights. The holders of our common stock will be entitled to one vote in person or by proxy for each share on all matters on which such shareholders are entitled to vote except as specifically stated in our amended and restated articles of incorporation. Our amended and restated articles of incorporation will not authorize cumulative voting for holders of shares of our common stock.

Quorum. The holders of a majority of the shares of our capital stock issued and outstanding and entitled to vote, present in person or represented in proxy, will constitute a quorum at all meetings of the shareholders.

Annual Election of Directors. Commencing with the first annual meeting of shareholders following the distribution, directors will be elected at the annual meeting of shareholders. Thereafter, each director elected will hold office until the next annual meeting of shareholders and until his or her successor is duly elected and qualified or until his or her earlier resignation, removal from office, death or incapacity. Except in a contested election, the vote required for the election of a director by the shareholders will be a majority of the votes cast in favor of the nominee. In a contested election, a director shall be elected by a plurality of the votes so cast in favor of the nominee. Unless otherwise provided in the articles of incorporation, each shareholder represented at a meeting of the shareholders shall be entitled to cast one vote for each share of capital stock of the corporation entitled to vote thereat held by such shareholder. "Votes cast" do not include abstentions or shares as to which a shareholders gives no authority or discretion, including "broker non-votes." A majority of the votes cast means that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election.

Meetings of Shareholders. At the time of the distribution, our amended and restated bylaws will provide that special meetings of the shareholders may be called by our corporate secretary at the request of our chairman, chief executive officer or by a resolution duly adopted by the affirmative vote of a majority of our board of directors and may be called by our corporate secretary at the request in writing of a shareholder or group of shareholders that have, among other things, at least 25% or more of the outstanding stock entitled to vote as of the date of the request.

Dividends and Liquidation Rights. The holders of shares of common stock will be entitled to receive ratably the dividends and other distributions in cash, stock or property of our company when, as and if declared thereon by the board of directors in its sole discretion from time to time out of our assets or funds legally available, subject to any preferential rights of any then outstanding preferred stock and any other provisions of the articles of incorporation. Upon liquidation, dissolution or winding-up of our company, whether voluntary or involuntary, after payment or provision for payment of our debts and other liabilities, holders of our common stock would be entitled to receive all remaining assets of our company available for distribution to the shareholders, ratably in proportion to the number of shares of common stock held by the shareholders and subject to any preferential rights of any then outstanding preferred stock.

Miscellaneous. After the distribution, all outstanding shares of our common stock will be fully paid and non-assessable. Holders of common stock will not be entitled to preemptive or subscription rights. There are no redemption or sinking fund provisions applicable to our common stock.

Preferred Stock

Our amended and restated articles of incorporation will authorize the FBTS board of directors, without further action by our shareholders, to issue shares of preferred stock and to fix by resolution the designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, including, without limitation, redemption rights, dividend rights, liquidation preferences and conversion or exchange rights of any class or series of preferred stock, and to fix the number of classes or series of preferred stock, the number of shares constituting any such class or series and the voting powers for each class or series.

Anti-Takeover Considerations

The provisions of the IBCA, our amended and restated articles of incorporation and our amended and restated bylaws contain provisions that could serve to discourage or to make more difficult a change in control of us without the support of our board of directors or without meeting various other conditions. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the advantages of increased protection resulting from the greater likelihood of negotiation with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

State Takeover Legislation

Upon the distribution, we will be subject to Section 11.75 of the Illinois Business Corporation Act of 1983 (IBCA), an anti-takeover statute. In general, Section 11.75 of the IBCA, subject to certain exceptions set forth therein, prohibits a business combination between a corporation and an interested shareholder within three years of the time such shareholder became an interested shareholder, unless

(a) prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder, (b) upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, exclusive of shares owned by directors who are also officers and by certain employee stock plans, or (c) at or subsequent to such time, the business combination is approved by the board of directors and authorized by the affirmative vote at a shareholders' meeting of at least 66.67% of the outstanding voting stock which is not owned by the interested shareholder.

Except as otherwise set forth in Section 11.75, an interested shareholder is defined to include (i) any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and (ii) the affiliates and associates of any such person.

The provisions of Section 11.75 may encourage persons interested in acquiring us to negotiate in advance with our board of directors, because the shareholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction which results in any such person becoming an interested shareholder. These provisions also may have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions which our shareholders may otherwise deem to be in their best interests.

