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FIRST MID ILLINOIS BANCSHARES INC

Form 8-K

April 24, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED):
APRIL 23, 2003

FIRST MID-ILLINOIS BANCSHARES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF INCORPORATION)

0-13368 37-1103704
(COMMISSION FILE NUMBER) (IRS EMPLOYER IDENTIFICATION NO.)

1515 CHARLESTON AVENUE, MATTOON, IL 61938
(ADDRESS INCLUDING ZIP CODE OF PRINCIPAL EXECUTIVE OFFICES)

(217) 234-7454
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Item 5. Other Events

Incorporated by reference is the quarterly shareholder report issued by the Registrant on April 23, 2003, attached as Exhibit 99, providing information concerning the Registrant's financial statements as of March 31, 2003.

Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit 99 - Quarterly shareholder report issued April 23, 2003

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has dully caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST MID-ILLINOIS BANCSHARES, INC.

Dated: April 23, 2003

By: /s/ William S. Rowland
President and Chief Executive Officer

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|--|
| 99 | Quarterly shareholder report issued April 23, 2003 |

Exhibit 99

April 23, 2003

Quarterly Report to the Owners,
First Mid-Illinois Bancshares, Inc.

First Mid-Illinois Bancshares, Inc. had a successful first quarter with diluted earnings per share increasing to \$.73 per share as compared to \$.59 per share for the first quarter of 2002, a 24 percent increase. Net income increased to \$2,362,000 as compared to \$2,009,000 in the first quarter of 2002.

Non-interest income increased to \$3,430,000 as compared to \$2,323,000 for the first quarter of 2002. The increase was the result of several factors. Historical lows in long-term interest rates led to increased mortgage loan originations and sales. Mortgage banking revenues were \$549,000 as compared to \$326,000 in the first quarter of 2002. In addition, increased insurance commissions, gains recognized on the sale of securities, and growth in deposit service charges due to increases in deposit balances and overdraft fees also contributed to the growth in non-interest income.

Net interest income before the provision for loan losses was \$6,480,000 as compared to \$6,414,000 for the first quarter of 2002. Loan balances have increased by \$7 million since December 31, 2002 and by \$35 million since March 31, 2002. The loan growth has been primarily in commercial real estate and operating loans. Residential real estate loans decreased as customers refinanced home mortgages with long-term secondary-market loans resulting in increased liquidity. Deposit balances increased by \$2 million since December 31, 2002 and by \$64 million since March 31, 2002 with growth in checking accounts and certificates of deposit. The Company increased the provision for loan losses to \$250,000 as compared with \$125,000 in 2002 with net charge-offs of \$132,000 as

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compared with \$76,000 for the first quarter of 2002.

Non-interest expenses of \$6,066,000 have increased when compared to the first quarter of 2002 primarily as a result of the increased costs associated with expanding our financial services franchise through the acquisition and operations of The Checkley Agency, Inc., in January 2002, and the addition of new banking centers in Maryville and Champaign in November 2002. First quarter results for the new banking centers have been promising, with solid growth in loans and deposits. We expect that each banking center will provide a positive contribution to earnings within the first year of operation.

Our 2003 annual meeting of shareholders will be held at 4:00 p.m. on May 28, 2003 in the main lobby of First Mid-Illinois Bank & Trust, N.A., 1515 Charleston Avenue, Mattoon, Illinois. All shareholders are invited to attend. On behalf of the Board, management and entire staff of the Company, I thank you for your continued support and look forward to visiting with as many of you as possible at the annual meeting.

Sincerely,

/s/ William S. Rowland

William S. Rowland
Chairman and Chief Executive Officer

Condensed Consolidated Balance Sheets
(In thousands, except share data) (unaudited)

Assets

Cash and due from banks
Federal funds sold and other interest-bearing deposits
Investment securities:
 Available-for-sale, at fair value
 Held-to-maturity, at amortized cost (estimated fair value of \$1,824 and \$1,927 at March 31, 2003 and December 31, 2002, respectively)

Loans

Less allowance for loan losses

Net loans
Premises and equipment, net
Goodwill, net
Intangible assets, net
Other assets

Total assets

Liabilities and Stockholders' Equity

Deposits:
 Non-interest bearing
 Interest bearing

Total deposits
Repurchase agreements with customers
Other borrowings

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Other liabilities

Total liabilities

Stockholders' Equity:

Common stock (\$4 par value; authorized 6,000,000 shares;

Issued 3,634,507 shares in 2003 and 3,603,737 shares in 2002)

Additional paid-in capital

Retained earnings

Deferred compensation

Accumulated other comprehensive income

Treasury stock at cost, 472,123 shares in 2003 and 414,562 shares in 2002

Total stockholders' equity

Total liabilities and stockholders' equity

Condensed Consolidated Statements of Income

(In thousands) (unaudited)

For the three months ended March 31, 2003 2002

Interest income:

Interest and fees on loans \$8,008 \$8,419

Interest on investment securities 1,602 1,906

Interest on federal funds sold and other 110 40

Total interest income 9,720 10,365

Interest expense:

Interest on deposits 2,698 3,381

Interest on repurchase agreements with customers 64 86

Interest on other borrowings 478 484

Total interest expense 3,240 3,951

Net interest income 6,480 6,414

Provision for loan losses 250 125

Net interest income after provision for loan losses 6,230 6,289

Non-interest income:

Trust revenues 456 478

Brokerage commissions 57 58

Insurance commissions 411 191

Service charges 1,038 737

Securities gains, net 370 43

Mortgage banking revenues 549 326

Other 549 490

Total non-interest income 3,430 2,323

Non-interest expense:

Salaries and employee benefits 3,314 3,006

Net occupancy and equipment expense 1,063 971

Amortization of intangible assets 184 179

Other 1,505 1,475

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| | | |
|----------------------------|----------|----------|
| Total non-interest expense | 6,066 | 5,631 |
| | ----- | ----- |
| Income before income taxes | 3,594 | 2,981 |
| Income taxes | 1,232 | 972 |
| | ----- | ----- |
| Net income | \$ 2,362 | \$ 2,009 |
| | ===== | ===== |

Condensed Consolidated Statements of Changes in Stockholders' Equity
(in thousands) (unaudited)

| | | |
|---|-----------|-----------|
| For the three month period ended March 31, | 2003 | 2002 |
| | ----- | ----- |
| Balance at beginning of period | \$ 66,807 | \$ 63,925 |
| Net income | 2,362 | 2,009 |
| Issuance of stock | 825 | 738 |
| Purchase of treasury stock | (1,689) | (524) |
| Change in accumulated other comprehensive income (loss) | (388) | (52) |
| | ----- | ----- |
| Balance at end of period | \$ 67,917 | \$ 66,096 |
| | ===== | ===== |

Per Share Information

| | | |
|---------------------------------|---------|---------|
| (unaudited) March 31, March 31, | 2003 | 2002 |
| | ----- | ----- |
| Basic earnings per share | \$.74 | \$.59 |
| Diluted earnings per share | \$.73 | \$.59 |
| Book value per share | \$21.48 | \$19.54 |

First Mid-Illinois Bancshares, Inc.
1515 Charleston Avenue
Mattoon, Illinois 61938
(217) 234-7454

www.firstmid.com