



# First Bankers Trustshares, Inc.

1201 Broadway  
P.O. Box 3566  
Quincy, IL 62305-3566

July 26, 2019

## 2nd Quarter 2019 Financial Highlights

Dear Shareholders,

The second quarter of 2019 was eventful for First Bankers Trustshares, Inc. (the Company). The Company produced solid financial results for the quarter, and on July 1, 2019 it successfully completed the spin-off of First Bankers Trust Services, Inc. (Trust Services). Trust Services has changed its name to TI-TRUST, Inc. and will now operate as a fully independent company. Due to the spin-off, TI-TRUST's results will not be included in the Company's consolidated numbers after June 30, 2019.

The separation of TI-TRUST, Inc. will allow both companies to more easily pursue their strategic priorities. We wish Brian Ippensen, President of TI-TRUST, Inc., and his entire team the very best as they continue to be a national leader in fiduciary services.

Net income totaled \$2,221,000 or \$0.72 per share in the second quarter of 2019. Net income was up 16.47% for the second quarter compared to the second quarter of 2018. If the contribution of Trust Services were excluded, net income would have been \$1,551,000 for second quarter 2019 and \$702,000 for second quarter 2018.

Provision for loan losses was a primary driver for the improvement in earnings as provision was \$1,775,000 lower in the second quarter of 2019 compared to the same period in 2018. The average allowance to average loans stands at 2.84%.

Net interest income was largely unchanged in the second quarter of 2019 over the same period in 2018. Driven by strong trust fees, non-interest income was up 9.54% for the second quarter of 2019 compared to the same period in 2018. Non-interest expense was up \$1,631,000 for second quarter 2019 compared to second quarter 2018. The increase was primarily due to onetime spin-off expenses of \$617,000 and second quarter 2018 expense being reduced by \$737,000 with the reversal of accruals and refunds related to legal matters for Trust Services which were resolved.

The balance sheet was largely unchanged compared to a year earlier. Total assets and deposits were up slightly with loans down 3.15%.

Return on average assets and return on average equity were 0.97% and 9.36%, respectively.

For your reference we have added a third page to this shareholder letter. This page provides financial highlights of ongoing operations for the company excluding Trust Services.

The Board approved a dividend of \$0.16 per share which has been direct deposited into your account or a dividend check is enclosed.

Thank you for your ongoing support.

Yours Sincerely,

Allen W. Shafer  
President/CEO

This release contains information and "forward-looking statements" that relate to matters that are not historical facts and which are usually preceded by words "may," "will," "should," "could," "would," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target" and similar expressions. These forward-looking statements are subject to significant risks, assumptions and uncertainties. Because of these and other uncertainties, our actual results may be materially different from those described in these forward-looking statements. The forward-looking statements in this release speak only as of the date of the release, and we do not assume any obligation to update the forward-looking statements or to update the reasons why actual results could differ from those contained in the forward-looking statements.

### Investor Information

#### Stock Transfer Agent:

American Stock Transfer & Trust Company, LLC  
Operations Center  
6201 15th Avenue  
Brooklyn, NY 11219  
(800) 937-5449

#### Market Makers:

Raymond James  
Chicago, IL 60606  
(800.800.4693)

Wells Fargo Advisors  
Quincy, IL 62306  
(800.223.1037)

Stifel Nicolas & Co., Inc.  
Chicago, IL 60606  
(800.745.7110)

Monroe Securities, Inc.  
Chicago, IL 60606  
(312.327.2530)

FIG Partners, LLC  
Chicago, IL 60606  
(312.242.0433)

#### Corporate Information:

First Bankers Trustshares, Inc.  
Phone: (217.228.8000)  
Fax: (217.228.8091)  
Email: [fbt@firstbankers.com](mailto:fbt@firstbankers.com)

#### Corporate Officers:

Chairman of the Board of Directors  
William D. Daniels  
President/Chief Executive Officer  
Allen W. Shafer  
Secretary

Steven E. Siebers

#### Directors:

Carl W. Adams Jr.  
Scott A. Cisel  
William D. Daniels  
Mark E. Freiburg  
Charles M. Gnuse  
Arthur E. Greenbank  
Phyllis J. Hofmeister  
John E. Laverdiere  
Kemia M. Sarraf, M.D., MPH  
Richard W. Schulte  
Allen W. Shafer  
Steven E. Siebers  
Dennis R. Williams  
Chairman Emeritus  
David E. Connor  
Board Emeritus  
Donald K. Gnuse

## Financial Highlights (Dollars in thousands, except per share data) (Unaudited)

Income Statement Data	For The Three Months Period Ended June 30,			For the Six Months Ended Ended June 30,		
	2019	2018	% Chg	2019	2018	2017
Net interest income	\$ 6,437	\$ 6,467	(0.46) %	\$ 12,940	\$ 13,078	\$ 12,776
Provision for loan losses	400	2,175	(81.61) %	1,400	2,550	700
Noninterest income	4,867	4,443	9.54 %	9,719	8,814	8,689
Noninterest expense	8,028	6,397	25.50 %	15,213	13,470	14,529
Income taxes	655	431	51.97 %	1,365	1,253	2,052
Net Income	\$ 2,221	\$ 1,907	16.47 %	\$ 4,681	\$ 4,619	\$ 4,184

