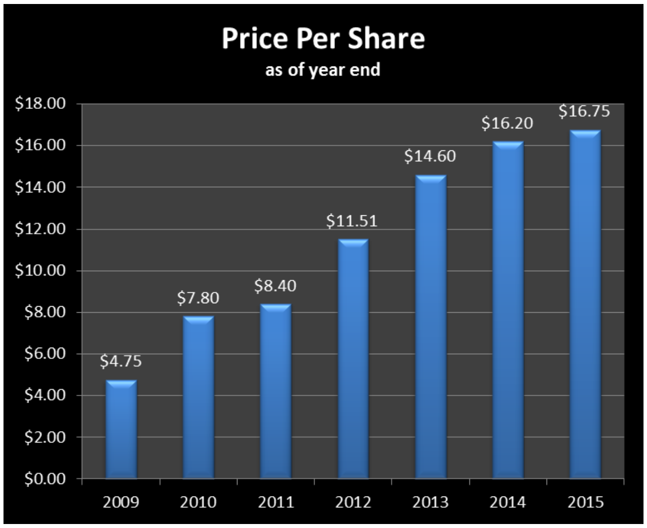
2015
ANNUAL REPORT

First BancTrust Corporation

Today, Tomorrow, Together

FINANCIAL HIGHLIGHTS



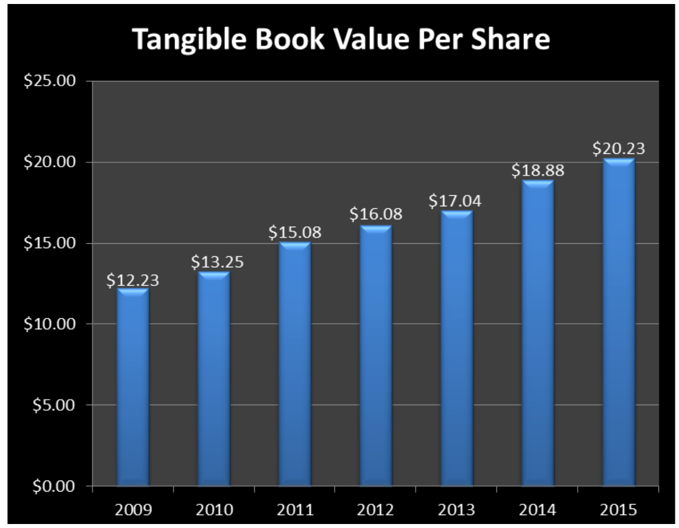
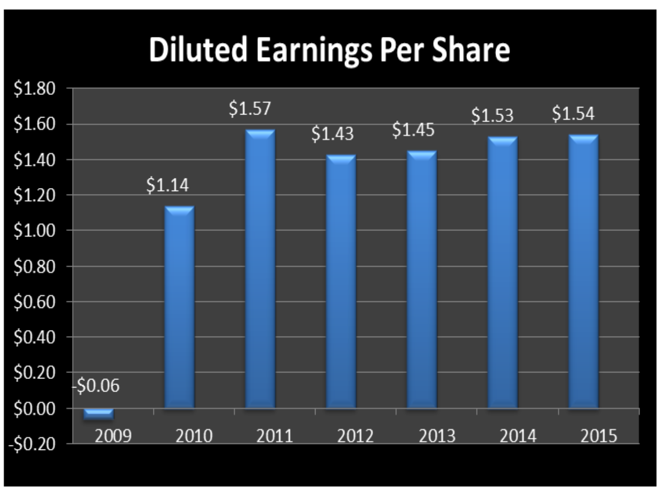


Chart 1

Chart 2

Chart 1 illustrates the movement in the Company's price per share over the past seven year ends. The price of your stock has exhibited a pattern of consistent increase over this time period. During the same period, tangible book value per share (Chart 2) has shown consistent growth year over year.



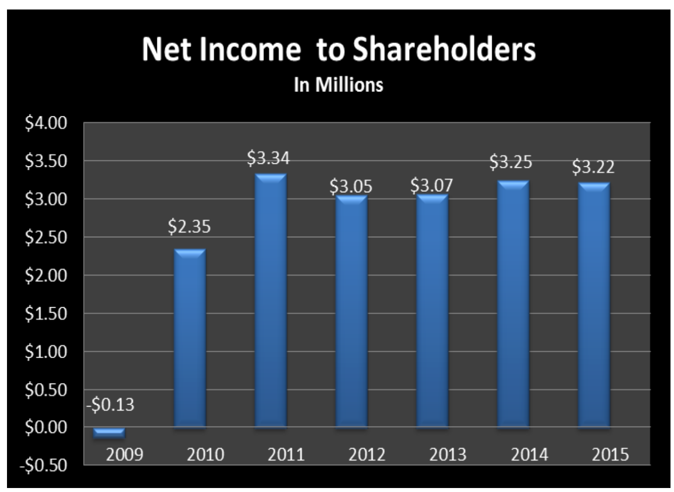


Chart 3

Chart 4

Charts 3 and 4 illustrate the key metrics that continue to drive shareholder value. Chart 3 illustrates a most basic measure of shareholder return in diluted earnings per share while Chart 4 projects a consistent year over year net income generation during a period of extensive infrastructure buildout.

FBTC

March 2, 2016

Dear Fellow Shareholders,

As we ended another successful year, earnings were consistent with last year as we reported $3.2 million in net income or $1.54 per diluted common share. Our organic growth continued this year with healthy loan growth of 6.83% while deposits expanded at a somewhat lesser extent increasing by 3.52% year over year. Noninterest expenses were elevated from the prior year primarily due to the branch addition in Champaign, our most vibrant market. While this initial investment lowers our short term return, it will be more than offset by the long term value generated by this strategic action.

Of utmost importance to the Board and management is the ongoing prudent capital management for the benefit of our shareholders. Sustaining proper capital levels that are consistent with and supportive of our organic growth initiatives remains a top priority. In addition, we have returned significant capital to our shareholders through stock repurchases and dividends. Given our strong capital position, we remain committed to returning additional capital to our shareholders when prudent.

This remains a very challenging time for our industry and community banks in particular. The number of Illinois banks declined by 27 in 2015 and the number continue to decrease each quarter. The regulatory environment continues to be more expansive and as a result, the cost of doing business continues to rise. Competition from the remaining banks and other financial service providers continues to intensify. At the heart of our business is the community bank philosophy that governs how we serve our customers and communities. We live and work in the same communities as our customers, and as such, are able to anticipate their financial needs and can respond by providing the appropriate products and services with the elevated level of service which has become synonymous with community banking.

With this concept firmly in mind, we are undertaking a “Commitment to Service” initiative in 2016. While financial products and services are somewhat commoditized, we intend to differentiate ourselves from the competition by improving the level of service to our customers, knowing that if our customers prosper, we will also prosper. We understand that our customers have an unlimited number of options to fulfill their financial needs and by providing exceptional service, we intend to rise above our competitors as the clear choice.

As we continue to grow and evolve in the banking universe, we do so with the knowledge that our customers look to us to be their stable financial partner to help them achieve their financial goals and we will not disappoint them. On behalf of our Board of Directors and management team, I would like to express our deep appreciation to you, our shareholders for your continued loyal support.

Sincerely,

Jack R. Franklin
President and Chief Executive Officer

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"Safe Harbor" Statement

In addition to historical information, forward-looking statements are contained herein that are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. The forward-looking statements are identifiable by the use of the terms "believes," "expects," "anticipates," "estimates," or similar expressions. Factors that could cause future results to vary from current expectations, include, but are not limited to, the impact of economic conditions (both generally and more specifically in the markets in which the Company operates); the impact of competition for the Company's customers from other providers of financial services; the impact of government legislation and regulation (which changes from time to time and over which the Company has no control); and other risks detailed in this Annual Report. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Financial Overview

First Bank and Trust, IL, also known as First Bank, is an Illinois-chartered bank, which currently operates offices in Paris, Marshall, Savoy, Rantoul, Champaign, and Martinsville, Illinois. First Bank is the principal operating subsidiary of First BancTrust Corporation ("The Company"). The Company is a financial services holding company chartered in the state of Delaware. Our primary business activities are concentrated on providing financial services to households, agriculture, and small businesses in east-central Illinois through First Bank. These activities are supplemented by the activities of our other operating subsidiary, ECS Service Corporation doing business as Edgar County Title Company which provides abstracting and land title insurance and closing agency services from its office in Paris, Illinois. In September, 2009, ECS Service Corporation expanded to open a second title and abstracting services company, Cornerstone Community Title Company, in Marshall, Illinois. The remaining subsidiary company, First Charter Service Corporation, which had been inactive since the latter part of 2004, was reorganized in 2011 to provide crop insurance products to the Bank's agricultural customers.

In 2015, net income was $3.2 million, which was virtually equal to 2014 net income, while diluted earnings per share for 2015 inched up a cent from the $1.53 per diluted share for 2014 to $1.54 per diluted share for 2015. Total assets experienced a modest increase of $16.5 million or 3.8% to $450.3 million at December 31, 2015 from $433.8 million at December 31, 2014. Total loans, net of allowance for loan losses, increased by $22.3 million or 6.8% to $348.6 million at December 31, 2015 compared to $326.3 million at December 31, 2014. Total deposits, on the other hand, increased by $12.2 million to $359.5 million at December 31, 2015, compared to total deposits of $347.3 million at December 31, 2014.

Financial Condition

The $16.5 million increase in assets in 2015 was primarily attributable to an increase in the loan portfolio, and to a lesser effect, to an increase in available-for-sale securities, and was partially offset by an $8.7 million reduction in cash and cash equivalents. The overall increase in assets was predominantly funded by an increase in deposits, and by additional short-term borrowings in the form of Federal Funds purchased at year end.

Cash and cash equivalents decreased by $8.8 million or 41.39% from $21.2 million at December 31, 2014 to $12.4 million at December 31, 2015. Cash and due from banks increased slightly, while interest-bearing deposits decreased by $8.7 million from $16.8 million at December 31, 2014 to $8.1 million at December 31, 2015. Federal funds sold decreased $499,000 to the December 31, 2015 balance of $381,000, while interest-bearing time deposits in banks remained at a constant level of $1.2 million for both year ends. All time deposits are covered by FDIC insurance coverage in amounts less than the coverage limit of $250,000.

Available-for-sale securities at December 31, 2015 experienced a 4.7% increase of $2.6 million from the December 31, 2014 total of $56.0 million to the December 31, 2015 total of $58.6 million. Purchases of $20.6 million in available-for-sale investments consisted primarily of mortgage-backed securities and municipal and federal government agency bonds. The purchases were offset by $13.5 million generated by calls, maturities, and prepayments and premium amortization of $420,000. In addition, $3.9 million in available-for-sale securities were sold generating $40,000 in recognized gains. In the last twelve months, the market value of the securities portfolio in comparison to the carrying value remained relatively stable, only declining by $154,000 year over year. Held-to-maturity securities decreased $163,000 from $398,000 at December 31, 2014 to $235,000 at December 31, 2015 due to repayments on securities. The Company has the positive intent and ability to hold these securities until maturity.

Loans held for sale totaled $221,000 at December 31, 2014 compared to the December 31, 2015 balance of $463,445. Secondary market activity remained steady throughout the year with a significant increase in volume level in 2015 over 2014 activity as rates remained attractive to borrowers. Activity in 2014 was suppressed during the first quarter due to the harsh effect of winter weather in January and February of that year. Proceeds from loans sold during 2015 totaled $32.3 million compared to $17.1 million proceeds from secondary market loan sales in 2014. Loans sold during 2015 consisted of $23.6 million in single family residential mortgages sold primarily to Federal Home Loan Mortgage Corporation with servicing retained, and a few loans sold to Illinois Housing Development Authority servicing-released. In addition, several loan participations totaling $8.2 million were sold to other financial institutions relating to commercial real estate and farmland loans. Loans sold in 2014 consisted primarily of single family residential loans sold in the secondary market primarily to Federal Home Loan Mortgage Corporation with a few loans sold to Illinois Housing Development Authority, and one commercial loan participation sold to another financial institution.

The net loan portfolio increased by $22.3 million, or 6.8%, from $326.3 million at December 31, 2014 to $348.6 million at December 31, 2015. Gross loans increased by $22.3 million from $330.8 million at December 31, 2014 to $353.1 million at December 31, 2015, while the allowance for loan losses increased by $74,000 to $4.5 million at December 31, 2015.

The loan portfolio experienced a significant rise in the level of volume during 2015 although the proportionate mix of the portfolio remains well balanced across the segments. The increase in the loan portfolio was primarily a result of increases in residential real estate loans of $8.5 million, $3.9 million in commercial and agricultural real estate loans, and $6.9 million in commercial and industrial loans. In addition, agricultural production finance loans grew by $3.5 million and consumer loans increased $3.4 million, while construction loans decreased by $3.3 million. The $8.5 million increase in residential real estate loans resulted primarily from a $1.9 million increase in one-to-four family residential loans, and an increase in multifamily loans of $6.6 million. All markets expanded their loan portfolios as Edgar County experienced substantial growth of $11.0 million with the remaining increase was evenly split between Clark and Champaign counties. All markets, but especially the Champaign County market, continue to experience intense competition for quality credits.

