META FINANCIAL GROUP INC

FORM 10-Q
(Quarterly Report)

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Address	121 EAST FIFTH STREET P O BOX 1307
	STORM LAKE, Iowa 50588
Telephone	712-732-4117
CIK	0000907471
Industry	S&Ls/Savings Banks
Sector	Financial
Fiscal Year	09/30

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1997

**[ ] 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 small business issuer as specified in its charter)

Delaware	42-1406262
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

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

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past twelve 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 [X] No [ ]

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

Class:	Outstanding at March 31, 1997
Common Stock, $.01 par value	2,827,323 Common Shares

Transitional Small Business Disclosure Format: Yes [ ] No [X]

FIRST MIDWEST FINANCIAL, INC.

FORM 10-Q

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Part I. Financial Information

Item 1. Financial Statements

FIRST MIDWEST FINANCIAL, INC.
AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 1997	September 30, 1996
Assets		
Cash and cash equivalents	$ 13,500,358	$ 14,328,652
Interest-bearing deposits in other financial institutions (cost approximates market value)	300,000	300,000
Securities available for sale, amortized cost of $90,620,861 and $109,444,536	90,528,990	109,491,558
Loans receivable - net of allowances of $2,398,632 and $2,356,113	246,139,867	243,533,519
Real estate owned - net of allowance of $5,000	59,075	86,818
Accrued interest receivable	3,971,162	5,029,047
Federal Home Loan Bank stock, at cost	5,524,700	5,524,700
Premises and equipment, net	4,147,066	3,680,332
Excess of cost over net assets acquired	4,939,808	5,090,959
Other assets	1,065,984	942,713
Total Assets	$ 370,177,010	$ 388,008,298
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	$ 235,521,226	$ 233,405,726
Advances from Federal Home Loan Bank	85,632,144	102,287,803
Securities sold under agreements to repurchase	2,440,000	2,789,918
Other borrowings	--	1,400,000
Advances from borrowers for taxes and insurance	514,240	490,243
Accrued interest payable	1,267,271	1,271,465
Other liabilities	1,891,590	3,153,441
Total Liabilities	327,266,471	344,798,596

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

	March 31, 1997	September 30, 1996
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 and 1,990,495 issued	29,580	19,905
Additional paid-in capital	20,758,006	20,862,551
Retained earnings - substantially restricted	25,027,684	23,748,383
Net unrealized appreciation/(depreciation) on securities available for sale, net of tax of $(39,758) and $18,324	(52,113)	28,698
Unearned Employee Stock Ownership Plan shares	(667,600)	(767,200)
Treasury stock, 130,676 and 44,760 common shares, at cost	(2,185,018)	(682,635)
Total Shareholders' Equity	42,910,539	43,209,702
Total Liabilities and Shareholders' Equity	$ 370,177,010	$ 388,008,298

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

FIRST MIDWEST FINANCIAL, INC.
AND SUBSIDIARIES
Consolidated Statements of Income

	Three Months Ended March 31, 1997	Three Months Ended March 31, 1996	Six Months Ended March 31, 1997	Six Months Ended March 31, 1996
Interest and Dividend Income:				
Loans receivable	$ 5,399,175	$ 4,613,148	$10,949,965	$ 8,634,869
Securities available for sale	1,387,852	1,279,133	3,045,493	2,541,794
Dividends on Federal Home Loan Bank stock	95,068	69,977	192,567	148,927
Total interest and dividend income	6,882,095	5,962,258	14,188,025	11,325,590
Interest Expense:				
Deposits	2,877,640	2,498,570	5,828,238	4,665,205
Other borrowings	1,096,345	908,915	2,434,540	1,702,474
Total interest expense	3,973,985	3,407,485	8,262,778	6,367,679
Net interest income	2,908,110	2,554,773	5,925,247	4,957,911
Provision for loan losses	30,000	30,000	60,000	60,000
Net interest income after provision for loan losses	2,878,110	2,524,773	5,865,247	4,897,911
Non-interest income:				
Loan fees and service charges	231,643	214,233	565,330	410,702
Gain on sales of securities available for sale, net	--	28,079	--	57,129
Brokerage commissions from subsidiary	14,370	90,789	37,368	151,735
Other	137,417	33,135	188,387	69,745
Total non-interest income	383,430	366,236	791,085	689,311
Non-interest expense:				
Compensation and benefits	1,032,970	959,412	2,069,549	1,838,936
Occupancy and equipment	276,919	169,505	501,340	272,485
Federal deposit insurance	37,712	104,656	133,422	207,561
Data processing	81,633	76,222	159,914	135,682
Other	400,556	343,109	778,910	605,172
Total non-interest expense	1,829,790	1,652,904	3,643,135	3,059,836
Income before income taxes	1,431,750	1,238,105	3,013,197	2,527,386
Income tax expense	582,211	511,297	1,210,441	1,023,733
Net income	$ 849,539	$ 726,808	$ 1,802,756	$ 1,503,653
Primary and fully diluted earnings per common and common equivalent share:	$ .29	$ .27	$ .62	$ .56

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
For the Six Months Ended March 31, 1997

