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Item 8.01. Other Events

Incorporated by reference is the quarterly shareholder report issued by the Registrant on October 27, 2004, attached as Exhibit 99, providing information concerning the Registrant's financial statements as of September 30, 2004.

Item 9.01. Financial Statements and Exhibits

- (a) None required
- (b) None required
- (c) Exhibits

Exhibit 99 - Quarterly shareholder report as of and for the period ending September 30, 2004

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: October 27, 2004

By: /s/ William S. Rowland

William S. Rowland
President and Chief
Executive Officer

INDEX TO EXHIBITS

Exhibit

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| Number | Description |
|--------|--|
| 99 | Quarterly shareholder report issued October 27, 2004 |

Exhibit 99

[GRAPHIC OMITTED] [GRAPHIC OMITTED]

Our financial results for the first nine months of 2004 were good, with diluted earnings per share amounting to \$1.56 as compared to \$1.42 during the same period in 2003. Net income increased to \$7,181,000 for the first nine months of 2004 as compared to \$6,877,000 for the first nine months of 2003. All share and per share information for current and prior periods presented in this report have been adjusted to reflect the three-for-two stock split in the form of a 50% stock dividend completed in July 2004.

An increase in net interest income was the primary factor in 2004 earnings growth. Net interest income before provision for loan losses was \$21,187,000 for the first nine months of 2004 as compared to \$19,965,000 for the same period in 2003, an increase of \$1,222,000. Growth in net average earning assets and an increase in margin contributed to the increase in net interest income. Loan balances increased \$44 million in 2004 and deposit balances increased by \$33 million. The net interest margin for the first nine months of 2004 increased to 3.87% on a tax equivalent basis from 3.81% for the first nine months of 2003 as a result of the loan growth and lower funding costs.

Our provision for loan losses amounted to \$437,000 for the first nine months of 2004 as compared to \$750,000 during the same period last year. The reduced provision is primarily due to a decline in the level of non-performing loans. Non-performing loans on September 30, 2004 were \$3,606,000 as compared to \$4,766,000 on September 30, 2003. Net charge-offs were \$303,000 for the first nine months of 2004 as compared with \$204,000 for the same period last year.

Non-interest income for the first nine months of 2004 was \$8,717,000 compared to \$9,487,000 for the same period last year. As we anticipated, mortgage refinance activity slowed considerably in 2004 and mortgage banking revenue declined to \$384,000 for the first nine months of 2004 compared to \$1,581,000 for the same period last year. Increases in trust and brokerage fees have partially offset these declines. Trust revenues have increased from \$1,444,000 for the first nine months of 2003 to \$1,676,000 for the first nine months of 2004. The increase in revenues is the result of improvement in equity prices and growth in new business. Trust assets increased from \$339 million on September 30, 2003 to \$354 million on September 30, 2004.

Non-interest expenses increased by \$408,000 compared to the first nine months of 2003 as a result of increased costs for salaries and benefits, marketing costs for deposit promotions, and professional fees incurred in implementing the requirements of the Sarbanes-Oxley Act of 2002.

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During the third quarter of 2004, we completed the initial phase of our retail deposit realignment. Customers have had a favorable response to the new products and we have added 977 new deposit accounts since the new products were first introduced. In addition to the deposit products, we have made it much more convenient for customers to obtain a home mortgage loan with the completion of our online mortgage center. A customer can apply and receive pre-approval for their home mortgage loan online. This provides the customer peace-of-mind as they search for their new home. Initial customer usage has been very good with over 5,000 hits to this page of our website in the last few months.

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

Sincerely,

/s/ William S. Rowland

William S. Rowland
Chairman and Chief Executive Officer

October 27, 2004

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

www.firstmid.com

| CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands, except share data) (unaudited) | September 30, | December 31, |
|---|---------------|--------------|
| | 2004 | 2003 |
| Assets | | |
| Cash and due from banks | \$16,918 | \$20,659 |
| Federal funds sold and other interest-bearing deposits | 732 | 4,290 |
| Investment securities: | | |
| Available-for-sale, at fair value | 168,341 | 176,481 |
| Held-to-maturity, at amortized cost (estimated fair value of \$1,628 and \$1,687 at September 30, 2004 and December 31, 2003, respectively) | 1,567 | 1,677 |
| Loans | 597,406 | 552,824 |
| Less allowance for loan losses | (4,560) | (4,426) |
| Net loans | 592,846 | 548,398 |
| Premises and equipment, net | 15,471 | 16,059 |