No Cumulative Voting

Illinois law permits shareholders to cumulate their votes and either cast them for one candidate or distribute them among two or more candidates in the election of directors unless expressly prohibited in a corporation's articles of incorporation or bylaw. Our amended and restated articles of incorporation will prohibit cumulative voting for holders of shares of our common stock.

Requirements for Advance Notification of Shareholder Nominations and Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to shareholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of its board of directors or a committee of its board of directors. Generally, such proposal shall be made not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day in advance of the first anniversary of the date of the previous year's annual meeting of shareholders. For purposes of the next annual meeting of shareholders, proposals and nominations must be received from shareholders not later than the close of business on the 30th day following the day on which notice of the date of the next annual meeting was mailed or public announcement of the date of the next annual meeting was first made, whichever occurs first.

Our amended and restated bylaws will establish proxy access notice procedures with respect to shareholder nominations of candidates for election as directors whereby whenever the board of directors solicits proxies with respect to the election of directors at an annual meeting of shareholders, the company shall include in its proxy statement for such annual meeting, the name, together with certain required information of any eligible shareholder nominee for election to the board of directors for any eligible shareholder or shareholders that provide a timely notice of proxy access nomination and expressly elect to have their nominee included in the company's proxy materials.

These advance notice provisions may have the effect of precluding a contest for the election of our directors or the consideration of shareholder proposals if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal, without regard to whether consideration of those nominees or proposals might be harmful or beneficial to us and our shareholders.

Shareholder Action by Written Consent

Our amended and restated articles of incorporation will expressly eliminate the right of our shareholders to act by written consent. Shareholder action must take place at the annual or a special meeting of our shareholders.

Size of Our Board of Directors and Vacancies

Our amended and restated bylaws will provide that the number of directors on our board of directors will be fixed from time to time by resolution adopted by a majority of the entire board of directors. Under our amended and restated bylaws, the power to fill vacancies and newly created directorships resulting from any increase in the authorized number of directors will be vested in the board of directors. If there are no directors in office, then an election of directors may be held in the manner provided by statute. In the event of one or more vacancies in the board of directors, the remaining directors, except as otherwise provided by law or the amended and restated bylaws, may exercise the powers of the full board of directors until the vacancies are filled.

Undesignated Preferred Stock

The authority that our board of directors will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of FBTS through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Our board of directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock.

Limitations on Liability and Indemnification of Officers and Directors

The IBCA authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties as directors, and our amended and restated articles of incorporation will include such an exculpation provision. Under the provisions of our amended and restated articles of incorporation and amended and restated bylaws, each person who is or was one of our directors or officers shall be indemnified by us as of right to the fullest extent authorized by the IBCA against all expense, liability and loss (including attorneys' fees) reasonably incurred or suffered by such person in connection with the proceeding.

Under the IBCA, to the extent that a person is successful on the merits in defense of a suit or proceeding brought against him because he is or was one of our directors or officers, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection with such action.

Under our amended and restated bylaws, the right to indemnification includes the right to be paid by us the expenses incurred in defending any action, suit or proceeding in advance of its final disposition, subject to the receipt by us of a statement or statements from the claimant requesting and reasonably evidencing such advance or advances from time to time. In any action by an indemnitee to enforce a right to indemnification or by us to recover advances made, the burden of proving that the indemnitee is not entitled to be indemnified is placed on us.

The limitation of liability and indemnification provisions in our amended and restated articles of incorporation and amended and restated bylaws may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit FBTS and our shareholders. However, these provisions do not limit or eliminate our rights, or those of any shareholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions do not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any of our directors, officers or employees for which indemnification is sought.

Exclusive Forum

Our amended and restated articles of incorporation will provide that unless we consent in writing to the selection of an alternative forum, the state or federal courts of the State of Illinois, to the fullest extent permitted by law, will be the sole and exclusive forum for:

- any derivative action or proceeding brought on behalf of us;
- any action asserting a claim for breach of a fiduciary duty owed by any of our directors, officers or other employees of the company to us or our shareholders; or
- any action asserting a claim arising pursuant to any provision of the Illinois Business Corporation Act.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for our common stock will be American Stock Transfer and Trust Company, LLC (AST).

WHERE YOU CAN FIND MORE INFORMATION

Parent has previously furnished, or made available to, holders of Parent's common stock with annual reports containing consolidated financial statements of Parent and FBTS prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. Copies of the forms of material agreements described herein are available upon request. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

UNAUDITED COMPILED FINANCIAL STATEMENTS:

The following compiled financial statements consist of unaudited statements of income for the year ended December 31, 2018 and 2017, and an unaudited balance sheet as of December 31, 2018 and 2017.

