

FIRST MID ILLINOIS BANCSHARES INC
Form 10-Q
November 06, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2009

Or

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

For the transition period from _____ to _____

Commission file number 0-13368

FIRST MID-ILLINOIS BANCSHARES, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

37-1103704
(I.R.S. employer identification no.)

1515 Charleston Avenue,
Mattoon, Illinois
(Address of principal executive offices)

61938
(Zip code)

(217) 234-7454
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting
company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). [] Yes [X]
No

As of November 5, 2009, 6,134,982 common shares, \$4.00 par value, were outstanding.

PART I

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets	(Unaudited)	
	September 30 2009	December 31, 2008
(In thousands, except share data)		
Assets		
Cash and due from banks:		
Non-interest bearing	\$ 30,753	\$ 17,756
Interest bearing	15,429	30,587
Federal funds sold	60,000	38,300
Cash and cash equivalents	106,182	86,643
Investment securities:		
Available-for-sale, at fair value	250,925	169,476
Held-to-maturity, at amortized cost (estimated fair value of \$469 and \$610 at September 30, 2009 and December 31, 2008, respectively)	459	599
Loans held for sale	135	537
Loans	692,489	741,401
Less allowance for loan losses	(9,000)	(7,587)
Net loans	683,489	733,814
Interest receivable	6,589	7,161
Other real estate owned	1,880	2,388
Premises and equipment, net	15,437	14,985
Goodwill, net	17,363	17,363
Intangible assets, net	3,008	3,562
Other assets	14,214	13,172
Total assets	\$ 1,099,681	\$ 1,049,700
Liabilities and Stockholders' Equity		
Deposits:		
Non-interest bearing	\$ 117,797	\$ 119,986
Interest bearing	730,064	686,368
Total deposits	847,861	806,354
Securities sold under agreements to repurchase	79,718	80,708
Interest payable	1,118	1,616
FHLB borrowings	32,750	37,750
Other borrowings	-	13,000
Junior subordinated debentures	20,620	20,620
Other liabilities	6,686	6,874
Total liabilities	988,753	966,922
Stockholders' Equity		
Convertible preferred stock, no par value; authorized 1,000,000; issued 4,527 shares in 2009	22,635	-
Common stock, \$4 par value; authorized 18,000,000 shares; issued 7,343,040 shares in 2009 and 7,254,117 shares in 2008	29,372	29,017
Additional paid-in capital	26,556	25,289
Retained earnings	61,946	58,059
Deferred compensation	2,865	2,787
Accumulated other comprehensive income (loss)	1,268	(416)

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Less treasury stock at cost, 1,205,105 shares in 2009		
and 1,121,273 shares in 2008	(33,714)	(31,958)
Total stockholders' equity	110,928	82,778
Total liabilities and stockholders' equity	\$1,099,681	\$1,049,700

See accompanying notes to unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Income (unaudited)

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Interest income:				
Interest and fees on loans	\$10,425	\$11,813	\$31,831	\$36,111
Interest on investment securities	2,443	2,148	6,812	6,391
Interest on federal funds sold	17	73	52	324
Interest on deposits with other financial institutions	53	104	113	383
Total interest income	12,938	14,138	38,808	43,209
Interest expense:				
Interest on deposits	3,325	3,753	10,601	12,929
Interest on securities sold under agreements to repurchase	32	202	89	766
Interest on FHLB borrowings	407	498	1,255	1,539
Interest on other borrowings	-	133	22	427
Interest on subordinated debentures	270	328	842	1,020
Total interest expense	4,034	4,914	12,809	16,681
Net interest income	8,904	9,224	25,999	26,528
Provision for loan losses	928	677	2,170	1,736
Net interest income after provision for loan losses	7,976	8,547	23,829	24,792
Other income:				
Trust revenues	498	608	1,622	2,013
Brokerage commissions	89	99	301	419
Insurance commissions	393	475	1,560	1,604
Service charges	1,318	1,484	3,672	4,201
Securities gains, net	240	10	447	231
Total other-than-temporary impairment losses	(634)	-	(757)	-
Portion of loss recognized in other comprehensive loss	266	-	(480)	-
Other-than-temporary impairment losses recognized in earnings	(368)	-	(1,237)	-
Gain on sale of merchant banking portfolio	-	-	1,000	-
Mortgage banking revenue, net	171	127	562	370
Other	854	894	2,595	2,907
Total other income	3,195	3,697	10,522	11,745
Other expense:				
Salaries and employee benefits	4,060	4,339	12,509	12,777
Net occupancy and equipment expense	1,209	1,247	3,752	3,713
Net other real estate owned expense	71	29	347	187
FDIC insurance	357	33	1,621	77
Amortization of intangible assets	176	192	554	574
Stationery and supplies	154	133	419	414
Legal and professional	503	372	1,541	1,188
Marketing and donations	274	346	726	637
Other	1,145	1,316	3,478	4,153
Total other expense	7,949	8,007	24,947	23,720
Income before income taxes	3,222	4,237	9,404	12,817

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Income taxes	1,078	1,420	3,076	4,384
Net income	\$2,144	\$2,817	\$6,328	\$8,433
Dividends on preferred shares	515	-	1,290	-
Net income available to common stockholders	\$1,629	\$2,817	\$5,038	\$8,433
Per share data:				
Basic earnings per common share	\$0.27	\$0.45	\$0.82	\$1.35
Diluted earnings per common share	\$0.26	\$0.45	\$0.82	\$1.33
Cash dividends per common share	\$-	\$-	\$0.19	\$0.19