At December 31, 2015 the allowance for loan losses was $4.5 million or 1.29% of the total loan portfolio compared to $4.5 million or 1.35% at December 31, 2014. The allowance for loan losses is a calculated estimate of inherent future losses contained within the loan portfolio based on conditions at this point in time. Net chargeoffs in 2015 of $506,000 were at normalized levels, while net chargeoffs of $218,000 in 2014 were at a ten-year low. Net chargeoffs in 2015 primarily consisted of $69,000 in residential mortgages and $151,000 in consumer loans, along with $148,000 in commercial and agricultural real estate and $139,000 in commercial and industrial loans. Non-performing loans, which include loans overdue by 90 days or more and nonaccrual loans, at December 31, 2015 totaled $2.0 million or 0.56% of total loans, compared to $1.2 million or 0.37% of total loans at December 31, 2014. Loans delinquent by 90 days or more and accruing at December 31, 2015 totaled $1.2 million compared to $762,000 at December 31, 2014, and primarily include residential real estate loans. Nonaccrual loans at December 31, 2015 total $771,000 compared to $470,000 at December 31, 2014, and primarily consist of $253,000 in one-to-four family residential mortgage loans, $247,000 in commercial real estate mortgage loans, $220,000 in farmland loans, and $51,000 in commercial and industrial loans.

The allowance for loan losses reflects management's analysis of the Company's loan portfolio based on information available at that time. Management meets at least quarterly to review the adequacy of the allowance for loan losses by classifying loans in compliance with regulatory classifications. Classified loans are individually evaluated to arrive at specific reserve levels for those loans, by determining an estimate of the collateral shortage. Once the specific portion for each loan is determined, management calculates an adjusted historical portion for each category of loans not classified based on a combination of loss history adjusted for factors including current national and local economic conditions, trends in delinquencies and chargeoffs, trends in volume, changes in underwriting standards, and industry conditions. While the current level of troubled loans has increased from 2014 in part due to the continued slow recovery of the overall economy, we monitor these borrowers closely on an individual basis to provide temporary relief when possible and to mitigate losses. We have the expectation that these current levels of troubled credits will continue in 2016, although with the volatility in the global economy, we may continue to experience a certain level of both commercial and consumer borrowers in financial distress. While chargeoffs for 2015 returned to more normalized levels after an exceedingly low level of losses in 2014 which was primarily due to a $211,000 recovery on a past commercial loss, we anticipate that we should continue to experience these stabilized levels of troubled loans and subsequent chargeoffs for the coming year. The Company continues its extensive internal credit review function for new credits as well as significant existing credits to identify potential weakness in borrowers or credits on a timely basis, and to ensure that the allowance is adequately funded.

While management believes that the allowance for loan losses is sufficient based on information currently available, no assurances can be made that future events, conditions, or regulatory directives will not result in increased provisions for loan losses or additional chargeoffs which may adversely affect net income.

Premises and equipment decreased by $460,000 from $11.7 million at December 31, 2014 to $11.2 million at December 31, 2015. This slight decrease primarily resulted from 2015 depreciation taken on existing fixed assets of $971,000, which was partially offset by purchases of premises and equipment totaling $512,000. The Company is in the process of refurbishing the currently unused second floor of the downtown Champaign building which when completed, will accommodate remote computer backup systems as well as providing additional training and conference rooms. In addition, the credit analysis department will be relocated to this facility which currently serves as the primary commercial loan origination center in Champaign County. The project is currently on schedule, and is expected to be completed in early spring 2016.

Federal Home Loan Bank stock remained stable at $2.6 million at December 31, 2015, and consists of two subclasses of stock, B1 activity stock and B2 membership stock, both with par value of $100 per share as designated in their Second Amended and Restated Capital Plan which was effective October 1, 2015. In the plan, Federal Home Loan Bank has defined membership stock requirement as the greater of 0.85% of the member's mortgage assets or $10,000. Stock activity thresholds designated by the Federal Home Loan Bank of Chicago will indicate the amount of B1 stock that can be held by member institutions. On October 1, the Plan converted capital stock supporting advances that exceeded the lesser of the members' membership requirement or $10,000 which allowed the exchange of $1,277,100 in B2 membership stock to B1 activity stock. Currently, the Company has $1.7 million of B1 stock which last paid a dividend rate of 2.50% in mid-November, and the remaining $880,000 is in B2 stock which last paid a dividend rate of 0.5% in mid-November.

Foreclosed assets held for sale remained relatively stable with the December 31, 2015 totaling $233,000 down $28,000 from the December 31, 2014 total of $261,000. Real estate and other property acquired in settlement of loans during 2015 totaled $165,000, compared to the prior year total of $385,000. Foreclosed assets at December 31, 2015 include two single family residential properties, one commercial real estate property, and other repossessed assets, primarily vehicles. Foreclosed assets are carried at the lower of cost or net realizable value.

Interest receivable remained stable at $2.5 million at both December 31, 2015 and December 31, 2014, with only a minimal change of $76,000. Deferred income taxes increased by $127,000 from $2.1 million at December 31, 2014 to $2.2 million at December 31, 2015 mostly due to a decrease in deferred tax liabilities primarily those associated with differences in book method and tax method of depreciation. Cash surrender value of life insurance increased by $269,000 from $7.7 million at December 31, 2014 to $8.0 million at December 31, 2015 primarily due to the increase in cash surrender value.

Loan servicing rights remained at $382,000 at December 31, 2015 as the amortization of loan servicing rights in 2015 of $209,000 was offset by the creation of new servicing rights of $209,000 in connection with loans sold in 2015. Loan servicing rights are carried at the lower of cost or current market value which is determined through a quarterly independent value of the servicing assets. At December 31, 2015, the independent valuation indicated that the fair value of the loan servicing rights to be $1.3 million.

Core deposit intangibles decreased by the amount of amortization of $49,000 during 2015 from the December 31, 2014 balance of $81,000 to the December 31, 2015 balance of $32,000. Goodwill remains on the books at $541,000, and other assets increased by $334,000 primarily due an increase in the level of prepaid income taxes.

Total liabilities at December 31, 2015 totaled $407.5 million, a $14.3 million increase compared to the December 31, 2014 total of $393.2 million. This 3.6% increase consisted primarily of a $12.2 million increase in deposits and by a $2.0 million increase in short term borrowings in the form of purchased Federal Funds.

Total deposits increased by $12.2 million from $347.3 million at December 31, 2014 to $359.5 million at December 31, 2015, a 3.5% increase. The overall deposit growth consisted of an $8.2 million increase in certificates of deposit, a $2.1 million increase in brokered time deposits, a $1.6 million increase in savings, NOW, and money market accounts, and by a minimal increase of $308,000 in demand accounts. Depositors have continued to remain in shorter-term maturities in this ongoing low rate environment with the persistent hope of rates rising in the near future, although to date the increases have been minimal. Brokered time deposits are generally used as a temporary funding source of funds, although occasionally they can also be used to supplement longer term funding needs if the rates are favorable compared to the deposit rates in local markets or rates on other borrowings. Internal policy defines acceptable levels of brokered policies as a percent of total deposits. The current level of non-core brokered deposits at the end of 2015 will allow us the flexibility to continue to use this cost-effective means as an alternative funding source.

The Company occasionally utilizes short-term borrowings through the purchase of Federal Funds in accordance with established agreements with correspondent banks to supplement temporary cash shortages incurred by the bank through normal operations. At December 31, 2015 short term borrowings which consisted of purchased Federal Funds totaled $2 million. The Company has obtained a line of credit with a financial institution for $1 million which is secured by 100% of the Bank's stock and is available to supplement temporary cash flow needs at the corporate level. This line of credit was unused and fully available at December 31, 2015.

Federal Home Loan Bank advances remained stable at $36.0 million at December 31, 2015 in comparison to December 31, 2014. A new five-year term advance for $2.0 million was negotiated in October, 2014 with a fixed rate of 1.89%. All other outstanding borrowings with Federal Home Loan Bank are convertible advances which are past the initial lock-out period, and are subject to potential conversion to an adjustable rate advance on a quarterly basis. The first maturity of $14 million will occur in September 2016, and then the remaining convertible advances will mature in 2017 and 2018, with the fixed-rate advance maturing in October, 2019. The Company has utilized the Federal Home Loan Bank to issue three public unit deposit letters of credit totaling $12.2 million as an alternate means of collateralizing public entity deposits which remain in effect at the end of 2015. All of the Federal Home Loan Bank advances are collateralized by a blanket pledge on all eligible one-to-four family loans, including first mortgages, second mortgages, and home equity lines of credit, and specific securities from the investment portfolio.

The junior subordinated debentures remained stable at $6.2 million, although quarterly interest rate adjustments occur based on the 90-day LIBOR rate. As of December 31, 2015, the interest rate on this debt issue was 2.21%, with the next rate adjustment date in March, 2016. The debentures allow for the optional repayment of principal in any amount at any interest payment date, and have a final maturity date of June 15, 2035.

Stockholders' equity increased by $2.3 million from $40.5 million at December 31, 2014 to $42.8 million at December 31, 2014. Retained earnings increased by net income of $3.2 million, which was offset by dividends paid to common shareholders of $429,000. Common stock of $22,000 and additional paid in capital of $6.3 million remained constant at December 31, 2015 in comparison to the prior year. Accumulated other comprehensive income decreased by $93,000 primarily as a result of a decrease in the market value of the available for sale securities portfolio. As part of a board approved repurchase plan to deploy stockholders' equity, 29,645 common shares of treasury stock were purchased in the open market during 2015 for $487,003 and remain in treasury at 2015 year end.

Results of Operations

Net income for 2015 of $3.2 million was virtually equal to prior year earnings with only a $22,000 decrease year over year. Diluted earnings per share was $1.54 for the year 2015 compared to $1.53 diluted earnings per share for the 2014 calendar year. Net interest income increased by $146,000 in 2015, while the provision for loan loss declined by $184,000 during the same time period. Total other noninterest income increased by $305,000 while income tax expense declined by $119,000 from the prior year, but were more than offset by an increase of $776,000 in noninterest expense in 2015.

Net interest income increased by $146,000 from $14.0 million for the year ended December 31, 2014 to $14.1 million for the year ended December 31, 2015. This was primarily a result of a $376,000 increase in interest income, partially offset by a $230,000 increase in interest expense. The $376,000 increase in total interest and dividend income was mainly attributable to an increase in loan interest income of $407,000 which was partially offset by a $40,000 reduction in interest income from securities. Total interest expense increased by $230,000 as a result of an increase in deposit interest expense of $194,000 as well as by an increase in interest expense from borrowings of $36,000. The increase in net interest income was most affected by the increase in volume in the average earning assets of $21.9 million from 2014 to 2015 while the volume of average earning liabilities also experienced a moderate increase of $12.9 million. Net interest margin decreased by 15 basis points to 3.40% for 2015 compared to 3.55% for 2014. Interest spread also decreased by 17 basis points from 3.45% in 2014 to 3.28% in 2015. The primary reason for these rate reductions is that the average rate earned on assets declined by 14 basis points, while the average rate paid on liabilities increased by 3 basis points.

The $407,000 increase in loan interest income from 2014 to 2015 resulted from an increase in the aggregate average loan balance of $19.6 million, which was partially offset by an average rate reduction of 16 basis points. The average rate earned from investments declined by 8 basis points while the average balance of investment portfolio increased slightly. The average balance of deposits with financial institutions increased $1.9 million while the rate earned on these deposits increased by 1 basis point. The average rate earned on Federal Home Loan Bank stock increased by 19 basis points while volume remained constant.

Total interest expense increased by $230,000 to $3.3 million for the year ended December 31, 2015. The primary reason for this increase was due to the increase in interest paid on deposits of $194,000, as well as by an increase in interest expense from borrowings of $36,000. The average balance of deposits increased $11.1 million, while the average rate paid on deposits increased by 4 basis points. Average borrowings in 2015 increased $1.8 million from 2014 average borrowings, while the average rate paid on borrowings decreased by 6 basis points from 2014 to 2015.

The provision for loan losses decreased from $764,000 for the year ended December 31, 2014 to $580,000 for the year ended December 31, 2015, a decrease of $184,000. The 2015 net chargeoffs of $506,000 was $288,000 greater than the 2014 net chargeoffs of $218,000 which were supplemented by a $211,000 recovery. Net losses incurred in 2015 included $148,000 on a restructured commercial real estate loan, $138,000 on losses associated with four commercial credits, $69,000 in losses associated with mortgage and home equity loans relating primarily to seven individual owner-occupied home loans, and $151,000 from losses on various consumer loans and overdrawn checking accounts. As the provision for loan losses is the funding vehicle for the allowance for loan losses, when the analysis of the allowance for loan losses indicates that higher levels are needed to absorb losses, this can result in extra expense to the provision to allocate to the allowance for loan losses. Conversely, if the existing allowance for loan losses is excessive compared to the levels indicated by the current analysis, then Management may elect to reduce or eliminate future provision amounts. During 2015 analysis of the loan portfolio and the associated risk as well as the existing levels of the allowance warranted a reduction in the monthly charge to the provision in comparison to the prior year. Management reviews the adequacy of the allowance for loan losses quarterly, and believes that its allowance is adequate; however, the Company cannot assure that future chargeoffs and/or provisions will not be necessary.