The unaudited compiled financial statements do not illustrate the financial impacts of the distribution and the related transactions.

The unaudited compiled financial statements are for informational purposes only and do not purport to project FBTS's financial performance for any future period. The unaudited compiled financial statements are based on information and assumptions, which are described in the accompanying notes.

The unaudited compiled financial statements reported below should be read in conjunction with the section herein entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as the unaudited interim financial statements and the corresponding notes included elsewhere in this information statement.

First Bankers Trust Services, Inc.

2018 Annual Compilation Report

Table of Contents

Independent Accountant's Compilation Report.....	1
Financial Statements	
Balance Sheets	2
Statements of Income	3
Statements of Comprehensive Income	4
Statements of Changes in Stockholder's Equity.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-12



RSM US LLP

Independent Accountant's Compilation Report

First Bankers Trust Services, Inc.

Management is responsible for the accompanying financial statements of First Bankers Trust Services, Inc. (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income, comprehensive income, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

RSM US LLP

Cedar Rapids, Iowa
April 26, 2019

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

Financial Statements

Balance Sheets

December 31,	2018	2017
ASSETS		
Cash and due from banks		
Non-interest bearing	\$ 287,347	\$ 431,120
Interest bearing	3,625,891	1,069,691
Total Cash and Due from Banks	3,913,238	1,500,811
Securities available for sale	5,624,179	6,410,884
Premises, furniture and equipment, net	1,580,496	1,599,899
Accrued interest receivable	34,471	21,493
Fee income receivable, net allowance for uncollectible accounts 2018 and 2017 45,000	203,500	294,747
Goodwill	240,000	240,000
Other assets	212,113	174,758
TOTAL ASSETS	\$ 11,807,997	\$ 10,242,592
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Deferred fee income	\$ 2,815,506	\$ 2,609,566
Accounts payable and accrued expenses	879,277	1,836,161
Total liabilities	3,694,783	4,445,727
Commitments and contingencies (Note 4)		
Stockholder's Equity		
Common stock, \$1 par value; shares authorized 100,000; shares issued and outstanding: 2018 and 2017 - 100,000 shares	100,000	100,000
Additional paid in capital	3,400,000	3,400,000
Retained earnings	4,696,937	2,328,700
Accumulated other comprehensive (loss)	(83,723)	(31,835)
Total stockholder's equity	8,113,214	5,796,865
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 11,807,997	\$ 10,242,592

See Notes to Financial Statements.

Statements of Income

Year Ended December 31,	2018	2017
INCOME		
Trust fees, net	\$ 9,468,259	\$ 8,877,012
Transaction fees	1,085,889	1,457,862
Distribution fees	473,255	460,851
Interest income:		
Taxable securities	149,889	112,421
Non-taxable securities	7,642	7,551
Other	43,524	14,913
Gain on sale of securities available for sale	480	-
Other	86,804	77,684
Total income	11,315,742	11,008,294
EXPENSES		
Salaries and employee benefits	6,053,086	6,146,241
Occupancy expense	199,062	194,423
Computer processing	288,324	293,073
Depreciation	158,728	166,405
Professional services	(434,304)	499,557
Other	843,409	2,731,678
Total expenses	7,108,305	10,031,377
Income before income taxes	4,207,437	976,917
Income taxes	939,200	478,030
NET INCOME	\$ 3,268,237	\$ 498,887

See Notes to Financial Statements.

Financial Statements

Statements of Comprehensive Income

Year Ended December 31,	2018		2017	
Net income	\$	3,268,237	\$	498,886
Other comprehensive income (loss):				
Unrealized gains (losses) on securities available for sale:				
Unrealized holding gains (losses) arising during the year before tax		(72,090)		10,810
Reclassification adjustment for gains included in net income before tax		480		-
		(72,570)		10,810
Tax expense (benefit)		(20,682)		4,108
Other comprehensive income (loss), net of tax		(51,888)		6,702
Comprehensive income	\$	3,216,349	\$	505,588

See Notes to Financial Statements.