	Common Stock	Additional Paid-In Capital	Retained Earnings	Net Unrealized Appreciation (Depreciation) on Securities Available for Sale, Net of Tax	Unearned Employee Stock Ownership Plan Shares	Treasury Stock	Total Shareholders' Equity
Balance at September 30, 1996	$ 19,905	$ 20,862,551	$ 23,748,383	$ 28,698	$(767,200)	$ (682,635)	$ 43,209,702
14,940 common shares committed to be released under the ESOP	--	141,423	--	--	99,600	--	241,023
Cash dividends declared on common stock ($0.09 per share)	--	--	(522,622)	--	--	--	(522,622)
Net change in unrealized appreciation (depreciation) on securities available for sale, net of tax of $(58,082).....	--	--	--	(80,811)	--	--	(80,811)
Amortization of recognition and retention plan common shares and tax benefit of restricted stock under the plan	--	20,970	--	--	--	--	20,970
Retirement of 3,474 common shares.....	(35)	35	--	--	--	--	--
Purchase of 120,000 common shares of treasury stock	--	--	--	--	--	(2,095,637)	(2,095,637)
Issuance of 34,084 common shares from treasury stock due to exercise of stock options	--	(257,263)	--	--	--	593,254	335,991
Issuance of 970,978 common shares for stock dividend declared on common stock, net of cash paid in lieu of fractional shares	9,710	(9,710)	(833)	--	--	--	(833)
Net income for the six months ended March 31, 1997	--	--	1,802,756	--	--	--	1,802,756
Balance at March 31, 1997	$ 29,580	$ 20,758,006	$ 25,027,684	$(52,113)	$(667,600)	$(2,185,018)	$ 42,910,539

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

FIRST MIDWEST FINANCIAL, INC.
AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Six Months Ended March 31, 1997	Six Months Ended March 31, 1996
Cash flows from operating activities:		
Net income	$ 1,802,756	$ 1,503,653
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, amortization and accretion, net	516,258	450,520
Provision for loan losses	60,000	60,000
Gain on sales of securities available for sale, net	--	(57,129)
Gain on sales of office property, net	--	(3,399)
Stock dividends from Federal Home Loan Bank stock	--	(78,900)
Proceeds from sales of loans held for sale	1,429,502	1,542,767
Originations of loans held for sale	(1,429,502)	(1,594,623)
Net change in accrued interest receivable	1,057,885	(44,507)
Net change in other assets	(154,334)	(22,096)
Net change in accrued interest payable	(4,194)	57,317
Net change in accrued expenses and other liabilities	(1,203,768)	388,254
Net cash from operating activities	2,074,603	2,201,857
Cash flows from investing activities:		
Purchase of securities available for sale	(27,001,598)	(50,726,677)
Proceeds from sales of securities available for sale	--	193,079
Proceeds from maturities of securities available for sale	42,168,111	53,750,000
Proceeds from principal repayment of mortgage-backed securities	3,636,436	3,545,407
Net change in loans receivable	4,411,600	(4,790,263)
Loans purchased	(6,980,754)	(19,850,635)
Purchase of Iowa Bancorp, Inc., net of cash received	--	(5,217,265)
Proceeds from sales of foreclosed real estate	27,743	11,796
Purchase of premises and equipment, net	(615,255)	(687,175)
Proceeds from sales of assets	--	26,335
Net cash from investing activities	15,646,283	(23,745,398)

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

	Six Months Ended March 31, 1997	1996
Cash flows from financing activities:		
Net change in non-interest bearing demand, savings, NOW and money market demand accounts	1,283,371	1,242,347
Net change in other time deposits	832,129	11,921,772
Proceeds from advances from Federal Home Loan Bank	62,000,000	81,000,000
Payments of advances from Federal Home Loan Bank	(78,655,658)	(68,305,174)
Net change in securities sold under agreements to repurchase	(349,918)	1,000,000
Net change in other borrowings	(1,400,000)	--
Net change in advances from borrowers for taxes and insurance	23,997	94,862
Cash dividends paid and cash paid in lieu of fractional shares	(523,455)	(394,186)
Proceeds from exercise of stock options	335,991	94,500
Purchase of treasury stock	(2,095,637)	(313,710)
Net cash from financing activities	(18,549,180)	26,340,411
Net change in cash and cash equivalents	(828,294)	4,796,870
Cash and cash equivalents at beginning of period	14,328,652	4,615,712
Cash and cash equivalents at end of period	$ 13,500,358	$ 9,412,582

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

FIRST MIDWEST FINANCIAL, INC.

AND SUBSIDIARIES

Notes to consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by First Midwest Financial, Inc. ("First Midwest" or the "Company") and its consolidated subsidiaries, First Federal Savings Bank of the Midwest ("First Federal"), Security State Bank ("Security"), First Services Financial Limited and Brookings Service Corporation, for interim reporting are consistent with the accounting policies followed for annual financial reporting. All adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the periods reported have been included in the accompanying unaudited consolidated financial statements, and all such adjustments are of a normal recurring nature. The accompanying financial statements do not purport to contain all the necessary financial disclosures required by generally accepted accounting principles that might otherwise be necessary in the circumstances and should be read in conjunction with the Company's consolidated financial statements, and notes thereto, for the year ended September 30, 1996.

