

Edgar Filing: FIRST MID ILLINOIS BANCSHARES INC - Form 8-K

FIRST MID ILLINOIS BANCSHARES INC

Form 8-K

January 28, 2004

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):  
JANUARY 28, 2004

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 January 28, 2004, attached as Exhibit 99, providing information concerning the Registrant's financial statements as of December 31, 2003.

Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit 99 - Quarterly shareholder report issued December 31, 2003

SIGNATURE

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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: January 28, 2004

By: /s/ William S. Rowland

William S. Rowland  
President and Chief  
Executive Officer

### EXHIBIT INDEX

Exhibit Number	Description
99	Quarterly shareholder report issued January 28, 2004

January 28, 2004

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

We are pleased to report that First Mid-Illinois Bancshares, Inc. had a successful 2003, with diluted earnings per share increasing to \$2.82 per share as compared to \$2.38 per share in 2002, an 18.5 percent increase. Net income increased to \$9,093,000 in 2003 as compared to \$8,034,000 in 2002. As a result of this performance, the Company increased its annual dividend to \$.575 per share in 2003 from \$.50 per share in 2002. In addition, the Company declared a special, one-time dividend of \$.075 per share to shareholders of record on December 30, 2003.

Higher non-interest income was one factor in the earnings growth. Non-interest income was \$12,754,000 for 2003 as compared to \$10,898,000 in 2002. Residential real estate activity was strong throughout most of 2003 with activity declining during the fourth quarter. For the year, mortgage banking revenue increased to \$2,171,000 from \$1,777,000 for 2002. Most of the residential real estate loans we originate are sold into the secondary market for interest rate risk management purposes. Also, deposit service charges increased during 2003, as did insurance commissions and trust revenues.

Net interest income was \$27,042,000 in 2003 as compared to \$26,726,000 in 2002. Average earning assets for the year increased by \$52 million with commercial real estate loans increasing by \$48 million. The growth in the loan portfolio offset the decline in our net interest margin caused by the low interest rate environment and loan pricing constraints. The Company's net interest margin was 3.75% in 2003 as compared with 3.99% in 2002. On a tax-equivalent basis, the net interest margin was 3.84% in 2003 and 4.09% in 2002.

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The provision for loan losses amounted to \$1,000,000 in 2003 as compared to \$1,075,000 in 2002, with net charge-offs declining to \$297,000 in 2003 from \$1,054,000 in 2002. The decline in net charge-offs was primarily the result of a \$382,000 recovery on a commercial loan. Non-performing loans on December 31, 2003 were \$3,331,000 as compared with \$3,149,000 on December 31, 2002.

Non-interest expenses increased by \$519,000 or 2% when compared to 2002. This was primarily as a result of the costs associated with operating the locations in Champaign and Maryville. Both were opened in November, 2002 and have had solid loan and deposit growth.

Earnings per share growth was also impacted by our share repurchase program. During 2003, we repurchased 120,000 shares of our own stock in the open market and through privately negotiated transactions. This program has proven to be an effective way of increasing value for shareholders. Any shareholder who wishes to use this service should contact Mrs. Christie Wright at (217) 258-0493.

Thank you for your support and for your confidence in First Mid-Illinois Bancshares, Inc.

Sincerely,

/s/ William S. Rowland

William S. Rowland  
Chairman and Chief Executive Officer

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

Dece

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 \$1,687 and \$1,927 at December 31, 2003

        and 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

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Total deposits  
Repurchase agreements with customers  
Other borrowings  
Other liabilities

Total liabilities

Stockholders' Equity:

Common stock (\$4 par value; authorized 6,000,000 shares;  
Issued 3,667,887 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, 534,619 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 year ended December 31,

Interest income:  
Interest and fees on loans  
Interest on investment securities  
Interest on federal funds sold and other

Total interest income

Interest expense:  
Interest on deposits  
Interest on repurchase agreements with customers  
Interest on other borrowings

Total interest expense

Net interest income  
Provision for loan losses

Net interest income after provision for loan losses

Non-interest income:

Trust revenues  
Brokerage commissions  
Insurance commissions  
Service charges  
Securities gains, net  
Mortgage banking revenues  
Other

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Total non-interest income

Non-interest expense:

Salaries and employee benefits  
Net occupancy and equipment expense  
Amortization of intangible assets  
Other

Total non-interest expense

Income before income taxes

Income taxes

Net income

Condensed Consolidated Statements of Changes in Stockholders' Equity  
(in thousands) (unaudited)  
For the year ended December 31,

Balance at beginning of year

Net income

Dividends on stock

Issuance of stock

Purchase of treasury stock

Change in accumulated other comprehensive income (loss)

Balance at end of year

Per Share Information

(unaudited)

For the year ended December 31,

Basic earnings per share

Diluted earnings per share

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Book value per share

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

[www.firstmid.com](http://www.firstmid.com)