Statements of Changes in Stockholder's Equity

Years Ended December 31, 2018 and 2017

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	TOTAL
Balance, December 31, 2016	\$ 100,000	\$ 3,400,000	\$ 2,075,584	\$ (34,308)	\$ 5,541,276
Net income	-	-	498,887	-	498,887
Other comprehensive income, net of tax	-	-	-	6,702	6,702
Reclassification impact of adoption of ASU 2018-02 (See Footnote 1)	-	-	4,229	(4,229)	-
Common stock dividends declared (amount per share \$2.50)	-	-	(250,000)	-	(250,000)
Balance, December 31, 2017	100,000	3,400,000	2,328,700	(31,835)	5,796,865
Net income	-	-	3,268,237	-	3,268,237
Other comprehensive loss, net of tax	-	-	-	(51,888)	(51,888)
Common stock dividends declared (amount per share \$9.00)	-	-	(900,000)	-	(900,000)
Balance, December 31, 2018	\$ 100,000	\$ 3,400,000	\$ 4,696,937	\$ (83,723)	\$ 8,113,214

See Notes to Financial Statements.

Financial Statements

Statements of Cash Flows

Year Ended December 31,	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,268,237	\$ 498,887
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	158,728	166,405
(Gain) on sale of securities available for sale	(480)	-
Amortization of premiums/discounts on securities, net	(21,310)	(12,389)
Loss on sale of premises, furniture and equipment	-	4,204
Decrease in receivables	78,269	123,475
(Increase) in other assets	(16,673)	(29,812)
(Decrease) increase in accounts payable and accrued expenses	(956,884)	155,836
Increase in deferred fee income	205,940	49,425
Net cash provided by operating activities	2,715,827	956,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Activity in securities portfolio:		
Purchases	(400,000)	(768,692)
Sales of securities available for sale	1,127,908	-
Calls, maturities and paydowns	8,017	264,046
Proceeds from sale of premises, furniture and equipment	-	750
Purchases of premises, furniture and equipment	(139,325)	(54,720)
Net cash provided by (used in) investing activities	596,600	(558,616)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid to common shareholder	(900,000)	(250,000)
Net cash used in financing activities	(900,000)	(250,000)
Net increase in cash and due from banks	2,412,427	147,415
CASH AND DUE FROM BANKS		
Beginning	1,500,811	1,353,396
Ending	\$ 3,913,238	\$ 1,500,811

Year Ended December 31,	2018	2017
Supplemental disclosure of cash flow information, cash payments for:		
Income taxes	\$ 953,000	\$ 704,000
Supplemental schedule of non-cash investing and financing activities:		
Net change in accumulated other comprehensive (loss)	\$ (51,888)	\$ 6,702

See Notes to Financial Statements.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

First Bankers Trust Services, Inc. (Company) provides asset and custodial management for clients throughout the country. All administration is conducted in Quincy, IL, with sales offices in Hinsdale, IL, St. Peters, MO, Philadelphia, PA, Atlanta, GA and Phoenix, AZ.

Trust Services Fiduciary Activities and Assets

The Company provides fiduciary related services, including asset management and custodial services to individual and corporate clients. Assets held by the Company on the behalf of clients are not assets of the Company, and accordingly, are not included in the financial statements. Assets under management totaled \$9,810,817,949 and \$9,203,056,938 as of December 31, 2018 and 2017, respectively. During the course of discharging its respective responsibilities for each client, the Company is subject to a number of federal and state regulatory bodies and associated rules governing each type of account. The Company is regulated by the Federal Reserve Bank of St. Louis and the Illinois Department of Financial and Professional Regulation.

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.

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.

Securities

Securities available for sale are accounted for at fair value and the unrealized holding gains or losses, net of their deferred income tax effect, are presented as increases or decreases in accumulated other comprehensive income, as a separate component of equity.

Realized gains and losses on sales of securities are based upon the adjusted book value of the specific securities sold and are included in earnings.

There were no trading securities or held to maturity securities as of December 31, 2018 and 2017.

