

META FINANCIAL GROUP INC

FORM 10-Q (Quarterly Report)

Filed 8/14/2003 For Period Ending 6/30/2003

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Industry	S&Ls/Savings Banks
Sector	Financial
Fiscal Year	09/30

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 June 30, 2003

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

For the transaction period from _____ to _____

Commission File Number: 0-22140

FIRST MIDWEST FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

42-1406262
(IRS Employer Identification No.)

Fifth at Erie, Storm Lake, Iowa 50588
(Address of principal executive offices)

(712) 732-4117
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) 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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class:
Common Stock, \$.01 par value

Outstanding at August 12, 2003:
2,493,949 Common Shares

Transitional Small Business Disclosure Format: Yes ☐; No ☒

FIRST MIDWEST FINANCIAL, INC.

FORM 10-Q

INDEX

	Page No. -----
Part I. Financial Information	
Item 1. Financial Statements (unaudited):	
Consolidated Balance Sheets at June 30, 2003 and September 30, 2002	3
Consolidated Statements of Income for the Three Months and Nine Months Ended June 30, 2003 and 2002	4
Consolidated Statements of Comprehensive Income (Loss) for the Three Months and Nine Months Ended June 30, 2003 and 2002	5
Consolidated Statement of Changes in Shareholders' Equity for the Nine Months Ended June 30, 2003	6
Consolidated Statements of Cash Flows for the Nine Months Ended June 30, 2003 and 2002	7
Notes to Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3. Quantitative and Qualitative Disclosure About Market Risk	18
Item 4. Disclosure Controls and Procedures	20
Part II. Other Information	
Item 6. Exhibits and Reports on Form 8-K	21
Signatures	22

Part I. Financial Information

Item 1. Financial Statements

FIRST MIDWEST FINANCIAL, INC. AND SUBSIDIARIES Consolidated Balance Sheets (Unaudited)

	June 30, 2003	September 30, 2002
	-----	-----
Assets		
Cash and due from banks	\$ 1,522,235	\$ 1,325,139
Interest-bearing deposits in other financial institutions - short-term (cost approximates market value)	13,232,791	6,051,295
	-----	-----
Total cash and cash equivalents	14,755,026	7,376,434
Securities available for sale, amortized cost of \$368,662,853 at June 30, 2003 and \$217,460,796 at September 30, 2002	366,903,764	218,247,310
Loans held for sale	1,028,861	1,254,962
Loans receivable - net of allowance for loan losses of \$4,967,078 at June 30, 2003 and \$4,692,988 at September 30, 2002	346,134,038	341,937,408
Foreclosed real estate, net	1,332,250	1,327,802
Accrued interest receivable	3,722,994	4,320,514
Federal Home Loan Bank stock, at cost	12,287,200	6,842,600
Premises and equipment, net	11,523,389	11,054,243
Other assets	17,188,809	15,287,187
	-----	-----
Total Assets	\$ 774,876,331	\$607,648,460
	=====	=====
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	\$ 432,927,511	\$355,779,753
Advances from Federal Home Loan Bank	219,666,771	125,089,999
Securities sold under agreements to repurchase	66,103,325	70,176,228
Company Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Subordinated Debentures	10,000,000	10,000,000
Advances from borrowers for taxes and insurance	339,049	355,884
Accrued interest payable	488,256	671,033
Other liabilities	881,263	987,797
	-----	-----
Total Liabilities	730,406,175	563,060,694
	-----	-----
Shareholders' Equity		
Preferred stock, 800,000 shares authorized, no shares issued or outstanding	--	--
Common stock, \$.01 par value, 5,200,000 shares authorized, 2,957,999 shares issued and 2,493,949 shares outstanding at June 30, 2003; 2,957,999 shares issued and 2,468,804 shares outstanding at September 30, 2002	29,580	29,580
Additional paid-in capital	20,501,606	20,593,768
Retained earnings - substantially restricted	33,623,126	31,940,648
Accumulated other comprehensive income (loss)	(1,103,552)	494,834
Unearned Employee Stock Ownership Plan shares	(415,641)	(46,142)
Treasury stock, 464,050 and 489,195 common shares, at cost, at June 30, 2003 and September 30, 2002, respectively	(8,164,963)	(8,424,922)
	-----	-----
Total Shareholders' Equity	44,470,156	44,587,766
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 774,876,331	\$607,648,460
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