Total noninterest income increased by $305,000 from $4.0 million for the year ended December 31, 2014 to $4.3 million for the year ended December 31, 2015. The 7.7% increase resulted primarily from increases in net gains on loan sales, abstract and title fees, net loan servicing fees, and other income. Customer service fees decreased $245,000 primarily due to a decrease in non-sufficient fund and overdraft fee income. Other service charges and fees increased by $43,000 resulting primarily from increases in loan related fees from single family residential loans sold into the secondary market and consumer loan origination fees and charges, which was partially offset by a declines in debit card interchange fee income and commissions earned on the sale of crop insurance.

Net gains on loan sales increased 54.5% or $259,000 from $476,000 in 2014 to $735,000 in 2015, which is attributable to a significant increase in income generated in the sale of single family residential loans sold to Federal Home Loan Mortgage Corporation ("Freddie Mac") and Illinois Housing Development Authority ("IHDA"). Secondary market activity for single family residential loans experienced a $7.9 million increase in loan sales from the prior year. Total proceeds from single family residential loans sold in 2015 totaled $24.2 million compared to $16.3 million generated from the 2014 loan sales of single family residential loans. Loans sold during 2015 also included $8.2 million in commercial participations sold to correspondent banks. Net loan servicing fees increased by $100,000 to $404,000 for 2015 as the volume of single family residential loans serviced that are sold to Federal Home Loan Mortgage Corporation increased $4.9 million. In addition, commercial loans sold and serviced for other investors increased by $6.4 million. Total loans serviced for others at December 31, 2015 totaled $144.3 million compared to $133.0 million at December 31, 2014.

Net gains on the sales of available-for-sale securities in 2015 generated $40,000 in noninterest income. Four mortgage-backed securities with a book value of $3.9 million were sold during the year generating $40,000 in gains on the sale, with the proceeds reinvested in the available-for-sale securities portfolio.

Abstract and title fees increased by $22,000 from the 2014 total of $389,000 to the 2015 total of $411,000 primarily due to increases in abstracting fees and in commissions earned from the sale of title insurance. This is primarily due to the increased mortgage volume resulting from the additional level of secondary market activity in 2015 in comparison to 2014. The increase in cash surrender value of life insurance was minimal, while other noninterest income increased by $81,000 primarily from an increase in ATM fees over the prior year, and to a lesser extent, an increase in closing fees earned by the Title Company subsidiaries.

Total noninterest expense increased by $776,000 or 6.4% from 2014 to 2015 primarily due to increases in salaries and benefits, data processing fees, net occupancy expense, equipment expenses, and other expenses, partially offset by decreases in foreclosed assets expenses and amortization of loan servicing rights. Salaries and employee benefits expense increased $303,000 or 4.6% resulting from increases in salaries and related employment taxes primarily due to the addition of three full-time employees and two part-time employees associated with the new branch in Champaign, and to regular salary increases. In addition, the elevated personnel expenses were also attributable to the increases in health insurance premiums, training, and costs associated with temporary staffing.

Net occupancy expense rose by $131,000 in comparison to the prior year primarily due to building lease and related expenses associated with the additional Champaign location. Equipment expense increased by $78,000 as equipment and ATM depreciation was significantly elevated in comparison to the prior year due to a full year of depreciation on upgrades to computer equipment and ATMs that were implemented with the data processing conversion from 2014 as well as expenses associated with the new Champaign location. Data processing fees increased by $251,000 primarily due to a full year of data processing charges from the core processor on the new operating system with additional functionality and features and also due to discounts applied in 2014 to data processing fees from the new processor in the first months on the new system.

Professional fees remained relatively stable at $342,000 with only a $10,000 increase year over year. Foreclosed assets expense decreased $59,000 due to a full year of reduced levels of foreclosed residential properties held during 2015 and their related expenses. Marketing expense increased by $45,000, or 11.6% primarily due to promotional expenses associated with the opening of the new location. Amortization of loan servicing rights continued to decline, decreasing by $19,000 from 2014 to 2015 as the level of capitalized servicing rights remained stable due to the newly capitalized assets and amortization of loan servicing rights offsetting each other. Single family residential loans serviced for others at December 31, 2015 total $131.0 million. FDIC insurance premiums experienced a nominal decrease from 2014 to 2015, while other expenses increased by $43,000 or 3.1% primarily due to increased losses from debit card and check fraud and additional telecomm expenses associated with network connectivity in the new branch location.

Income tax expense decreased by $119,000 from $1.8 million for the year ended December 31, 2014 to $1.7 million for the year ended December 31, 2015. The decrease was primarily a result of a $141,000 decline in income before income tax for the year 2015 of $5.1 million in 2014 compared to $4.9 million for the year 2015, and to a lesser extent, the current year effect of changes in temporary tax differences for the year. The effective tax yield for 2015 was 34.4%, which is a slight decrease from the 2014 effective tax yield of 35.9%.

Net income was reduced by $22,000 for 2015 at $3.2 million from the 2014 net income of $3.2 million, which was a minimal 0.7% decline year over year. Earnings per share increased by 1 cent or 0.7% from $1.53 per share in 2014 compared to $1.53 per share in 2014, due to the reduction in the number of outstanding shares from 2014 to 2015 due to the purchase of 29,645 shares of treasury stock.

Summary

Income for the year of $3.2 million for 2015 was consistent with the $3.2 million net income of 2014. While the return on average assets for 2015 of 0.73% was slightly reduced from 0.77% the 2014 return on average assets, the return on average equity dropped from 8.40% for 2014 to 2015 return on average equity of 7.76%. The reduced return on equity ratio was a product of the stable level of net income divided by a 5.5% increased average level of stockholders' equity, while the change in return on assets was due to an equal income level and a $16.5 million or 3.8% increase in average assets. While overall net income was virtually unchanged from the prior year, there was a shift in the components of net income. Net interest income improved by $146,000 and total noninterest income recovered by $305,000 over 2014 levels, and while we also benefited from reductions in both the provision for loan losses and income tax expense, these positive factors were offset by an uncharacteristic 6.4% rise in noninterest expense over the previous year.

The $146,000 increase in net interest income was basically volume driven by the rise in average interest-bearing assets, primarily influenced by the $19.6 million rise in average loans in 2015, with a slight offset resulting from a reduction of 16 basis points in average rates earned on loans. Overall, interest-bearing assets increased by $21.9 million with slight increases in average balances of both investment securities and interest-bearing deposits with financial institutions. Average deposit balances also increased year over year by $11.1 million, with $9.2 million of this increase provided by a rise in the average balance of certificates of deposits. The effect of the bulk of the deposit increase being in the form of term deposits contributed to the 4 basis point increase in the average rate paid on deposits. The average balance of total interest-bearing liabilities increased by $12.9 million, with the remainder of the increase equally split between interest-bearing checking accounts and borrowings. Average rates paid on checking and savings accounts were stable year over year, while the cost of average borrowings experienced a 5 basis point reduction in average rate, which softened the effect of the rise in the cost of deposits to an overall 3 basis point increase in the cost of interest-bearing liabilities. The effect of the larger increase in asset volume with the overall drop in our average rates earned affecting income as well as the increase in rates paid affecting expense was to further compress our interest margin by 15 basis points for 2015. Interest margin, which is net interest income divided by average interest-earning assets for 2015 was 3.40% for 2015 compared to 3.55% for 2014, while interest spread, which is the average rate on interest-earning assets minus the average rate on interest-earning liabilities for 2015 was 3.28% compared to 3.45% for 2014.

Our core business continued to expand in 2015 with balanced growth in the loan portfolio. Net loans with growth of 22.3 million from December 31, 2014 to December 31, 2015, outpaced deposit growth of $12.2 million over the same time period. The loan portfolio growth was fairly evenly distributed among the different segments with no significant shifts in the portfolio composition. At December 31, 2015 approximately 37.6% of the portfolio consisted of residential loans, both single-family and multi-family property loans. Approximately 14.6% of the portfolio includes agricultural loans secured by farmland, and another 6.6% is in agricultural production finance loans. Commercial business and industrial loans comprise another 12.4% of the loan portfolio, and loans secured by commercial real estate loans are 15.9% of the overall loan portfolio. The balance of the portfolio is rounded out with consumer loans, construction loans, and other loans.

Overall average deposit balances increased by $12.2 million year over year, primarily due to increases in time deposits and brokered deposits, and, to a lesser extent, to an increase in savings, and NOW and money market checking accounts, and stable balances in demand deposits. Depositors have returned to investments in certificates of deposit in an attempt to pick up yield, but generally are reluctant to commit to terms in excess of one year at current market rates. While the average balance of time deposits did increase by $9.2 million for the year, average brokered time deposits increased by $1.6 million, with the balance of the growth in the retail market. The average rate paid on all time deposits increased by 7 basis points year over year, while interest-bearing demand deposits experienced a 1 basis point reduction for the same time period. With the majority of the deposits in liquid demand or savings accounts, or in short-term time deposits, any rise in the rate environment may impact the margin with further compression. In addition, competition for deposits has intensified as banks search for new customer relationships and funding sources.

During 2015 as in recent years, we experienced competitive pressures regarding both existing and potential quality credits in the loan portfolio. Competition for quality credits remains very intense as many financial institutions aggressively search for quality loans to add to the loan portfolio balance. Loan demand remains brisk, with the credit review department evaluating potential new credits by conducting an independent analysis of the borrower's financial position and cash flows. Furthermore, they also review all significant credits annually to monitor and identify any credits which experience significant change in the level of risk. In addition, a third-party review of all significant credit relationships is conducted annually to ensure proper classification.

The quality of the loan portfolio remains high, although the non-performing loan ratio of 0.56% at the end of 2015 was slightly higher than the 0.37% at 2014 year end. The non-performing loan ratio is identified as the sum of loans which are more than 90 days delinquent and loans which have been placed on non-accrual status divided by the total loan portfolio. In addition, while net chargeoffs of $506,000 were elevated from the ten-year low chargeoffs of $218,000 for 2014, they were comparable to pre-recessionary levels. At December 31, 2015 the allowance for loan losses was 1.29% of the loan portfolio or $4.5 million. With the sustained improvement in the overall quality of the loan portfolio, we were able to continue the reduced monthly expense for provision for loan losses for 2015. We anticipate that the lower monthly levels to the provision for 2016 will be sufficient to ensure that loan growth is supported by adequate levels of the allowance for loan losses. We will continue to evaluate the loan portfolio quarterly to ensure that the allowance for loan losses continues to be adequately funded. Methodology for determining adequate levels of the allowance for loan and lease losses will be undergoing some major changes as the Financial Accounting Standards Board ("FASB") is in the final stages of adopting the Current Expected Credit Loss ("CECL") Model and the adoption dates associated with this new standard. The new CECL model will require a much more in-depth analysis for the credit loss estimation using specific qualitative and quantitative factor forecasting which will require more detailed analysis of expected cash flows and credit loss estimation. This change in philosophy will affect all banks and may require us to increase our levels of the allowance for loan losses at some point in the future as the new methodology is phased in.

Noninterest income increased over the prior year primarily due to income generated both directly and indirectly from secondary market activity. Mortgage loan demand was steady throughout the year primarily due to an increase in real estate transfers as unemployment levels in all of our markets continued to improve, and as borrowers took advantage of a still attractive interest rate environment. The volume of residential mortgages sold into the secondary market was up 50% over 2014 levels, which resulted in a substantial increase in gains on loan sales and as well as increases in related loan fees and abstract and title income. Mortgage disclosure rules changed in October as the Consumer Financial Protection Bureau modified disclosures of mortgage terms and placed time constraints on when the disclosures must be sent to the borrowers, which generally lengthens the time period from application to closing.

We increased our footprint in Champaign County with the addition of a branch on the west side of Champaign which opened in early February, 2015. For 2015 and beyond, this will further balance our presence in Champaign County and allow more servicing options for both new and existing customers. The branch is located adjacent to areas of recent residential growth and development in Champaign. As of December 31, 2015, this branch had accumulated $8.2 million in deposits, the majority of which were term deposits. In addition, this location originated $4.3 million of the home loans in 2015 which were sold into the secondary market, as well as $1.2 million in other consumer loans, primarily home equity lines of credit.

The expenses associated with the establishment and promotion of the new Champaign branch location did cause a spike in the level of noninterest expense in 2015 in comparison to 2014 expenses. The new leased facility is located in a commercial retail area, and employs three full-time and two part-time employees. As we get established in this location, we expect to reap the reward of our investment through the establishment of additional customer relationships.

As we began the year, we were still familiarizing ourselves with the features of our new core processing system which was implemented in August 2014. The new system is all-encompassing as it has eliminated many third-party vendors and products which had been interfaced into the prior data processing system. We are now able to offer more sophisticated mobile and internet banking to our customer base. In addition, as part of an initiative to mitigate fraud, we have been able to allow our debit card customers the ability to receive immediate text and email alerts when debit card transactions are initiated, and also the functionality to temporarily disable a debit card. This allows the account holder greater flexibility in controlling access channels used by the debit card network which can prevent the occurrence of unauthorized transactions. In 2016 we will be restructuring our deposit products to simplify the number of products offered, and to incorporate features of the new system into the structure. In addition, we are undertaking a customer service training initiative for the entire employee base to ensure consistent stellar customer service.