All securities are evaluated to determine whether declines in fair value below their amortized cost are other-than-temporary. In estimating other-than-temporary impairment losses on debt securities, management considers a number of factors including, but not limited to (1) the length of time and extent to which the fair value has been less than amortized cost, (2) the financial condition and near-term prospects of the issuer, (3) the current market conditions and (4) the intent of the Company to not sell the security prior to recovery and whether it is not more-likely-than-not that it will be required to

sell the security prior to recovery. If the Company does not intend to sell the security, and it is unlikely the entity will be required to sell the security before recovery of its amortized cost basis, the Company will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income. For held to maturity debt securities, the amount of an other-than-temporary impairment recorded in other comprehensive income for the noncredit portion would be amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

Fee Income Receivable and Deferred Fee Income

The Company collects fees for services in either of one of two methods: in arrears or in advance. For accounts that pay after the services are completed, those fees are collected at the end of the billing period. For most other accounts, clients pay for services at the beginning of the service period. Revenues are recognized ratably during the term of the service period which is typically year-to-year. Uncollectible amounts are written off when there is no reasonable chance of collection. There was no provision for doubtful accounts charged to expense in 2018 and 2017 and \$45,000 allowance recorded as of December 31, 2018 and 2017.

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.

Goodwill

Goodwill represents the excess of cost over fair value of net assets acquired in connection with business combinations. Goodwill is evaluated for impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that an impairment loss has occurred. The Company has completed its annual goodwill impairment test and has determined that goodwill was not impaired at December 31, 2018 and 2017.

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.

When the tax returns are filed, it is highly certain that some positions taken would be sustained upon examinations by the taxing authorities, while others could be subject to uncertainty about the merits of the position taken. The Company may recognize the tax benefit from an uncertain tax-position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements.

Notes to Consolidated Financial Statements

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

With few exceptions, the Company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2015.

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 of unrealized gains and losses on securities available for sale.

Subsequent Events

The Company has evaluated all subsequent events through April 26, 2019, the date that the financial statements were available to be issued.

Current Accounting Developments

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 was extended by one year by ASU 2015-14, which was issued by the FASB in August 2015. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 15, 2017. The standard was adopted by the Company on January 1, 2018, and adoption had no significant impact on the financial statements.

In January 2016 FASB issued ASU 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Liabilities*. The new guidance is intended to improve the recognition and measurement of financial instruments by requiring: equity investments (other than equity method or consolidation) to be measured at fair value with changes in fair value recognized in net income; public business entities must use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; separate presentation of financial assets and financial liabilities by measurement category and form of financial assets on the balance sheet or the accompanying notes to the financial statements; and eliminating the requirement to disclose the fair value of financial instruments measured at amortized cost for organizations that are not public business entities. The new guidance is effective for fiscal years beginning after December 15, 2017. The standard was adopted by the Company on January 1, 2018, and adoption had no significant impact on the financial statements.

In February 2018, the FASB issued ASU 2018-02 *Income Statement-Reporting Comprehensive Income (Topic 220)*. The FASB issued this standard to allow a one-time reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act enacted on December 22, 2017. The standard is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Company has early adopted the standard effective December 31, 2017 and the effect of adoption of \$4,229 on other comprehensive income and retained earnings is shown in the statement of changes in stockholder's equity.

In March 2017, the FASB issued ASU 2017-08 *Receivables-Nonrefundable Fees and Other Costs Subtopic 310-20: Premium Amortization on Purchased Callable Debt Securities*. The Board issued the Standard to amend the amortization period for certain purchased callable debt securities held at a premium. The standard shortens the amortization period for the premium to the earliest call date. The Company has adopted the standard effective March 2017 and adoption had no significant impact on the financial statements.

2. Securities

The amortized cost and fair values of securities as of December 31, 2018 and 2017 are as follows:

2018	Amortized Cost		Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	SECURITIES AVAILABLE FOR SALE				
U.S. government agency bonds	\$	5,531,602	\$	9,781	\$ (117,726) \$ 5,423,657
State and political subdivisions		209,672		-	(9,150) 200,522
	\$	5,741,274	\$	9,781	\$ (126,876) \$ 5,624,179

2017	Amortized Cost		Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	SECURITIES AVAILABLE FOR SALE				
U.S. government agency bonds	\$	5,137,381	\$	26,836	\$ (66,988) \$ 5,097,229
State and political subdivisions		209,672		-	(3,722) 205,950
Other investments		1,108,356		-	(651) 1,107,705
	\$	6,455,409	\$	26,836	\$ (71,361) \$ 6,410,884

The following table shows the Company's available for sale securities' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2018 and 2017:

2018	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SECURITIES AVAILABLE FOR SALE						
U.S. government agency bonds	\$ 491,094	\$ (1,168)	\$ 3,824,625	\$ (116,558)	\$ 4,315,719	\$ (117,726)
State and political subdivisions	-	-	200,522	(9,150)	200,522	(9,150)
	<u>\$ 491,094</u>	<u>\$ (1,168)</u>	<u>\$ 4,025,147</u>	<u>\$ (125,708)</u>	<u>\$ 4,516,241</u>	<u>\$ (126,876)</u>