**FIRST MIDWEST FINANCIAL, INC.
AND SUBSIDIARIES
Consolidated Statements of Income (Unaudited)**

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2003	2002	2003	2002
Interest and Dividend Income:				
Loans receivable, including fees	\$ 5,936,930	\$ 6,228,454	\$ 18,212,692	\$ 19,098,240
Securities available for sale	2,734,611	2,625,429	8,313,157	7,258,842
Dividends on Federal Home Loan Bank stock	101,656	50,541	201,780	172,028
Total interest and dividend income	8,773,197	8,904,424	26,727,629	26,529,110
Interest Expense:				
Deposits	2,582,015	3,260,747	8,004,583	10,469,284
FHLB advances and other borrowings	2,259,715	2,032,761	6,719,069	6,181,455
Total interest expense	4,841,730	5,293,508	14,723,652	16,650,739
Net interest income	3,931,467	3,610,916	12,003,977	9,878,371
Provision for loan losses	67,000	280,000	350,000	715,000
Net interest income after provision for loan losses	3,864,467	3,330,916	11,653,977	9,163,371
Noninterest income:				
Deposit service charges and other fees	351,065	284,982	962,928	834,953
Loan fees on sold loans	235,483	48,445	745,667	383,184
Gain on sales of securities available for sale, net	46,180	46,762	242,570	86,193
Gain (loss) on sales of foreclosed real estate, net	(2,601)	(27,371)	(3,181)	(37,177)
Brokerage commissions	48,150	31,874	92,423	151,037
Other income	195,196	196,025	738,889	582,264
Total noninterest income	873,473	580,717	2,779,296	2,000,454
Noninterest expense:				
Employee compensation and benefits	2,171,665	1,954,142	6,291,439	5,724,929
Occupancy and equipment expense	517,705	530,663	1,604,641	1,474,089
Federal deposit insurance premium	15,386	15,147	45,688	46,201
Data processing expense	159,297	148,307	466,334	427,764
Prepayment fee on FHLB advances	--	--	500,674	--
Other expense	534,640	535,333	1,570,254	1,473,502
Total noninterest expense	3,398,693	3,183,592	10,479,030	9,146,485
Income before income taxes	1,339,247	728,041	3,954,243	2,017,340
Income tax expense	446,840	199,583	1,302,395	603,974
Net income	\$ 892,407	\$ 528,458	\$ 2,651,848	\$ 1,413,366
Earnings per common share:				
Basic	\$ 0.36	\$ 0.22	\$ 1.07	\$ 0.58
Diluted	\$ 0.36	\$ 0.21	\$ 1.06	\$ 0.57

The accompanying notes are an integral part of these consolidated financial statements.

**FIRST MIDWEST FINANCIAL, INC.
AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)**

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2003	2002	2003	2002
Net income	\$ 892,407	\$ 528,458	\$ 2,651,848	\$1,413,366
Other comprehensive income (loss):				
Net change in net unrealized gains and losses on securities available for sale	(1,835,840)	2,497,893	(2,545,603)	172,463
Deferred income tax expense (benefit)	(683,115)	923,805	(947,217)	60,751
	-----	-----	-----	-----
Total other comprehensive income (loss)	(1,152,725)	1,574,088	(1,598,386)	111,712
	-----	-----	-----	-----
Total comprehensive income (loss)	\$ (260,318)	\$2,102,546	\$ 1,053,462	\$1,525,078
	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

**FIRST MIDWEST FINANCIAL, INC.
AND SUBSIDIARIES**

Consolidated Statement of Changes in Shareholders' Equity (Unaudited) For the Nine Months Ended June 30, 2003