We continue to look for efficiencies and other economies to control expenses, without compromising our high level of customer service. In addition, we explore new revenue sources to supplement compressing interest margins, and to fulfill the financial needs of our customers in an efficient manner with cutting edge technology.

The employees, officers and directors remain committed to the enhancement of share value for you, our shareholders, through continued positive financial performance. The sustained levels of performance continue to be reflected by an increase in the common share market price. At year end, the price per common share of $16.75 was 3.4% greater than the prior year end of $16.20, and the average share price for 2015 of $16.27 was 8.5% in excess of the average price for 2014 of $15.00. Book value per share has also appreciated to $20.51 at the end of 2015 compared to $19.17 at the end of 2014. We announced a renewal of the share repurchase program in late December 2015 whereby the Corporation is authorized to repurchase up to five percent of the Company's outstanding shares in the open market to promote trading activity for our stock. Under the prior repurchase program we repurchased 29,645 shares during 2015 prior to its expiration in late November 2015 to supplement trading volume. The average daily volume of stock activity for 2015 was 1,673 shares per market trading day compared to an average daily volume of 1,123 per market trading day for 2014. As planned, we were able to again increase our dividend level in 2015 to $0.20 cents per share compared to $.14 cents per share for 2014. We intend to continue this course of action in 2016 until dividends are restored to pre-recession levels. We are grateful for your confidence and support, and remain vigilant to protect your investment in our Company.

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CPAs & Advisors

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Independent Auditor's Report

Board of Directors
First BancTrust Corporation
Paris, Illinois

We have audited the accompanying consolidated financial statements of First BancTrust Corporation (Company), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First BancTrust Corporation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Decatur, Illinois
February 26, 2016

First BancTrust Corporation
Consolidated Balance Sheets
December 31, 2015 and 2014

Assets

	2015	2014
Cash and due from banks	$ 3,952,823	$ 3,520,446
Interest-bearing deposits	8,090,590	16,751,503
Federal funds sold	381,033	880,237
Cash and cash equivalents	12,424,446	21,152,186
Interest-bearing time deposits in banks	1,245,000	1,245,000
Available-for-sale securities	58,621,816	55,969,830
Held-to-maturity securities (fair value of $242,028 and $416,450)	235,038	398,469
Loans held for sale	463,445	221,000
Loans, net of allowance for loan losses of $4,549,590 and $4,475,702 at December 31, 2015 and 2014	348,567,981	326,293,940
Premises and equipment, net of accumulated depreciation of $8,963,594 and $8,035,646 at December 31, 2015 and 2014	11,210,998	11,670,537
Federal Home Loan Bank stock	2,610,490	2,610,490
Foreclosed assets held for sale, net	232,730	261,374
Interest receivable	2,526,318	2,450,615
Deferred income taxes	2,186,321	2,059,292
Loan servicing rights	382,139	381,477
Cash surrender value of life insurance	8,012,560	7,743,336
Goodwill	541,474	541,474
Core deposit intangibles	31,985	80,580
Other assets	1,006,088	671,741
Total assets	$ 450,298,829	$ 433,751,341

See Notes to Consolidated Financial Statements

Liabilities and Stockholders' Equity

	2015	2014
Liabilities		
Deposits		
Demand	$ 35,421,888	$ 35,113,798
Savings, NOW, and money market	140,478,375	138,908,271
Time	175,194,148	166,973,544
Brokered time	8,370,735	6,254,406
Total deposits	359,465,146	347,250,019
Short-term borrowings	2,000,000	—
Federal Home Loan Bank advances	36,000,000	36,000,000
Junior subordinated debentures	6,186,000	6,186,000
Advances from borrowers for taxes and insurance	386,166	395,367
Interest payable	350,335	330,962
Other liabilities	3,154,035	3,046,658
Total liabilities	407,541,682	393,209,006
Stockholders' Equity		
Common stock, $.01 par value; authorized 5,000,000 shares; issued – 2,114,761 shares; outstanding 2015 – 2,085,116 and 2014 – 2,114,761 shares	21,664	21,664
Additional paid-in capital	6,282,944	6,282,944
Retained earnings	36,974,268	34,179,589
Accumulated other comprehensive income (loss)	(34,726)	58,138
Treasury stock, at cost 2015 – 29,645 shares and 2014 – 0 shares	(487,003)	—
Total stockholders' equity	42,757,147	40,542,335
Total liabilities and stockholders' equity	$ 450,298,829	$ 433,751,341

First BancTrust Corporation

Consolidated Statements of Income

Years Ended December 31, 2015 and 2014

	2015	2014
Interest Income		
Loans, including fees		
Taxable	$ 16,054,283	$ 15,644,433
Tax-exempt	33,587	36,910
Securities		
Taxable	864,051	975,385
Tax-exempt	414,168	342,941
Deposits with financial institutions and other	55,522	46,183
Total interest income	17,421,611	17,045,852
Interest Expense		
Deposits	1,797,795	1,603,964
Federal Home Loan Bank advances and other debt	1,477,003	1,441,067
Total interest expense	3,274,798	3,045,031
Net Interest Income	14,146,813	14,000,821
Provision for Loan Losses	580,000	764,450
Net Interest Income After Provision for Loan Losses	13,566,813	13,236,371
Noninterest Income		
Customer service fees	571,977	816,693
Other service charges and fees	1,464,752	1,422,023
Net gains on loan sales	735,410	475,916
Net realized gains on sales of available-for-sale securities	40,360	—
Loan servicing fees	403,554	303,642
Brokerage fees	21,389	20,539
Abstract and title fees	410,697	388,902
Increase in cash surrender value of life insurance	269,224	266,246
Other	353,899	272,522
Total noninterest income	4,271,262	3,966,483

See Notes to Consolidated Financial Statements

	2015	2014
Noninterest Expense		
Salaries and employee benefits	$ 6,929,906	$ 6,627,232
Occupancy	1,023,501	892,766
Equipment	1,004,080	926,317
Data processing	1,198,458	947,506
Professional	341,608	331,575
Foreclosed assets expense, net	(9,411)	49,432
Marketing	432,955	387,791
Printing and office supplies	138,558	142,377
Amortization of loan servicing rights	208,541	227,646
Deposit insurance premiums	251,620	254,427
Other	1,399,003	1,355,762
Total noninterest expense	12,918,819	12,142,831
Income Before Income Taxes	4,919,256	5,060,023
Provision for Income Taxes	1,695,950	1,814,528
Net Income	$ 3,223,306	$ 3,245,495
Basic Earnings per Share	$ 1.54	$ 1.53
Diluted Earnings Per Share	$ 1.54	$ 1.53

First BancTrust Corporation
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2015 and 2014

	2015	2014
Net Income	$ 3,223,306	$ 3,245,495
Other Comprehensive Income (Loss)		
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes of $(46,318) and $562,241 for 2015 and 2014, respectively	(67,504)	832,899
Less: Reclassification adjustment for realized gains included in net income, net of taxes of $15,787 and $0 for 2015 and 2014, respectively	24,573	—
Change in defined benefit pension plan (gains) and losses, prior service costs or credits and transition assets or obligations, net of taxes of $(551) and $28,883 for 2015 and 2014, respectively	(787)	42,786
	(92,864)	875,685
Comprehensive Income	$ 3,130,442	$ 4,121,180

See Notes to Consolidated Financial Statements

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First BancTrust Corporation

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2015 and 2014

	Common Stock		Additional Paid-in
	Shares	Amount	Capital
Balance, January 1, 2014	2,114,761	$ 21,664	$ 6,282,944
Net income	—	—	—
Other comprehensive income	—	—	—
Dividends on common stock, $.14 per share	—	—	—
Balance, December 31, 2014	2,114,761	21,664	6,282,944
Net income	—	—	—
Other comprehensive income (loss)	—	—	—
Dividends on common stock, $.20 per share	—	—	—
Purchase of treasury stock (29,645 shares)	—	—	—
Balance, December 31, 2015	2,114,761	$ 21,664	$ 6,282,944

See Notes to Consolidated Financial Statements

Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
$ 31,230,160	$ (817,547)	—	$ 36,717,221
3,245,495	—	—	3,245,495
—	875,685	—	875,685
(296,066)	—	—	(296,066)
34,179,589	58,138	—	40,542,335
3,223,306	—	—	3,223,306
—	(92,864)	—	(92,864)
(428,627)	—	—	(428,627)
—	—	(487,003)	(487,003)
$ 36,974,268	$ (34,726)	$ (487,003)	$ 42,757,147

First BancTrust Corporation

Consolidated Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	2015	2014
Operating Activities		
Net income	$ 3,223,306	$ 3,245,495
Items not requiring (providing) cash		
Depreciation and amortization	970,714	881,859
Provision for loan losses	580,000	764,450
Gain on foreclosed assets, net	(23,010)	(9,422)
Other-than-temporary impairment on foreclosed assets	13,500	—
Gain on disposal of premises and equipment	(11,919)	(5,000)
Amortization of premiums and discounts on securities, net	419,916	485,225
Amortization of loan servicing rights	208,541	227,646
Deferred income taxes	(65,475)	(169,111)
Amortization of intangible assets	48,595	68,760
Net realized gains on available-for-sale securities	(40,360)	—
Net gain on loan sales	(735,410)	(475,916)
Loans originated for sale	(32,060,976)	(16,932,822)
Proceeds from sales of loans originated for sale	32,344,738	17,055,352
Increase in cash surrender value of life insurance	(269,224)	(266,246)
Changes in		
Interest receivable	(75,703)	66,795
Other assets	(334,347)	225,507
Interest payable	19,373	45,778
Other liabilities	107,141	346,575
Net cash provided by operating activities	4,319,400	5,554,925
Investing Activities		
Purchases of available-for-sale securities	(20,622,880)	(9,303,190)
Proceeds from maturities of available-for-sale securities	13,516,098	10,374,799
Proceeds from sales of available-for-sale securities	3,921,027	—
Proceeds from maturities of held-to-maturity securities	163,462	202,668
Net change in loans	(23,019,276)	(21,614,103)
Proceeds from sales of foreclosed assets	203,389	1,125,414
Purchase of premises and equipment	(511,956)	(725,558)
Proceeds from disposal of premises and equipment	12,700	5,000
Net cash used in investing activities	(26,337,436)	(19,934,970)

See Notes to Consolidated Financial Statements

	2015	2014
Financing Activities		
Net increase in demand deposits, money market, NOW and savings accounts	$ 1,878,194	$ 8,187,425
Net increase in time and brokered time deposits	10,336,933	12,139,934
Net change in short-term borrowings	2,000,000	—
Proceeds from issuance of Federal Home Loan Bank advances	4,500,000	2,000,000
Repayment of Federal Home Loan Bank advances	(4,500,000)	—
Net change in pass through payments received on loans sold	—	(81,111)
Net change in advances from borrowers for taxes and insurance	(9,201)	14,219
Dividends paid on common stock	(428,627)	(296,066)
Purchase of treasury stock	(487,003)	—
Net cash provided by financing activities	13,290,296	21,964,401
Increase (Decrease) in Cash and Cash Equivalents	(8,727,740)	7,584,356
Cash and Cash Equivalents, Beginning of Year	21,152,186	13,567,830
Cash and Cash Equivalents, End of Year	$ 12,424,446	$ 21,152,186
Supplemental Cash Flows Information		
Interest paid	$ 3,255,425	$ 2,999,253
Income taxes paid (net of refunds)	$ 2,143,318	$ 1,705,279
Real estate and other property acquired in settlement of loans	$ 165,235	$ 385,074

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

First BancTrust Corporation (Company) is a financial holding company whose principal activity is the ownership and management of its wholly-owned subsidiaries, First Bank & Trust, IL (Bank), ECS Service Corporation, and First Charter Service Corporation. FBTC Statutory Trust I (Trust) is an unconsolidated wholly owned subsidiary of the Company. The Trust was formed to issue cumulative preferred securities. The Company owns all of the securities of the Trust that possess general voting powers. The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in East Central Illinois. The Company also provides title services through its subsidiary, ECS Service Corporation. The Company also has a subsidiary, First Charter Service Corporation, which provides crop insurance to agricultural customers in the market area. The Company and Bank are subject to competition from other financial institutions. The Company and Bank are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, Bank, ECS Service Corporation, and First Charter Service Corporation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

Material estimates that are particularly susceptible to significant change are the determination of the allowance for loan losses, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, fair values of financial instruments and valuation of loan servicing rights.

Cash Equivalents and Credit Risk

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consisted primarily of interest and noninterest-bearing cash accounts and federal funds sold.

At December 31, 2015, the Company’s cash accounts exceeded federally insured limits by approximately $372,700.

Interest-bearing Time Deposits in Banks

Interest-bearing time deposits in banks mature within terms of one to eight months and are carried at cost, which approximates fair value. The Company's interest bearing deposits are held at various financial institutions and are covered under the FDIC insurance limits as the individual balances are below $250,000.