2017	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SECURITIES AVAILABLE FOR SALE						
U.S. government agency bonds	\$ 1,516,444	\$ (7,950)	\$ 2,364,979	\$ (59,038)	\$ 3,881,423	\$ (66,988)
State and political subdivisions	-	-	205,950	(3,722)	205,950	(3,722)
Other investments	-	-	1,107,705	(651)	1,107,705	(651)
	<u>\$ 1,516,444</u>	<u>\$ (7,950)</u>	<u>\$ 3,678,634</u>	<u>\$ (63,411)</u>	<u>\$ 5,195,078</u>	<u>\$ (71,361)</u>

As of December 31, 2018, the investment portfolio included 13 securities. Of this number, 10 securities have current unrealized losses and 9 of them have current unrealized losses which have existed for longer than one year. All of the debt securities with unrealized losses are considered to be acceptable credit risks. Because the declines in fair value were due to change in market interest rates, not in estimated cash flows, no other-than-temporary impairment was recorded at December 31, 2018 and 2017. In addition, the Company does not have the intent to sell these debt securities and it is unlikely that the Company will be required to sell these debt securities prior to their anticipated recovery.

As of December 31, 2018 and 2017, securities with a carrying value of approximately \$1,100,000 were pledged to various state regulatory authorities for trust operations.

The amortized cost and fair value of securities available for sale at December 31, 2018 are shown below by contractual maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

	Amortized Cost	Fair Value
SECURITIES AVAILABLE FOR SALE		
Due after one year through five years	\$ 3,923,420	\$ 3,857,022
Due after five years through ten years	1,817,854	1,767,157
	<u>\$ 5,741,274</u>	<u>\$ 5,624,179</u>

Gross gains realized related to sales of securities available for sale for the years ended December 31, 2018 and 2017 were \$480 and none, respectively. There were no gross losses realized for the years ended December 31, 2018 and 2017.

The proceeds from sales of securities available for sale for the years ended December 31, 2018 and 2017 were \$1,127,428 and none, respectively.

3. Premises, Furniture and Equipment

The cost, accumulated depreciation and net book value of premises, furniture and equipment as of December 31, 2018 and 2017 is summarized as follows:

	2018	2017
Land	\$ 98,470	\$ 98,470
Building and improvements	1,709,748	1,709,748
Furniture and equipment	1,340,337	1,201,012
	<u>3,148,555</u>	<u>3,009,230</u>
Less accumulated depreciation	(1,568,059)	(1,409,331)
	<u>\$ 1,580,496</u>	<u>\$ 1,599,899</u>

4. Commitments and Contingencies

The Company had legal proceedings that settled during the years ended December 31, 2017 and 2018. This resulted in losses totaling approximately \$1,750,000 for the year ended December 31, 2017 which is included within other expenses on the statements of income. In addition, the Company accrued \$1,000,000 for legal proceedings that were still open as of December 31, 2017 which is included within accounts payable and accrued expenses on the December 31, 2017 balance sheet. During 2018, the Company reversed this accrual which is within professional fees on the statement of income for the year ended December 31, 2018. As of December 31, 2018, there are no outstanding legal proceedings against the Company.

5. Benefits

The Company has a 401(k) plan, which is a tax qualified savings plan, to encourage its employees to save for retirement purposes or other contingencies. All employees, working over 1,000 hours per year, of the Company are eligible to participate in the Plan after completion of one year of service and attaining the age of 21. The employee may elect to contribute a percentage of their compensation before taxes in a traditional 401(k) and/or a percentage of their compensation after taxes using the Company's Roth 401(k) option. Based upon profits, as determined by the Company, a contribution may be made by the Company. Employees are 100% vested in the Company's contribution to the plan after five years of service. Employee contributions and vested Company contributions may be withdrawn only on termination of employment, retirement, death or hardship withdrawal.

Under the various Employee Incentive Compensation Plans, the Company is authorized and pursuant to the provisions of their individual plans, to establish on an annual basis, a bonus fund, which will be distributed to certain employees, based on their performance. The Employee Incentive Compensation Plans do not become effective unless established income levels and goals are met or exceeded.