Ratios	For The Three Months Period Ended June 30,			For the Six Months Period Ended June 30,		
	2019	2018	% Chg	2019	2018	2017
Return on average assets (Excludes preferred stock dividends/accretion.)	0.97 %	0.84 %	15.48 %	1.02 %	1.01 %	0.92 %
Return on average common stockholders' equity (Calculated by dividing net income, excluding preferred stock dividends/accretion, by average common stockholders' equity. Common stockholders' equity is defined as equity less preferred stock and accumulated other comprehensive income or loss.)	9.36 %	8.60 %	8.84 %	10.01 %	10.61 %	10.34 %
Net interest margin	2.95 %	2.97 %	(0.67) %	2.95 %	3.01 %	2.98 %
Allowance as a percent of total loans	2.89 %	2.22 %	30.18 %	2.89 %	2.22 %	1.81 %
Dividends per common share paid	\$ 0.16	\$ 0.15	6.67 %	\$ 0.32	\$ 0.30	\$ 0.28
Earnings per common share (Calculated by dividing net income less dividends and accretion on preferred stock by the weighted average number of common stock shares outstanding.)	\$ 0.72	\$ 0.62	16.13 %	\$ 1.52	\$ 1.50	\$ 1.36
Book value per common share (Calculated by dividing stockholders' equity, excluding preferred stock and accumulated other comprehensive income or loss, by outstanding common shares.)	\$ 30.99	\$ 28.87	7.34 %	\$ 30.99	\$ 28.87	\$ 26.95

Balance Sheet	At June 30,			At December 31,		
	2019	2018	% Chg	2018	2017	2016
Assets	\$ 956,468	\$ 936,454	2.14 %	\$ 930,044	\$ 942,949	\$ 930,935
Investment securities	\$ 359,920	\$ 358,349	0.44 %	\$ 357,311	\$ 371,168	\$ 329,796
Loans, net of unearned income	\$ 490,456	\$ 506,409	(3.15) %	\$ 480,792	\$ 506,341	\$ 513,798
Deposits	\$ 739,436	\$ 734,765	0.64 %	\$ 733,435	\$ 756,833	\$ 727,445
Short-term and other borrowings	\$ 95,375	\$ 97,741	(2.42) %	\$ 88,559	\$ 80,394	\$ 104,407
Junior subordinated debentures	\$ 10,310	\$ 10,310	0.00 %	\$ 10,310	\$ 10,310	\$ 10,310
Stockholders' equity (excludes accumulated other comprehensive income or loss.)	\$ 95,748	\$ 89,147	7.40 %	\$ 91,968	\$ 85,438	\$ 79,839

Stock Value Per Common Share Information	For The Six Months Period Ended June 30,			For The Years Ended December 31,		
	2019	2018	% Chg	2018	2017	2016
Price/earnings ratio	10.3	12.2	(15.57) %	11.8	12.8	10.1
Stock price—High	\$ 36.00	\$ 37.05		\$ 37.95	\$ 31.00	\$ 30.00
Low	\$ 30.96	\$ 31.25		\$ 30.01	\$ 28.00	\$ 23.00
Ending	\$ 31.50	\$ 37.00	(14.86) %	\$ 32.00	\$ 30.75	\$ 30.00
Book value per common share	\$ 30.99	\$ 28.87	7.34 %	\$ 29.79	\$ 27.67	\$ 25.87
Price/book value per common share	1.02	1.28	(20.31) %	1.07	1.11	1.16
Common shares outstanding	3,089,773	3,087,488		3,087,488	3,087,488	3,085,986

## Financial Highlights (Ongoing Operations excluding First Bankers Trust Services)

Income Statement Data	For The Three Months Period Ended June30,			For the Six Month Period Ended June 30,		
	2019	2018	% Chg	2019	2018	% Chg
Net interest income	\$ 6,373	\$ 6,410	(0.58) %	\$ 12,817	\$ 12,977	(1.23) %
Provision for loan losses	400	2,175	(81.61) %	1,400	2,550	(45.10) %
Noninterest income	1,809	1,714	5.54 %	3,365	3,277	2.69 %
Noninterest expense	5,841	5,198	12.37 %	11,072	10,400	6.46 %
Income taxes	390	49	695.92 %	702	593	18.38 %
Net Income	\$ 1,551	\$ 702	120.94 %	\$ 3,008	\$ 2,711	10.96 %

Balance Sheet	At June 30,		
	2019	2018	% Chg
Assets	\$ 945,691	\$ 925,892	2.14 %
Investment securities	\$ 354,118	\$ 351,649	0.70 %
Loans, net of unearned income	\$ 490,456	\$ 506,409	(3.15) %
Deposits	\$ 739,677	\$ 735,076	0.63 %
Short-term and other borrowings	\$ 95,375	\$ 97,741	(2.42) %
Junior subordinated debentures	\$ 10,310	\$ 10,310	0.00 %
Stockholders' equity (excludes accumulated other comprehensive income or loss)	\$ 89,078	\$ 81,909	8.75 %