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Unearned Employee Stock Ownership Plan Shares
	-----	-----	-----	-----	-----
Balance at September 30, 2002	\$29,580	\$ 20,593,768	\$ 31,940,648	\$ 494,834	\$ (46,142)
Cash dividends declared on common stock (\$0.39 per share)	--	--	(969,370)	--	--
Purchase of 10,147 shares of treasury stock	--	--	--	--	--
Purchase of 35,574 common shares for ESOP	--	--	--	--	(608,584)
15,450 common shares committed to be released under the ESOP	--	10,060	--	--	239,085
Issuance of 35,292 common shares from treasury stock due to exercise of stock options	--	(189,770)	--	--	--
Tax benefit from exercise of stock options	--	87,548	--	--	--
Net change in net unrealized losses on securities available for sale, net of effect of income taxes of \$(947,217)	--	--	--	(1,598,386)	--
Net income for the nine months ended June 30, 2003	--	--	2,651,848	--	--
	-----	-----	-----	-----	-----
Balance at June 30, 2003	\$29,580	\$ 20,501,606	\$ 33,623,126	\$(1,103,552)	\$(415,641)
	=====	=====	=====	=====	=====
	Treasury Stock	Total Shareholders' Capital			
	-----	-----			
Balance at September 30, 2002	\$(8,424,922)	\$ 44,587,766			
Cash dividends declared on common stock (\$0.39 per share)	--	(969,370)			
Purchase of 10,147 shares of treasury stock	(165,092)	(165,092)			
Purchase of 35,574 common shares for ESOP	--	(608,584)			
15,450 common shares committed to be released under the ESOP	--	249,145			
Issuance of 35,292 common shares from treasury stock due to exercise of stock options	425,051	235,281			
Tax benefit from exercise of stock options	--	87,548			
Net change in net unrealized losses on securities available for sale, net of effect of income taxes of \$(947,217)	--	(1,598,386)			
Net income for the nine months ended June 30, 2003	--	2,651,848			
	-----	-----			
Balance at June 30, 2003	\$(8,164,963)	\$ 44,470,156			
	=====	=====			

The accompanying notes are an integral part of these consolidated financial statements.

**FIRST MIDWEST FINANCIAL, INC.
AND SUBSIDIARIES**
Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended June 30, 2003	2002
Cash flows from operating activities:		
Net income	\$ 2,651,848	\$ 1,413,366
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, amortization and accretion, net	1,428,046	1,323,279
Provision for loan losses	350,000	715,000
(Gain)/loss on sales of foreclosed real estate, net	3,181	(86,193)
(Gain)/loss on sales of securities available for sale, net	(242,570)	37,177
(Gain)/loss on sales of office property, net	(134,700)	--
Prepayment fee on FHLB advances	500,674	--
Proceeds from sales of loans held for sale	59,244,469	40,283,062
Originations of loans held for sale	(59,018,368)	(40,283,062)
Net change in accrued interest receivable	597,520	851,037
Net change in other assets	(954,404)	(696,340)
Net change in accrued interest payable	(182,777)	(206,509)
Net change in accrued expenses and other liabilities	(106,534)	866,849
Net cash from operating activities	4,136,385	4,217,666
Cash flows from investing activities:		
Purchase of securities available for sale	(372,599,726)	(98,405,484)
Proceeds from sale of securities available for sale	90,455,195	12,442,021
Proceeds from maturities and principal repayments of securities available for sale	130,620,985	28,912,815
Net change in loans receivable	15,024,297	11,153,142
Loans purchased	(19,926,142)	(19,095,455)
Proceeds from sales of foreclosed real estate	388,139	301,041
Proceeds from sales of office building	197,169	--
Purchase of shares by ESOP	(608,584)	--
Purchase of FHLB stock	(5,444,600)	(443,700)
Purchase of premises and equipment, net	(1,187,010)	(1,276,574)
Net cash from investing activities	(163,080,277)	(66,412,194)
Cash flows from financing activities:		
Net change in noninterest-bearing demand, savings, NOW, and money market demand deposits	31,473,882	12,730,609
Net change in other time deposits	45,673,876	10,598,360
Proceeds from advances from Federal Home Loan Bank	778,925,000	214,920,000
Repayments of advances from Federal Home Loan Bank	(684,848,902)	(229,385,603)
Net change in securities sold under agreements to repurchase	(4,072,903)	53,537,830
Net change in advances from borrowers for taxes and insurance	(16,835)	(66,642)
Cash dividends paid	(969,371)	(961,939)
Proceeds from the exercise of stock options	322,829	418,542
Purchase of treasury stock	(165,092)	(741,365)
Net cash from financing activities	166,322,484	61,049,792
Net change in cash and cash equivalents	7,378,592	(1,144,736)
Cash and cash equivalents at beginning of period	7,376,434	8,766,305
Cash and cash equivalents at end of period	\$ 14,755,026	\$ 7,621,569
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$ 14,906,429	\$ 16,857,248
Income taxes	1,086,788	520,693
Supplemental schedule of non-cash investing and financing activities:		
Loans transferred to foreclosed real estate	\$ 395,768	\$ 316,517

The accompanying notes are an integral part of these consolidated financial statements.