The financial statements include expense related to the 401(k) Plan of \$265,993 and \$307,312 for the years ended December 31, 2018 and 2017, respectively. The financial statements include expense related to the incentive compensation plan of \$200,000 and \$130,000, for the years ended December 31, 2018 and 2017, respectively.

6. Dividends and Minimum Organizational Capital

The Company's stockholder is entitled to receive such dividends as are declared by the Company's Board of Directors. The ability of the Company to pay dividends in the future is dependent upon and regulated by financial regulatory statute. The timing and amount of dividends will depend on earnings, capital requirements and financial condition of the Company as well as general economic conditions and other relevant factors affecting the Company.

The Company is subject to the Illinois Department of Financial and Professional minimum organizational capital requirement of \$3,000,000. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary action by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. The Company had maintained its capital level in excess of the required minimum as established by the Illinois Department of Financial and Professional Regulation as of December 31, 2018 and 2017.

7. Related-Party Transactions

The Company has recognized intercompany management expense of \$43,526 and \$43,596 for the years ended December 31, 2018 and 2017, respectively, which is included within professional services on the statements of income. The Company has also recognized intercompany income of \$70,016 for the years ended December 31, 2018 and 2017, which is included in other income on the statements of income.

8. Income Tax Matters

As of December 31, 2018 and 2017, income tax expense of \$939,200 and \$478,030, respectively, was all current.

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:

Year Ended December 31,	2018	% of Pretax Income	2017	% of Pretax Income
Federal income tax at statutory rate	\$ 883,562	21.00%	\$ 332,152	34.00%
Changes from statutory rate resulting from:				
State tax, net of federal benefit	240,634	5.72%	54,318	5.56%
Tax exempt interest income, net	(1,605)	-0.04%	(2,567)	-0.26%
Re-evaluation of net deferred tax assets due to reduction in tax rate	-	-	4,229	0.43%
Expenses related to insurance settlement	(187,950)	-4.47%	85,000	8.70%
Other, net	4,559	0.11%	4,898	0.50%
Income tax expense	\$ 939,200	22.32%	\$ 478,030	48.93%

Deferred tax assets of \$33,372 and \$12,690 was all related to unrealized gains (losses) on securities available for sale as of December 31, 2018 and 2017, respectively. Deferred tax assets are included in other assets on the accompanying balance sheets.

On December 22, 2017 Congress passed the Tax Cuts and Jobs Act (TCJA) which reduced the corporate income tax rate from 34% to 21% effective January 1, 2018 and future years. Accounting standards require the effect of this impact on deferred income tax assets and liabilities to be recorded in the year of enactment. The Company has recorded a reduction in its net deferred tax assets as a result of this change during the year ended December 31, 2017.

9. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value using a hierarchy system, and requires disclosure of fair value measurements. The hierarchy is intended to maximize the use of observable inputs and minimize the use of unobservable inputs and includes three levels based upon the valuation techniques used. The three levels are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investment securities available for sale: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, obligations of state and political subdivisions and certain corporate, asset based and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

There have been no changes in valuation techniques used for any assets or liabilities measured at fair value during the years ended December 31, 2018 and 2017.

Notes to Financial Statements

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 and 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Fair Value Measurements as of December 31, 2018 Using:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities available for sale:				
U.S. government agency bonds	\$ 5,423,657	\$ -	\$ 5,423,657	\$ -
State and political subdivisions	200,522	-	200,522	-
	<u>\$ 5,624,179</u>	<u>\$ -</u>	<u>\$ 5,624,179</u>	<u>\$ -</u>

Fair Value Measurements as of December 31, 2017 Using:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities available for sale:				
U.S. government agency bonds	\$ 5,097,229	\$ -	\$ 5,097,229	\$ -
State and political subdivisions	205,950	-	205,950	-
Other investments	1,107,705	-	1,107,705	-
	<u>\$ 6,410,884</u>	<u>\$ -</u>	<u>\$ 6,410,884</u>	<u>\$ -</u>

10. Revenue Recognition

On January 1, 2018, the Company adopted ASU No. 2014-09 "Revenue from Contracts with Customers" (Topic 606) and all subsequent ASUs that modified Topic 606. As stated in Note 1 Summary of Significant Accounting Policies, the implementation of the new standard did not have a material impact on the measurement or recognition of revenue; as such, a cumulative effect adjustment to opening retained earnings was not deemed necessary. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts were not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

Topic 606 is applicable to revenue streams such as trust service fee income. However, the recognition of these revenue streams did not change significantly upon adoption of Topic 606. Substantially all of the Company's revenue is generated from contracts with customers in which fees earned from the management and administration of trusts and other assets. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally either prepaid or paid at the end of a specified period and can be paid through a direct charge to customers' accounts. The Company does not earn performance-based incentives. Optional services such as real estate sales and tax return preparation services are also available to existing trust and asset management customers. The Company's performance obligation for these transactional-based services is generally satisfied, and related revenue recognized, at a point in time (i.e., as incurred). Payment is received shortly after services are rendered.