Securities

Certain debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity, including equity securities with readily determinable fair values, are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

For debt securities with fair value below amortized costs when the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income (loss). For held-to-maturity debt securities, the amount of an other-than-temporary impairment recorded in other comprehensive income (loss) for the noncredit portion of a previous other-than-temporary impairment is amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

For equity securities, when the Company has decided to sell an impaired available-for-sale security and the entity does not expect the fair value of the security to fully recover before the expected time of sale, the security is deemed other-than-temporarily in the period in which the decision to sell is made. The Company recognizes an impairment loss when the impairment is deemed other than temporary even if a decision to sell has not been made.

Loans Held for Sale

The Company currently sells one-to-four family residential loans primarily to the Federal Home Loan Mortgage Corporation and Illinois Housing Development Authority.

Loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to noninterest income. Gains and losses on loan sales are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for loan losses and any unamortized deferred fees or costs on originated loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the collateral value of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Groups of loans with similar risk characteristics, including individually evaluated loans not determined to be impaired, are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment measurements.

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated using the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

The estimated useful lives for each major depreciable classification of premises and equipment are as follows:

Buildings and improvements	35-40 years
Leasehold improvements	5-10 years
Equipment	3-5 years

Federal Home Loan Bank Stock

Federal Home Loan Bank (FHLB) stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at net realizable value. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

Core Deposit Intangibles

Core deposit intangibles are being amortized on the straight-line and accelerated basis over periods ranging from five to ten years. Such assets are periodically evaluated to the recoverability of their carrying value.

Loan Servicing Rights

Loan servicing assets are recognized separately when rights are acquired through purchase or through sale of financial assets. Under the servicing assets and liabilities accounting guidance, Accounting Standards Codification (ASC) Topic 860-50, servicing rights resulting from the sale or securitization of loans originated by the Company are initially measured at fair value at the date of transfer. The Company subsequently measures each class of servicing asset using either the fair value or the amortization method. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based on fair value at each reporting date.

Each class of separately recognized servicing assets subsequently measured using the amortization method are evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. Changes in valuation allowances are reported with noninterest expense on the income statement. Fair value in excess of the carrying amount of servicing assets for that stratum is not recognized.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

Company-owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Company-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company—put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment.

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

The Company files a consolidated income tax return with its subsidiaries.

Earnings Per Share

Basic earnings per share represents net income divided by the weighted-average number of common shares outstanding less nonvested incentive plan shares during each period. Diluted earnings per share reflects additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance.

Treasury stock shares are not deemed outstanding for earnings per share calculations.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss), net of applicable income taxes. Other comprehensive income (loss) includes unrealized appreciation (depreciation) on available-for-sale securities and changes in the funded status of defined benefit pension plans.

Note 2: Securities

The amortized cost and approximate fair values, together with gross unrealized gains and losses, of securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
December 31, 2015:				
U.S. Government and federal agency and Government-sponsored enterprises (GSEs)	$ 1,983,685	$ —	$ (4,605)	$ 1,979,080
Mortgage-backed, GSE residential	41,153,972	404,144	(451,981)	41,106,135
State and political subdivisions	15,369,459	253,826	(215,937)	15,407,348
Equity securities	117,253	12,000	—	129,253
	$ 58,624,369	$ 669,970	$ (672,523)	$ 58,621,816
December 31, 2014:				
Mortgage-backed, GSE residential	$ 41,915,418	$ 612,198	$ (499,436)	$ 42,028,180
State and political subdivisions	13,901,657	299,034	(270,407)	13,930,284
Equity securities	1,126	10,240	—	11,366
	$ 55,818,201	$ 921,472	$ (769,843)	$ 55,969,830

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held-to-maturity securities:				
December 31, 2015:				
Mortgage-backed, GSE residential	$ 235,038	$ 6,990	$ —	$ 242,028
December 31, 2014:				
Mortgage-backed, GSE residential	$ 398,469	$ 17,981	$ —	$ 416,450

The amortized cost and fair value of available-for-sale and held-to-maturity securities at December 31, 2015, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Adjusted Carrying Value	Fair Value
Within one year	$ 1,570,228	$ 1,608,088	$ —	$ —
One to five years	6,519,550	6,571,080	—	—
Five to ten years	2,989,497	3,065,858	—	—
Over ten years	6,273,869	6,141,402	—	—
	17,353,144	17,386,428	—	—
Mortgage-backed, GSE residential	41,153,972	41,106,135	235,038	242,028
Equity securities	117,253	129,253	—	—
Totals	$ 58,624,369	$ 58,621,816	$ 235,038	$ 242,028

The carrying value of securities pledged as collateral, to secure public deposits, Federal Home Loan Bank advances and for other purposes, was $13,928,000 at December 31, 2015 and $13,334,600 at December 31, 2014.

Gross gains of $48,129 resulting from sales of available-for-sale securities were realized for 2015. Gross losses of $7,769 resulting from sales of available-for-sale securities were realized for 2015. There were no gross gains or losses resulting from sales of available-for-sale securities realized for 2014.

Certain investments in debt and marketable equity securities are reported in the consolidated financial statements at an amount less than their historical cost. Total fair value of these investments at December 31, 2015 and 2014, was $36,026,748 and $27,926,725, which is approximately 61% and 50%, respectively, of the Company’s investment portfolio. These declines primarily resulted from recent increases in market interest rates.

Management believes the declines in fair value for these securities are temporary.

The following table shows the Company's investments' gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2015 and 2014:

Description of Securities	Less Than 12 Months Fair Value	Less Than 12 Months Unrealized Losses	12 Months or More Fair Value	12 Months or More Unrealized Losses	Total Fair Value	Total Unrealized Losses
December 31, 2015:						
U.S. Government agencies	$ 1,979,080	$ (4,605)	$ —	$ —	$ 1,979,080	$ (4,605)
Mortgage-backed, GSE residential	20,889,761	(157,861)	8,811,132	(294,120)	29,700,893	(451,981)
State and political subdivisions	1,416,204	(20,162)	2,930,571	(195,775)	4,346,775	(215,937)
Total temporarily impaired securities	$24,285,045	$ (182,628)	$11,741,703	$ (489,895)	$36,026,748	$ (672,523)
December 31, 2014:						
Mortgage-backed, GSE residential	$ 1,453,162	$ (4,391)	$21,157,143	$ (495,045)	$22,610,305	$ (499,436)
State and political subdivisions	1,859,458	(21,616)	3,456,962	(248,791)	5,316,420	(270,407)
Total temporarily impaired securities	$ 3,312,620	$ (26,007)	$24,614,105	$ (743,836)	$27,926,725	$ (769,843)

U.S. Government Federal Agencies

The unrealized losses on the Company's investments in obligations of U.S. government and its agencies were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015.

Mortgage-backed, GSE Residential

The unrealized losses on the Company's investment in mortgage-backed, GSE residential securities were caused by interest rate increases. The Company expects to recover the amortized cost basis over the term of the securities. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015.

State and Political Subdivisions

The unrealized losses on the Company's investments in securities of state and political subdivisions were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015.

Note 3: Loans and Allowance for Loan Losses

Classes of loans at December 31, include:

	2015	2014
Commercial and industrial	$ 43,933,544	$ 37,057,520
Agricultural production financing	23,318,524	19,813,740
Real estate construction	4,208,707	7,477,146
Commercial and agricultural real estate	108,008,531	104,078,681
Residential real estate	132,818,195	124,329,707
Consumer	39,308,209	35,921,476
Other	2,264,080	2,733,107
Total loans	353,859,790	331,411,377
Less		
Net deferred loan fees	(516,567)	(602,873)
Undisbursed portion of loans	(225,652)	(38,862)
Allowance for loan losses	(4,549,590)	(4,475,702)
Net loans	$ 348,567,981	$ 326,293,940

At December 31, 2015 and 2014, the Company held $23,318,524 and $19,813,740 in agricultural production loans and $51,828,902 and $41,154,883, respectively, in agricultural real estate loans in Edgar, Clark, Vermillion and Champaign counties. Generally, those loans are collateralized by assets of the borrower. The loans are expected to be repaid from cash flows or from proceeds of the sale of selected assets of the borrower.

At December 31, 2015 and 2014, the Company held $56,179,629 and $62,923,798 in commercial real estate primarily in Edgar, Clark, Vermillion and Champaign counties. The loans are collateralized by the real estate properties and are expected to be repaid from cash flows of the borrower.

The Company maintains lending policies and procedures designed to focus lending efforts on the type, location and duration of loans most appropriate for its business model and markets. The Company's principal lending activity is the origination of residential, commercial and agricultural real estate loans, commercial and industrial loans, agricultural production loans, and various types of consumer loans. The primary lending market is within Edgar, Clark and Champaign Counties in the State of Illinois. Generally, loans are collateralized by assets of the borrower, and may be guaranteed by principals of the borrowing entity. The Company will analyze cash flow as part of the underwriting process to ensure that the primary source of repayment should be from cash flow with the collateral providing a secondary source of repayment.

The Board of Directors reviews and approves the Company's loan policy on at least an annual basis. In addition, the Board reviews information regarding loans originated, delinquencies, problem loans, non-accrual loans, other real estate and other repossessed collateral, and charge-offs monthly. The Board of Directors also reviews the calculation of the adequacy of the allowance for loan losses on a quarterly basis.

The Company does not accrue interest on any asset which is maintained on a cash basis because of deterioration in the financial position of the borrower, any asset for which payment in full of interest or principal is not expected, or any asset upon which principal or interest has been in default for a period of ninety days or more unless it is both well secured and in the process of collection. A nonaccrual asset may be restored to an accrual status when principal and interest are no longer due and unpaid, or the loan otherwise becomes both well secured and in the process of collection.

The Company's credit review department conducts independent analysis of all significant new credit relationships as these applicants are thoroughly analyzed and risk reviewed for presentation at various loan committee levels. In addition, using the same criteria, all loans in excess of a set threshold are reviewed on an annual basis to validate the current risk grading of the credit. The Company engages an independent outside accounting firm to perform a loan review whereby large credit relationships are reviewed for compliance, risk grading and impairment.

The following tables present the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2015 and 2014:

	Commercial and Industrial	Agricultural Production Financing	Real Estate Construction	Commercial and Agricultural Real Estate	Residential Real Estate	Consumer	Other	Unallocated	Total
December 31, 2015:									
Allowance for loan losses:									
Balance, beginning of year	$ 1,024,485	$ 29,515	$ 60,353	$ 1,615,781	$ 1,423,986	$ 282,082	$ 39,500	$ —	$ 4,475,702
Provision charged to expense	249,511	28,807	(10,761)	(136,008)	287,536	174,278	(13,363)	—	580,000
Losses charged off	(138,778)	—	—	(150,001)	(77,567)	(206,783)	—	—	(573,129)
Recoveries	224	—	—	2,230	8,961	55,602	—	—	67,017
Balance, end of year	$ 1,135,442	$ 58,322	$ 49,592	$ 1,332,002	$ 1,642,916	$ 305,179	$ 26,137	$ —	$ 4,549,590
Ending balance: individually evaluated for impairment	$ 33,119	$ —	$ —	$ 238,733	$ 757,109	$ 53,438	$ —	$ —	$ 1,082,399
Ending balance: collectively evaluated for impairment	$ 1,102,323	$ 58,322	$ 49,592	$ 1,093,269	$ 885,807	$ 251,741	$ 26,137	$ —	$ 3,467,191
Loans:									
Ending balance	$43,933,544	$ 23,318,524	$ 4,208,707	$108,008,531	$132,818,195	$ 39,308,209	$ 2,264,080	$ —	$353,859,790
Ending balance: individually evaluated for impairment	$ 33,119	$ —	$ —	$ 840,486	$ 4,401,438	$ 161,463	$ —	$ —	$ 5,436,506
Ending balance: collectively evaluated for impairment	$43,900,425	$ 23,318,524	$ 4,208,707	$107,168,045	$128,416,757	$ 39,146,746	$ 2,264,080	$ —	$348,423,284

	Commercial and Industrial	Agricultural Production Financing	Real Estate Construction	Commercial and Agricultural Real Estate	Residential Real Estate	Consumer	Other	Unallocated	Total
December 31, 2014:									
Allowance for loan losses:									
Balance, beginning of year	$ 909,761	$ 27,079	$ 28,256	$ 1,626,559	$ 1,043,945	$ 228,887	$ 65,204	$ —	$ 3,929,691
Provision charged to expense	41,389	2,436	32,097	(5,340)	542,139	177,433	(25,704)	—	764,450
Losses charged off	(139,812)	—	—	(5,438)	(167,703)	(205,431)	—	—	(518,384)
Recoveries	213,147	—	—	—	5,605	81,193	—	—	299,945
Balance, end of year	$ 1,024,485	$ 29,515	$ 60,353	$ 1,615,781	$ 1,423,986	$ 282,082	$ 39,500	$ —	$ 4,475,702
Ending balance: individually evaluated for impairment	$ 46,096	$ —	$ —	$ 337,810	$ 596,309	$ 37,690	$ —	$ —	$ 1,017,905
Ending balance: collectively evaluated for impairment	$ 978,389	$ 29,515	$ 60,353	$ 1,277,971	$ 827,677	$ 244,392	$ 39,500	$ —	$ 3,457,797
Loans:									
Ending balance	$37,057,520	$ 19,813,740	$ 7,477,146	$104,078,681	$124,329,707	$ 35,921,476	$ 2,733,107	$ —	$331,411,377
Ending balance: individually evaluated for impairment	$ 46,096	$ —	$ —	$ 1,142,660	$ 4,546,065	$ 81,342	$ —	$ —	$ 5,816,163
Ending balance: collectively evaluated for impairment	$37,011,424	$ 19,813,740	$ 7,477,146	$102,936,021	$119,783,642	$ 35,840,134	$ 2,733,107	$ —	$325,595,214

Management's opinion as to the ultimate collectability of loans is subject to estimates regarding future cash flows from operations and the value of property, real and personal, pledged as collateral. These estimates are affected by changing economic conditions and the economic prospects of borrowers.