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| | | |
|--|-----------|-----------|
| Goodwill, net | 9,034 | 9,034 |
| Intangible assets, net | 3,497 | 3,969 |
| Other assets | 13,656 | 13,078 |
| <hr/> | | |
| Total assets | \$822,062 | \$793,645 |
| <hr/> | | |
| Liabilities and Stockholders' Equity | | |
| Deposits: | | |
| Non-interest bearing | \$85,151 | \$94,723 |
| Interest bearing | 563,199 | 520,269 |
| <hr/> | | |
| Total deposits | 648,350 | 614,992 |
| Repurchase agreements with customers | 53,153 | 59,875 |
| Junior subordinated debentures | 10,310 | - |
| Other borrowings | 34,900 | 39,925 |
| Other liabilities | 6,623 | 8,258 |
| <hr/> | | |
| Total liabilities | 753,336 | 723,050 |
| <hr/> | | |
| Stockholders' Equity: | | |
| Common stock (\$4 par value; authorized 18,000,000 shares; issued 5,564,207 shares in 2004 and 5,501,831 shares in 2003) | 22,257 | 14,672 |
| Additional paid-in capital | 17,561 | 15,960 |
| Retained earnings | 51,763 | 52,942 |
| Deferred compensation | 2,198 | 1,881 |
| Accumulated other comprehensive income | 1,092 | 1,581 |
| Treasury stock at cost, 1,098,676 shares in 2004 and 801,928 shares in 2003 | (26,145) | (16,441) |
| <hr/> | | |
| Total stockholders' equity | 68,726 | 70,595 |
| <hr/> | | |
| Total liabilities and stockholders' equity | \$822,062 | \$793,645 |
| <hr/> | | |

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands) (unaudited)

| For the nine month period ended September 30, | 2004 | 2003 |
|---|----------|----------|
| Interest income: | | |
| Interest and fees on loans | \$24,941 | \$24,245 |
| Interest on investment securities | 4,574 | 4,649 |
| Interest on federal funds sold and other | 72 | 222 |
| <hr/> | | |
| Total interest income | 29,587 | 29,116 |
| Interest expense: | | |
| Interest on deposits | 6,634 | 7,549 |
| Interest on repurchase agreements with customers | 245 | 193 |
| Interest on subordinated debt | 255 | - |
| Interest on other borrowings | 1,266 | 1,409 |
| <hr/> | | |
| Total interest expense | 8,400 | 9,151 |
| <hr/> | | |
| Net interest income | 21,187 | 19,965 |
| Provision for loan losses | 437 | 750 |
| <hr/> | | |
| Net interest income after provision for loan losses | 20,750 | 19,215 |
| Non-interest income: | | |
| Trust revenues | 1,676 | 1,444 |
| Brokerage commissions | 298 | 209 |

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| | | |
|-------------------------------------|---------|---------|
| Insurance commissions | 1,112 | 1,141 |
| Service charges | 3,572 | 3,303 |
| Securities gains, net | 92 | 370 |
| Mortgage banking revenues | 384 | 1,581 |
| Other | 1,583 | 1,439 |
| ----- | | |
| Total non-interest income | 8,717 | 9,487 |
| Non-interest expense: | | |
| Salaries and employee benefits | 10,087 | 9,928 |
| Net occupancy and equipment expense | 3,237 | 3,202 |
| Amortization of intangible assets | 472 | 577 |
| Other | 4,860 | 4,541 |
| ----- | | |
| Total non-interest expense | 18,656 | 18,248 |
| ----- | | |
| Income before income taxes | 10,811 | 10,454 |
| Income taxes | 3,630 | 3,577 |
| ----- | | |
| Net income | \$7,181 | \$6,877 |
| ===== | | |

Per Share Information

(unaudited)

| | | |
|---|---------|---------|
| For the nine month period ended September 30, | 2004 | 2003 |
| Basic earnings per share | \$1.59 | \$1.45 |
| Diluted earnings per share | \$1.56 | \$1.42 |
| Book value per share | \$15.39 | \$14.90 |
| Market price of stock | \$36.50 | \$31.50 |

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands) (unaudited)

| | | |
|--|----------|----------|
| For the nine month period ended September 30, | 2004 | 2003 |
| Balance at beginning of year | \$70,595 | \$66,807 |
| Net income | 7,181 | 6,877 |
| Dividends on stock | (949) | (791) |
| Issuance of stock | 1,775 | 1,580 |
| Purchase of treasury stock | (9,479) | (3,466) |
| Deferred compensation adjustment | 92 | - |
| Changes in accumulated other comprehensive income (loss) | (489) | (706) |
| ----- | | |
| Balance at end of year | \$68,726 | \$70,301 |
| ===== | | |