Contract Balances

A contract asset balance occurs when an entity performs a service for a customer before the customer pays consideration (resulting in a contract receivable) or before payment is due (resulting in a contract asset). A contract liability is an entity's obligation to transfer a service to a customer for which the entity has already received payment (or payment is due) from the customer. The Company's revenue streams are largely based on transactional activity, or standard month-end revenue accruals such as asset management fees based on month-end market values. Consideration is often received immediately or shortly after the Company satisfies its performance obligation and revenue is recognized. The Company does not typically enter into long-term revenue contracts with customers, and therefore, does not experience significant contract balances. As of December 31, 2018 and December 31, 2017, the Company did not have any significant contract balances.

Contract Acquisition Costs

In connection with the adoption of Topic 606, an entity is required to capitalize, and subsequently amortize into expense, certain incremental costs of obtaining a contract with a customer if these costs are expected to be recovered. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, sales commission). The Company utilizes the practical expedient which allows entities to immediately expense contract acquisition costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less. Upon adoption of Topic 606, the Company did not capitalize any contract acquisition cost.

UNAUDITED INTERIM FINANCIAL STATEMENTS

The following unaudited interim financial statements consist of unaudited statements of income for the 3-month period ended March 31, 2019 and 2018, and an unaudited balance sheet as of March 31, 2019 and 2018.

The unaudited interim financial statements do not illustrate the financial impacts of the distribution and the related transactions.

The unaudited interim financial statements are for informational purposes only and do not purport to project FBTS's financial performance for any future period. The unaudited interim financial statements are based on information and assumptions.

Unaudited Interim Financial Statements

Balance Sheet

March 31,		Q1 2018		Q1 2019
ASSETS				
Cash & Due from Banks, non-interest	\$	276,276	\$	465,940
Cash & Due from Banks, interest bearing		2,296,700		4,460,107
Total Cash and Due from Banks		2,572,976		4,926,047
Securities available for sale		6,730,909		5,714,808
Premises, furniture and equipment, net		1,558,147		1,551,019
Accrued interest receivable		43,564		46,468
Fee income receivable		115,366		155,982
Goodwill		240,000		240,000
Other Assets		126,144		92,789
TOTAL ASSETS	\$	11,387,106	\$	12,727,113
LIABILITIES				
Deferred fee income	\$	3,419,386	\$	3,458,541
Accounts payable & accrued expenses		1,527,090		1,087,178
TOTAL LIABILITIES	\$	4,946,476	\$	4,545,719
STOCKHOLDER'S EQUITY				
Common stock	\$	100,000	\$	100,000
Additional paid in capital		3,400,000		3,400,000
Retained Earnings		3,032,277		4,700,936
Accumulated other comprehensive (loss)		(91,647)		(19,542)
TOTAL STOCKHOLDER'S EQUITY	\$	6,440,630	\$	8,181,394
TOTAL LIABILITY & STOCKHOLDER'S EQUITY	\$	11,387,106	\$	12,727,113

Statements of Income

March 31,		Q1 2018		Q1 2019
INCOME				
Trust fees	\$	2,357,999	\$	2,372,662
Transaction fees		141,529		553,084
Distribution fees		289,682		360,755
Interest income, taxable		33,323		36,539
Interest income, non-taxable		3,677		-
Interest income, other		8,402		22,360
Gain on sale of securities available for sale		-		-
Other		26,751		20,144
Total income	\$	2,861,363	\$	3,365,544
EXPENSES				
Salaries & employee benefits	\$	1,461,629	\$	1,483,136
Occupancy expense		46,598		48,463
Computer processing		58,097		72,725
Depreciation		41,752		36,282
Professional services		34,228		60,059
Other		237,780		263,178
Total expenses	\$	1,880,084	\$	1,963,843
Income before income taxes	\$	981,279	\$	1,401,701
Income taxes	\$	277,700	\$	397,700
NET INCOME	\$	703,579	\$	1,004,001