Allowance for Loan Losses

The allowance for loan and lease losses ("allowance") represents management's estimate of the reserve necessary to adequately account for probable losses that could ultimately be realized from current loan exposures. In determining the adequacy of the allowance, management relies predominately on a disciplined credit review and approval process. The review process is directed by overall lending policy and is intended to identify, as the earliest possible stage, borrowers who might be facing financial difficulty.

Loans for which it is probable that the Company will not collect all principal and interest due according to the contractual terms are identified as impaired. The impairment for each applicable loan is quantified, and specific loss exposures are allocated within the allowance calculation. Loans that are in nonaccrual status are generally considered impaired. The asset classification committee validates the classification and grade of each impaired loan by reviewing the written information and analysis and the liquidation value of the collateral for each credit.

The loans not identified as impaired are collectively evaluated by groups with similar characteristics for impairment based on the group's historical loss experience adjusted for changes in trends, conditions, the current economic environment, and other relevant factors.

The Company categorizes loans into risk rating based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. All loans are assigned an initial rating when originated, renewed, or refinanced according to established loan grading guidelines. Officers and loan committees approving loan requests review the loan grade and classification as part of the approval process. Significant commercial relationships are reviewed annually by the credit analysis department, and grade changes are made as necessary.

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on all loans at origination. In addition, lending relationships over $350,000, new commercial and commercial real estate loans, and watch list credits are reviewed annually by our loan review department in order to verify risk ratings. The Company uses the following definitions for risk ratings:

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss – Loans classified as loss are the portion of the loan that is considered uncollectible so that its continuance as an asset is not warranted. The amount of the loss determined will be charged-off.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be Pass rated loans.

Risk characteristics applicable to each segment of the loan portfolio are described as follows.

Commercial and Industrial: The commercial and industrial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Agricultural Production and Agricultural Real Estate Loans: Agricultural loans are generally comprised of seasonal operating lines to grain farmers to plant and harvest corn and soybeans and term loans to fund the purchase of equipment. Agricultural real estate loans are primarily comprised of loans for the purchase of farmland. Specific underwriting standards have been established for agricultural-related loans including the establishment of projections for each operating year based on industry developed estimates of farm input costs and expected commodity yields and prices. Operating lines are typically written for one year and secured by the crop. Loan-to-value ratios on loans secured by farmland generally do not exceed 75% and have amortization periods limited to twenty five years. Federal government-assistance lending programs through the Farm Service Agency and U.S. Department of Agriculture are used to mitigate the level of credit risk when deemed appropriate.

Commercial Real Estate: Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Real Estate Construction: Construction and land development real estate loans are usually based upon estimates of costs and estimated value of the completed project and include independent appraisal reviews and a financial analysis of the developers and property owners. Sources of repayment of these loans may include permanent loans, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are considered to be higher risk than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and the availability of long-term financing. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Residential Real Estate: The residential real estate are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Consumer and Other: The consumer loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's market area) and the creditworthiness of a borrower.

The following tables present the credit risk profile of the Company's loan portfolio based on internal rating category and payment activity as of December 31, 2015 and 2014:

	Commercial and Industrial	Agricultural Production Financing	Real Estate Construction	Commercial and Agricultural Real Estate	Residential Real Estate	Consumer	Other
December 31, 2015:							
Pass	$40,835,843	$23,318,524	$ 3,988,364	$ 101,242,682	$ 122,434,755	$38,973,859	$ 2,264,080
Special Mention	3,013,612	—	24,353	5,017,585	3,717,499	151,493	—
Substandard	84,087	—	195,990	1,708,241	6,665,940	182,857	—
Doubtful	2	—	—	40,023	1	—	—
Loss	—	—	—	—	—	—	—
Total	$43,933,544	$23,318,524	$ 4,208,707	$ 108,008,531	$ 132,818,195	$39,308,209	$ 2,264,080

	Commercial and Industrial	Agricultural Production Financing	Real Estate Construction	Commercial and Agricultural Real Estate	Residential Real Estate	Consumer	Other
December 31, 2014:							
Pass	$34,457,273	$19,813,740	$ 7,477,146	$ 96,554,129	$ 113,050,499	$35,624,439	$ 2,733,107
Special Mention	2,538,128	—	—	5,654,535	4,618,606	213,962	—
Substandard	62,117	—	—	1,827,498	6,660,602	81,516	—
Doubtful	2	—	—	42,519	—	—	—
Loss	—	—	—	—	—	1,559	—
Total	$37,057,520	$19,813,740	$ 7,477,146	$ 104,078,681	$ 124,329,707	$35,921,476	$ 2,733,107

The following tables present the Company's loan portfolio aging analysis as of December 31, 2015 and 2014:

	30-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
December 31, 2015:						
Commercial and industrial	$ 281,500	$ 50,974	$ 332,474	$ 43,601,070	$ 43,933,544	$ —
Agricultural production financing	18,324	—	18,324	23,300,200	23,318,524	—
Real estate construction	—	—	—	4,208,707	4,208,707	—
Commercial and agricultural real estate	953,656	466,817	1,420,473	106,588,058	108,008,531	—
Residential real estate	690,579	1,384,552	2,075,131	130,743,064	132,818,195	1,131,204
Consumer	203,700	63,126	266,826	39,041,383	39,308,209	63,126
Other	—	—	—	2,264,080	2,264,080	—
Total	$ 2,147,759	$ 1,965,469	$ 4,113,228	$ 349,746,562	$ 353,859,790	$ 1,194,330

	30-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
December 31, 2014:						
Commercial and industrial	$ 305,574	$ 16,027	$ 321,601	$ 36,735,919	$ 37,057,520	$ —
Agricultural production financing	—	—	—	19,813,740	19,813,740	—
Real estate construction	—	—	—	7,477,146	7,477,146	—
Commercial and agricultural real estate	816,618	94,311	910,929	103,167,752	104,078,681	—
Residential real estate	1,211,883	1,078,496	2,290,379	122,039,328	124,329,707	720,370
Consumer	231,856	43,095	274,951	35,646,525	35,921,476	41,678
Other	60,484	—	60,484	2,672,623	2,733,107	—
Total	$ 2,626,415	$ 1,231,929	$ 3,858,344	$ 327,553,033	$ 331,411,377	$ 762,048

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impairment is measured on a loan-by-loan basis by either the present value of the expected future cash flows, the loan's observable market value or, for collateral-dependent loans, the fair value of the collateral adjusted for market conditions and selling expenses.

The following tables present impaired loans for the years ended December 31, 2015 and 2014:

	2015					
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance						
Commercial and industrial	$ —	$ —	$ —	$ —	$ —	$ —
Agricultural production financing	—	—	—	—	—	—
Real estate construction	—	—	—	—	—	—
Commercial and agricultural real estate	—	—	—	—	—	—
Residential real estate	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Other	—	—	—	—	—	—
Loans with a specific valuation allowance						
Commercial and industrial	$ 33,119	$ 67,722	$ 33,119	$ 34,533	$ 2,066	$ 2,063
Agricultural production financing	—	—	—	—	—	—
Real estate construction	—	—	—	—	—	—
Commercial and agricultural real estate	840,486	841,263	238,733	947,511	41,877	43,948
Residential real estate	4,401,438	4,672,247	757,109	4,445,612	161,197	176,032
Consumer	161,463	161,463	53,438	185,155	9,608	10,237
Other	—	—	—	—	—	—
Total:						
Commercial and industrial	$ 33,119	$ 67,722	$ 33,119	$ 34,533	$ 2,066	$ 2,063
Agricultural production financing	—	—	—	—	—	—
Real estate construction	—	—	—	—	—	—
Commercial and agricultural real estate	840,486	841,263	238,733	947,511	41,877	43,948
Residential real estate	4,401,438	4,672,247	757,109	4,445,612	161,197	176,032
Consumer	161,463	161,463	53,438	185,155	9,608	10,237
Other	—	—	—	—	—	—
Total	$ 5,436,506	$ 5,742,695	$ 1,082,399	$ 5,612,811	$ 214,748	$ 232,280

2014	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance						
Commercial and industrial	$ —	$ —	$ —	$ —	$ —	$ —
Agricultural production financing	—	—	—	—	—	—
Real estate construction	—	—	—	—	—	—
Commercial and agricultural real estate	—	—	—	—	—	—
Residential real estate	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Other	—	—	—	—	—	—
Loans with a specific valuation allowance						
Commercial and industrial	$ 46,096	$ 80,698	$ 46,096	$ 59,482	$ 2,506	$ 2,223
Agricultural production financing	—	—	—	—	—	—
Real estate construction	—	—	—	—	—	—
Commercial and agricultural real estate	1,142,660	4,282,773	337,810	1,400,859	76,459	73,751
Residential real estate	4,546,065	4,887,655	596,309	4,222,182	146,004	146,011
Consumer	81,342	81,342	37,690	75,141	4,049	5,117
Other	—	—	—	—	—	—
Total:						
Commercial and industrial	$ 46,096	$ 80,698	$ 46,096	$ 59,482	$ 2,506	$ 2,223
Agricultural production financing	—	—	—	—	—	—
Real estate construction	—	—	—	—	—	—
Commercial and agricultural real estate	1,142,660	4,282,773	337,810	1,400,859	76,459	73,751
Residential real estate	4,546,065	4,887,655	596,309	4,222,182	146,004	146,011
Consumer	81,342	81,342	37,690	75,141	4,049	5,117
Other	—	—	—	—	—	—
Total	$ 5,816,163	$ 9,332,468	$ 1,017,905	$ 5,757,664	$ 229,018	$ 227,102

Interest income recognized on impaired loans includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on non-accruing impaired loans for which the ultimate collectability is not certain.

The following table presents the Company's nonaccrual loans at December 31, 2015 and 2014. This table excludes performing troubled debt restructurings.

	2015	2014
Commercial and industrial	$ 50,974	$ 16,027
Agricultural production financing	—	—
Real estate construction	—	—
Commercial and agricultural real estate	466,817	94,311
Residential real estate	253,348	358,126
Consumer	—	1,417
Other	—	—
Total	$ 771,139	$ 469,881

The following table presents the recorded balance, at original cost, of troubled debt restructurings as of December 31, 2015 and 2014.

	Total Troubled Debt Restructurings	Troubled debt restructurings performing in accordance with modified terms		Troubled debt restructurings not performing in accordance with modified terms
		Accruing	Nonaccrual	
December 31, 2015:				
Commercial and industrial	$ —	$ —	$ —	$ —
Agricultural production financing	—	—	—	—
Real estate construction	—	—	—	—
Commercial and agricultural real estate	151,158	—	151,158	—
Residential real estate	3,532,024	3,346,164	185,860	—
Consumer	—	—	—	—
Other	—	—	—	—
Total	$ 3,683,182	$ 3,346,164	$ 337,018	$ —

	Total Troubled Debt Restructurings	Troubled debt restructurings performing in accordance with modified terms: Accruing	Troubled debt restructurings performing in accordance with modified terms: Nonaccrual	Troubled debt restructurings not performing in accordance with modified terms
December 31, 2014:				
Commercial and industrial	$ —	$ —	$ —	$ —
Agricultural production financing	—	—	—	—
Real estate construction	—	—	—	—
Commercial and agricultural real estate	305,272	305,272	—	—
Residential real estate	3,155,286	2,902,584	188,988	63,714
Consumer	—	—	—	—
Other	—	—	—	—
Total	$ 3,460,558	$ 3,207,856	$ 188,988	$ 63,714

At December 31, 2015 and 2014, twenty loans designated as TDR were on accrual status, respectively. Performing troubled debt restructurings had performed in accordance with modified terms for a period of 6 months or more.

Newly classified troubled debt restructurings during 2015 and 2014:

	2015		
	Number of Loans	Pre-Modification Recorded Balance	Post-Modification Recorded Balance
Commercial and industrial	—	$ —	$ —
Agricultural production financing	—	—	—
Real estate construction	—	—	—
Commercial and agricultural real estate	1	149,896	152,234
Residential real estate	2	433,326	433,420
Consumer	—	—	—
Other	—	—	—
	3	$ 583,222	$ 585,654

The troubled debt restructurings described above increased the allowance for loan losses by $42,519 and resulted in no charge offs during the year ended December 31, 2015.

	2014		
	Number of Loans	Pre-Modification Recorded Balance	Post-Modification Recorded Balance
Commercial and industrial	1	$ 61,950	$ 61,377
Agricultural production financing	—	—	—
Real estate construction	—	—	—
Commercial and agricultural real estate	1	43,277	44,150
Residential real estate	3	1,207,413	1,220,101
Consumer	—	—	—
Other	—	—	—
	5	$ 1,312,640	$ 1,325,628

The troubled debt restructurings described above increased the allowance for loan losses by $251,844 and resulted in charge offs of $54,251 during the year ended December 31, 2014.

Newly restructured loans by type of modification during 2015 and 2014:

	2015			
	Reduce Principal	Term	Interest Rate	Total Modification
Commercial and industrial	$ —	$ —	$ —	$ —
Agricultural production financing	—	—	—	—
Real estate construction	—	—	—	—
Commercial and agricultural real estate	—	152,234	—	152,234
Residential real estate	—	—	433,420	433,420
Consumer	—	—	—	—
Other	—	—	—	—
	$ —	$ 152,234	$ 433,420	$ 585,654

	2014			
	Reduce Principal	Term	Interest Rate	Total Modification
Commercial and industrial	$ —	$ —	$ 61,377	$ 61,377
Agricultural production financing	—	—	—	—
Real estate construction	—	—	—	—
Commercial and agricultural real estate	—	—	44,150	44,150
Residential real estate	—	—	1,220,101	1,220,101
Consumer	—	—	—	—
Other	—	—	—	—
	$ —	$ —	$ 1,325,628	$ 1,325,628

During the year ended December 31, 2015 and 2014, there were no defaults of loans that had been modified as a troubled debt restructuring in the 12 month period prior to default.

Note 4: Premises and Equipment

Major classifications of premises and equipment, stated at cost, are as follows:

	2015	2014
Land	$ 1,617,386	$ 1,617,386
Buildings and improvements	13,553,767	13,631,551
Leasehold improvements	37,493	23,899
Equipment	4,772,870	4,433,347
Construction in progress	193,076	—
	20,174,592	19,706,183
Less accumulated depreciation	8,963,594	8,035,646
Net premises and equipment	$ 11,210,998	$ 11,670,537

Note 5: Core Deposit Intangibles

The carrying basis and accumulated amortization of core deposit intangibles of December 31, 2015 and 2014 were:

	2015		2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core deposit intangibles	$ 889,617	$ 857,632	$ 889,617	$ 809,037

Amortization expense for the years ended December 31, 2015 and 2014 was $48,595 and $68,760, respectively. Estimated amortization expense for 2016 is $31,985 and will be fully amortized.

Note 6: Loan Servicing

Loans serviced for others are not included in the accompanying consolidated balance sheets. The risks inherent in loan servicing assets relate primarily to changes in prepayments that result from shifts in loan interest rates. The unpaid principal balances of serviced loans consist of the following:

	2015	2014
One-to-four family residential loans		
FHLMC	$ 130,977,073	$ 126,035,111
Agricultural loans		
Farmer Mac	908,956	733,040
Commercial loans		
Other financial institutions	12,413,580	6,185,579
	$ 144,299,609	$ 132,953,730

The following summarizes the activity pertaining to loan servicing rights measured using the amortization method:

	2015	2014
Loan servicing rights		
Balance at beginning of year	$ 381,477	$ 476,737
Additions	209,203	132,386
Amortization	(208,541)	(227,646)
Balance at end of year	$ 382,139	$ 381,477
Fair value disclosures		
Fair value as of the beginning of the period	$ 943,293	$ 1,009,444
Fair value as of the end of the period	$ 1,307,707	$ 943,293

Custodial escrow balances and unapplied funds maintained in connection with the foregoing loan servicing, and included in demand deposits, were $814,898 and $700,051 at December 31, 2015 and 2014, respectively.

Note 7: Interest-Bearing Deposits

Interest-bearing deposits in denominations of $250,000 or more were $56,067,817 on December 31, 2015 and $69,295,652 on December 31, 2014.

At December 31, 2015, the scheduled maturities of time and brokered time deposits are as follows:

2016	$ 124,632,417
2017	45,083,485
2018	7,246,215
2019	3,745,937
2020	2,372,420
Thereafter	484,409
	$ 183,564,883

Note 8: Short-Term Borrowings

As of December 31, 2015, short-term borrowings of $2,000,000 are federal funds purchased from another financial institution.

The Company has a line of credit with a financial institution. There was no outstanding balance as of December 31, 2015 or 2014 and the Company could borrow up to $1,000,000. The line of credit is secured by 100% of the Bank's stock.

Note 9: Federal Home Loan Bank Advances

	2015	2014
Federal Home Loan Bank advances, fixed rates ranging from 1.89% to 4.29%, due at various dates through October 2019	$ 36,000,000	$ 36,000,000

The Federal Home Loan Bank advances are secured by qualified first and second mortgage loans, home equity lines of credit, certain mortgage and other investment securities, and all Federal Home Loan Bank stock owned by the Company totaling $55,101,000. Advances are subject to restrictions or penalties in the event of prepayment. Convertible advances of $34,000,000 are past the initial lock-out period, and are subject to possible conversion to an adjustable rate advance on a quarterly basis. Three public unit letters of credit through Federal Home Loan Bank were issued in 2015 for $12,200,000 for one year terms to collateralize three public entity deposits. Of these, two public unit letters of credit totaling $10,200,000 were renewals of existing letters of credit, and the remaining $2,000,000 was newly issued in 2015.

Aggregate annual maturities of Federal Home Loan Bank advances at December 31, 2014 are:

2016	$ 14,000,000
2017	10,000,000
2018	10,000,000
2019	2,000,000
	$ 36,000,000

Note 10: Junior Subordinated Debentures

On June 15, 2005, the Company completed the issuance and sale of $6.0 million of trust preferred securities through FBTC Statutory Trust I (the "Trust"), a statutory business trust and wholly-owned subsidiary of the Company, as part of a pooled offering. The Company established the Trust for the purpose of issuing the trust preferred securities and investing the proceeds from the sale of such trust preferred securities in the debentures. The $6.0 million in proceeds from the trust preferred issuance and an additional $186,000 for the Company's investment in the common equity of the Trust, a total of $6,186,000 was invested in the junior subordinated debentures of the Company. The debentures issued by the Company to the Trust are redeemable, in whole or part, and mature on June 15, 2035. Interest was fixed at 5.80% for a period of five years ending June 15, 2010 and has converted to a floating rate based on the 90 day LIBOR, which is adjusted quarterly. The interest rate as of December 31, 2015 was 2.21%. Interest payments are made quarterly.

As required by ASC Topic 810, the Company has not consolidated the investment in the Trust. The debentures held by the Trust are the sole assets of the Trust. Distributions of the trust preferred securities are payable at a rate of interest which is equal to the interest rate being earned by the Trust on the debentures, and are recorded as interest expense by the Company. The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the debentures. The trust preferred securities issued by the trust are included as Tier I capital of the Company for regulatory capital purposes.

Note 11: Income Taxes

The Company files consolidated income tax returns in the U.S. federal jurisdiction and the States of Illinois and Indiana. The Company is no longer subject to U.S. federal, Illinois, or Indiana income tax examinations by tax authorities for years before 2012. During the years ended December 31, 2015 and 2014, the Company has not recognized any interest or penalties in expense.

The provision for income taxes includes these components:

	2015	2014
Taxes currently payable	$ 1,761,425	$ 1,983,639
Deferred income taxes	(65,475)	(169,111)
Income tax expense	$ 1,695,950	$ 1,814,528

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2015	2014
Computed at the statutory rate (34%)	$ 1,672,547	$ 1,720,408
Increase (decrease) resulting from		
Tax exempt interest	(144,291)	(122,792)
State income taxes	117,761	142,580
Increase in cash surrender value of life insurance	(91,536)	(90,524)
Other	141,469	164,856
Actual tax expense	$ 1,695,950	$ 1,814,528

The tax effects of temporary differences related to deferred taxes shown on the consolidated balance sheets were:

	2015	2014
Deferred tax assets		
Allowance for loan losses	$ 1,780,551	$ 1,737,409
Reserve for uncollected interest	13,926	—
Deferred compensation	642,529	577,916
Net operating losses	288,420	348,968
Unrealized losses on available-for-sale securities	999	—
Other	244,291	302,033
	2,970,716	2,966,326
Deferred tax liabilities		
Depreciation	(115,019)	(214,537)
Federal Home Loan Bank stock dividends	(245,350)	(243,375)
Capitalized loan servicing rights	(149,474)	(148,013)
Unrealized gains on available-for-sale securities	—	(61,106)
Other	(274,552)	(240,003)
	(784,395)	(907,034)
Net deferred tax asset	$ 2,186,321	$ 2,059,292

The Company received net operating losses from an acquisition. The remaining federal loss carryover of $848,000 expires in 2020.

Retained earnings at December 31, 2015 and 2014, include approximately $2,573,000 for which no deferred federal income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The deferred income tax liabilities on the preceding amounts that would have been recorded if they were expected to reverse into taxable income in the foreseeable future were approximately $998,324 at December 31, 2015 and 2014.

Note 12: Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) included in stockholders' equity, are as follows:

	2015	2014
Net unrealized gain (loss) on securities available-for-sale	$ (2,554)	$ 151,629
Defined benefit pension plan deferred amounts	(54,481)	(54,245)
	(57,035)	97,384
Tax effect	(22,309)	39,246
Accumulated other comprehensive income (loss), net of taxes	$ (34,726)	$ 58,138

Note 13: Changes in Accumulated Other Comprehensive Income (AOCI) by Component

Amounts reclassified from AOCI and the affected line items in the statements of income during the years ended December 31, 2015 and 2014, were as follows:

	Amounts Reclassified from AOCI 2015	Amounts Reclassified from AOCI 2014	Affected Line Item in the Statements of Income
Unrealized gains (losses) on available-for-sale securities	$ 40,360	$ —	Net realized gains on sale of available-for-sale securities
Amortization of defined benefit pension item:			
Actuarial losses	(236)	71,669	Components are included in the computation of net periodic pension cost
Total reclassified amount before tax	40,124	71,669	
Tax benefit	16,338	28,883	
Total reclassifications out of AOCI	$ 23,786	$ 42,786	

Note 14: Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these consolidated financial statements.

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined) to risk-weighted assets (as defined), common equity Tier 1 capital (as defined) to total risk-weighted assets (as defined) and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2015 and 2014, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2015, the most recent notification from regulatory agencies categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based capital, Tier I risk-based capital, common equity Tier 1 risk-based capital and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios are also presented in the following table.

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
As of December 31, 2015						
Total capital (to risk-weighted assets)	$ 48,796	13.6%	$ 28,751	8.0%	$ 35,939	10.0%
Tier I capital (to risk-weighted assets)	44,301	12.3	21,563	6.0	28,751	8.0
Common equity Tier 1 capital (to risk-weighted assets)	44,301	12.3	16,172	4.5	23,360	6.5
Tier I capital (to average assets)	44,301	9.9	17,931	4.0	22,414	5.0
As of December 31, 2014						
Total capital (to risk-weighted assets)	$ 46,749	14.5%	$ 25,795	8.0%	$ 32,244	10.0%
Tier I capital (to risk-weighted assets)	42,713	13.3	12,898	4.0	19,346	6.0
Tier I capital (to average assets)	42,713	9.9	17,234	4.0	21,543	5.0

The Bank is permitted to pay dividends to the Company in an amount equal to its net profits in any fiscal year; however, in the event that capital is less than 6% to total assets, the Bank can pay up to 50% of its net profits for that year without prior approval of the State of Illinois Department of Financial and Professional Regulation. In addition, the Bank is unable to pay dividends in an amount which would reduce its capital below the greater of (i) the amount required by the FDIC or (ii) the amount required by the Bank's liquidation account. The FDIC and the Commissioner also have the authority to prohibit the payment of any dividends by the Bank if they determine that the distribution would constitute an unsafe or unsound practice. At December 31, 2015, $1,623,000 of retained earnings were available for dividend declaration without prior regulatory approval.

Basel III Capital Rules

In July 2013, the three federal bank regulatory agencies jointly published final rules (the Basel III Capital Rules) establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. These rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, compared to the current U.S. risk-based capital rules. The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. These rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach with a more risk-sensitive approach. The Basel III Capital Rules were effective for the Bank on January 1, 2015 (subject to a four-year phase-in period).

The Basel III Capital Rules, among other things, (i) introduce a new capital measure called "Common Equity Tier 1" (CET1), (ii) specify that Tier 1 capital consist of CET1 and "Additional Tier 1 Capital" instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments as compared to existing regulations.

Under the Basel III Capital Rules, the initial minimum capital ratios as of January 1, 2015, are as follows:

4.5% CET1 to risk-weighted assets

6.0% Tier 1 capital to risk-weighted assets

8.0% Total capital to risk-weighted assets

4.0% Minimum leverage ratio

Implementation of the deductions and other adjustments to CET1 began on January 1, 2015, and will phase in over a four-year period (beginning at 40% on January 1, 2015, and an additional 20% per year thereafter). Under the new rule, in order to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, a banking organization must hold a capital conservation buffer composed of CET1 capital above its minimum risk-based capital requirements. The implementation of the capital conservation buffer begins on January 1, 2016, at the 0.625% level and will phase in over a four-year period (increasing by that amount on each subsequent January 1 until it reaches 2.5% on January 1, 2019).

Note 15: Related Party Transactions

At December 31, 2015 and 2014, the Company had loans outstanding to executive officers, directors, significant stockholders and their affiliates (related parties), in the amount of $4,082,184 and $3,850,209, respectively.

In management's opinion, such loans and other extensions of credit were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectibility or present other unfavorable features.

Note 16: Employee Benefits

The Company has a retirement savings 401(k) covering substantially all employees. The Company may contribute to the plan at the discretion of the Board of Directors. Employer contributions charged to expense for 2015 and 2014 were $109,061 and $108,305, respectively.

The Company has a noncontributory defined postretirement plan covering all employees who meet the eligibility requirements. Eligible employees who retire may elect to continue medical coverage by paying the full cost of the coverage.

The Company has a deferred director and employee fee plan covering certain directors and officers. Each director may elect to defer their annual fees while certain officers may defer up to 5% of their annual salary. For the years ended December 31, 2015 and 2014, fees deferred and interest expense related to the plan totaled $162,981 and $198,780, respectively. The liability related to these plans was $1,642,667 and $1,489,473 as of December 31, 2015 and 2014 and included in other liabilities.

The Company has a noncontributory defined benefit postretirement plan covering one former director of an acquired institution relating to the reimbursement of health insurance premiums for life. The Plan is unfunded with actual premium payments being paid as incurred. The accumulated postretirement benefit was immaterial as of December 31, 2015 and 2014.

The Company also has deferred compensation agreements with certain directors and officers of the former Rantoul First Bank, SB. The agreements, which include specific service requirements, provide benefits to certain retired directors and officers upon attainment of specified ages, disability or death. The deferred compensation charged to earnings were $7,172 and $16,684 for the year ended December 31, 2015 and 2014. The deferred compensation liability, included in other liabilities, related to these agreements was $18,232 and $26,060 as of December 31, 2015 and 2014.

Note 17: Employee Stock Ownership Plan

The Company has an employee stock ownership plan (ESOP) covering substantially all employees who work 20 or more hours per week. As of December 31, 2015, all ESOP shares have been released to participants.

The Company is obligated at the option of each beneficiary to repurchase shares of the ESOP upon the beneficiary's termination or after retirement. At December 31, 2015, the fair value of the 143,148 allocated shares held by the ESOP is $2,397,729.

Note 18: Leases

The Company has several noncancellable operating leases, primarily for buildings and equipment. The leases expire over the next ten years, and generally contain renewal options for one year to five years. Total rental expense for all operating leases was $148,267 and $54,302 for the years ended December 31, 2015 and 2014.

Future minimum lease payments under operating leases are:

2016	$ 112,198
2017	100,845
2018	98,560
2019	98,560
2020	98,560
Thereafter	402,453
Total minimum lease payments	$ 911,176

Note 19: Earnings Per Share

Earnings per share (EPS) were computed as follows:

	Year Ended December 31, 2015		
	Income	Weighted-Average Shares	Per Share Amount
Net income	$ 3,223,306	2,091,827	
Basic earnings per share			$ 1.54

	Year Ended December 31, 2014		
	Income	Weighted-Average Shares	Per Share Amount
Net income	$ 3,245,495	2,114,761	
Basic earnings per share			$ 1.53

The Company had no dilutive securities during 2015 or 2014.

Note 20: Disclosures about Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

		2015		
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government agency and GSE	$ 1,979,080	$ —	$ 1,979,080	$ —
Mortgage-backed, GSE residential	41,106,135	—	41,106,135	—
State and political subdivision securities	15,407,348	—	15,407,348	—
Equity securities	129,253	13,125	116,128	—
	$ 58,621,816	$ 13,125	$ 58,608,691	$ —

		2014		
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mortgage-backed, GSE residential	$ 42,028,180	$ —	$ 42,028,180	$ —
State and political subdivision securities	13,930,284	—	13,930,284	—
Equity securities	11,366	11,366	—	—
	$ 55,969,830	$ 11,366	$ 55,958,464	$ —

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015.

Available-for-sale Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There were no securities classified as Level 3 as of December 31, 2015.

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Collateral-dependent impaired loans	$ 4,354,107	$ —	$ —	$ 4,354,107
December 31, 2014				
Collateral-dependent impaired loans	$ 4,798,257	$ —	$ —	$ 4,798,257

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral-dependent Impaired Loans, Net of ALLL

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by management by comparison to historical results.

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements.

	Fair Value at 12/31/15	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent impaired loans	$ 4,354,107	Market comparable properties	Marketability discount	10% – 15% (12%)

	Fair Value at 12/31/14	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent impaired loans	$ 4,798,257	Market comparable properties	Marketability discount	10% – 15% (12%)

Fair Value of Other Financial Instruments

The following table presents estimated fair values of the Company's other financial instruments at December 31, 2015 and 2014.

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 12,424,446	$ 12,424,446	$ 21,152,186	$ 21,152,186
Interest-bearing time deposits in banks	1,245,000	1,245,000	1,245,000	1,245,000
Held-to-maturity securities	235,038	242,028	398,469	416,450
Loans held for sale	463,445	475,406	221,000	229,707
Loans, net allowance of loan losses	348,567,981	356,596,594	326,293,940	339,158,422
Federal Home Loan Bank stock	2,610,490	2,610,490	2,610,490	2,610,490
Interest receivable	2,526,318	2,526,318	2,450,615	2,450,615
Financial liabilities				
Deposits	359,465,146	318,012,006	347,250,019	339,089,644
Federal Home Loan Bank advances	36,000,000	37,220,029	36,000,000	38,243,821
Junior subordinated debentures	6,186,000	6,186,000	6,186,000	6,186,000
Advances from borrowers for taxes and insurance	386,166	386,166	395,367	395,367
Interest payable	350,335	350,335	330,962	330,962
Unrealized financial instruments (net of contract amount)				
Commitments to originate loans	0	0	0	0
Lines of credit	0	0	0	0

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Cash and Cash Equivalents, Interest-Bearing Time Deposits in Banks, Interest Receivable and Federal Home Loan Bank Stock

The carrying amount approximates fair value.

Held-to-maturity Securities

Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loans Held For Sale

For homogeneous categories of loans, such as loans held for sale, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics.

Loans

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics were aggregated for purposes of the calculations.

Deposits

Deposits include demand deposits, savings accounts, NOW accounts and certain money market deposits. The carrying amount approximates fair value. The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities.

Interest Payable and Advances from Borrowers for Taxes and Insurance

The carrying amount approximates fair value.

Federal Home Loan Bank Advances and Junior Subordinated Debentures

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

Commitments to Originate Loans and Lines of Credit

The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. The fair value of lines of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date.

Note 21: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, fair value or financial instruments, and valuation of loan servicing rights are reflected in their respective notes. Current vulnerabilities due to certain concentrations of credit risk are discussed in the note on commitments and credit risk. Other significant estimates and concentrations not discussed in those notes include:

Goodwill

As discussed in Note 1, the Company annually tests its goodwill for impairment. At the most recent testing date, the fair value of the reporting unit exceeded its carrying value. Estimated fair value of the reporting unit was based principally on forecasts of future income. Due to the volatility of the current economic environment, coupled with the Company's recent loan loss experience, management's forecasts of future income are subject to significantly more uncertainty than during more stable environments. Management believes it has applied reasonable judgment in developing its estimates; however, unforeseen negative changes in the national, state or local economic environment may negatively impact those estimates in the near term.

Note 22: Commitments and Credit Risk

The Company generates commercial, mortgage and consumer loans and receives deposits from customers located primarily in Edgar, Clark, Vermilion and Champaign counties as well as the surrounding communities. The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent upon economic conditions in the agricultural industry.

Commitments to Originate Loans

Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At December 31, 2015 and 2014, the Company had outstanding commitments to originate loans aggregating approximately $13,776,107 and $4,508,520, respectively. The commitments extended over varying periods of time with the majority being disbursed within a one-year period. Loan commitments at fixed rates of interest amounted to $6,680,907 and $4,203,920 at December 31, 2015 and 2014, respectively, with the remainder at floating market rates.

Lines of Credit

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

At December 31, 2015, the Company had granted unused lines of credit to borrowers aggregating approximately $22,143,138 and $9,614,792 for commercial lines and open-end consumer lines, respectively. At December 31, 2014, unused lines of credit to borrowers aggregated approximately $23,331,504 for commercial lines and $8,606,082 for open-end consumer lines.

Other Credit Risks

The Company had a concentration of funds on deposit with the Federal Home Loan Bank totaling $4,610,249 and $5,803,436 at December 31, 2015 and 2014. The Company had deposits from three customers totaling $13,411,092 as of December 31, 2015 and from four customers totaling $19,284,013 as of December 31, 2014.

Note 23: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.

FIRST BANCTRUST CORPORATION
SHAREHOLDER INFORMATION

Stock Listing and Price Information

The Company's common stock trades on the Pink Sheets under the symbol "FIRT". The number of outstanding shares of common stock of the Company at the close on February 29, 2016, totaled 2,111,774. These shares were held by 115 persons or entities, which does not individually count each person or entity holding stock in nominee of street name through various brokers or banks.

The following schedule shows the high and low bid prices for each of the quarters in 2014 and 2015:

Quarter Ended:	High	Low
March 31, 2014	14.70	14.00
June, 30 2014	14.95	14.00
September 30, 2014	15.00	14.00
December 31, 2014	16.20	15.00
March 31, 2015	16.35	16.10
June, 30 2015	16.60	16.00
September 30, 2015	16.40	15.65
December 31, 2015	16.85	15.65

At February 29, 2016, the closing price of a common share was $16.60. Such prices do not necessarily reflect retail markups, markdowns, or commissions. During the years ended December 31, 2014 and 2015, the Company declared common share dividends as follows:

Date Declared	Record Date	Payment Date	Amount
February 20, 2014	March 10, 2014	March 21, 2014	$0.03
April 28, 2014	June 2, 2014	June 16, 2014	$0.03
July 17, 2014	September 5, 2014	September 16, 2014	$0.04
October 24, 2014	December 1, 2014	December 12, 2014	$0.04
February 19, 2015	March 9, 2015	March 23, 2015	$0.05
April 16, 2015	June 1, 2015	June 15, 2015	$0.05
July 16, 2015	September 4, 2015	Septemer 18, 2015	$0.05
October 15, 2015	December 1, 2015	December 15, 2015	$0.05

Stockholders, investors and analysts interested in additional information may contact:

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217-465-6381

Special Regulatory Counsel

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Independent Accountants

BKD, LLP
225 North Water Street
Suite 400
Decatur, IL 62525-1580

Annual Meeting of Stockholders

The Annual Meeting of Stockholders of First BancTrust Corporation will be held at 10:00 a.m. Monday, April 25, 2016 at:

First Bank & Trust, IL
101 S. Central Avenue
Paris, Illinois 61944

Transfer Agent

Inquiries regarding stock transfer, registration, lost certificates or changes in name and address should be directed to the transfer agent:

American Stock Transfer and Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
800-937-5449
www.amstock.com

DIRECTORS

James D. Motley
Chairman of the Board, Self-employed owner of accounting firm James D. Motley, C.P.A.

Jack R. Franklin
President and Chief Executive Officer of the Company and First Bank & Trust, IL

Joseph R. Schroeder
Attorney in private practice with the law firm of Bennett, Schroeder & Wieck

John W. Welborn
Retired Project Manager, Garmong Design Build, and Retired Facilities Manager, TRW, Inc.

Vick N. Bowyer
Principal and co-owner of LPL Financial

John P. Graham
Vice President-Finance & Accounting, Regency Consolidated Residential LLC

David W. Dick
Retired from Gladding and Dick Insurance, Financial Representatives for Country Financial

Terry T. Hutchison
Self-employed Business Consultant

Matthew A. Carr
Chief Credit Officer and Executive Vice President at First Bank & Trust, IL

Hans L. Grotelueschen
CPA and President YG Financial Group, P.C.

EXECUTIVE OFFICERS

Jack R. Franklin
President and Chief Executive Officer of the Company and First Bank & Trust, IL

David F. Sullivan
Vice President of the Company and President of First Bank of Edgar County, a division of First Bank & Trust, IL

Ellen M. Litteral
Chief Financial Officer and Treasurer of the Company and Senior Vice President of First Bank & Trust, IL

Larry W. Strohm
Vice President of the Company and President of First Bank of Clark County, a division of First Bank & Trust, IL

Matthew A. Carr
Chief Credit Officer and Executive Vice President, First Bank & Trust, IL

Phyllis A. Webster
Vice President of the Company and President of First Bank Champaign County, a division of First Bank & Trust, IL

BANKING LOCATIONS

MAIN OFFICE

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217-465-6381

BRANCH OFFICES

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