2. EARNINGS PER SHARE

Earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period and the common share equivalents which would arise from considering dilutive stock options, which totaled 2,912,439 and 2,697,356 shares for the three months ended March 31, 1997 and 1996, respectively, and which totaled 2,923,125 and 2,691,284 shares for the six months ended March 31, 1997 and 1996, respectively. The difference between primary and fully diluted earnings per share is not material. Unallocated shares of common shares held by the employee stock ownership plan are not considered outstanding for the purpose of calculating earnings per share.

On November 25, 1996, the Company declared a 50% stock dividend payable on January 2, 1997 to stockholders of record December 16, 1996. The stock dividend is reflected in the balance sheet, and dividend and earnings per share data has been restated for all reported periods.

3. ACQUISITIONS

On December 29. 1995, the Company acquired 100% of the common stock of Iowa Bancorp, Inc. ("Iowa Bancorp"), and its wholly-owned subsidiary, Iowa Savings Bank, a federal savings bank, ("Iowa Savings") located in Des Moines, Iowa, in a purchase transaction with $25 million in assets. Each share of Iowa Bancorp's common stock was exchanged for $20.39 in cash. The Company paid aggregate consideration of approximately $8 million. Iowa Bancorp's results of operations are included in the consolidated income statement of the Company beginning as of the purchase date.

Presented below are the unaudited consolidated proforma results of operations of the Company for the six months ended March 31, 1996, assuming the Iowa Bancorp acquisition had occurred as of the beginning of the period.

	Six Months Ended March 31, 1996
Net interest income	$ 4,906,000
Net Income	1,360,000
Earnings per weighted average common and common equivalent share	
Fully diluted:	
Net income	$0.51

On September 30, 1996, the Company acquired 100% of the common stock of Central West Bancorporation ("Central West"), and its wholly-owned subsidiary, Security State Bank, located in Stuart, Iowa, in a purchase transaction with $33 million in assets. Each share of Central West's common stock was exchanged for $18.04 in cash and 2.3528 shares of the Company's common stock. The Company paid approximately $1.3 million and issued 171,158 common shares valued at $23 per share for a total value of approximately $3.9 million. Central West's results of operations are included in the consolidated income statement of the Company beginning as of the purchase date.

Presented below are the unaudited consolidated proforma results of operations of the Company for the six months ended March 31, 1996, assuming the Central West acquisition had occurred as of the beginning of the period.

	Six Months Ended March 31, 1996
Net interest income	$ 5,302,000
Net Income	1,459,000
Earnings per weighted average common and common equivalent share	
Fully diluted:	
Net income	$0.49

4. COMMITMENTS

At March 31, 1997 and September 30, 1996, the Company had outstanding commitments to originate and purchase loans totaling $22.3 million and $20.7 million, respectively, excluding undisbursed portions of loans in process. It is expected that outstanding loan commitments will be funded with existing liquid assets.

5. ACCOUNTING STANDARDS IMPLEMENTED

In March 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. SFAS No. 121 establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used, and for long-lived assets and certain identifiable intangibles to be disposed of. The Statement requires review of such assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Measurement of an impairment loss for long-lived assets and identifiable intangibles that an entity expects to hold and use should be based on the fair value of the asset. The Statement is effective for financial statements for fiscal years beginning after December 15, 1995. The Company adopted SFAS No. 121 effective October 1, 1996. The adoption had no material effect on the Company's financial position or results of operations for the six months ended March 31, 1997.

The FASB issued SFAS No. 122, Accounting for Mortgage Servicing Rights, in May 1995. This Statement changes the accounting for mortgage servicing rights retained by the loan originator. Under this Statement, an entity that acquires mortgage servicing rights through either the purchase or origination of mortgage loans and sells or securitizes those loans with servicing rights retained should allocate the total cost of the mortgage loans to the mortgage servicing rights and the loans (without the mortgage servicing rights) based on their relative fair values. Under current practice, all such costs are assigned to the loan. The costs allocated to mortgage servicing rights are to be recorded as a separate asset and amortized in proportion to, and over the life of, the net servicing income. The carrying value of the mortgage servicing rights are to be periodically evaluated for impairment. The Statement became effective for the Company as of October 1, 1996. The adoption of SFAS No. 122 did not have a material effect on the Company's financial position or results of operations for the six months ended March 31, 1997.

In October 1995, the FASB issued SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 encourages, but does not require, entities to use a fair value based method to account for stock-based compensation plans. If the fair value accounting encouraged by SFAS No. 123 is not adopted, entities must disclose the proforma effect on net income and on earnings per common share had the fair value accounting been adopted. The proforma disclosures are not required in noncomplete interim financial statements. The Company will provide the required proforma disclosures in any future complete financial statements.

SFAS No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, provides accounting and reporting standards for transfers and servicing of financial assets and extinguishment of liabilities. Several transactions common to banking are affected by SFAS No. 125, including servicing of loans and other financial assets, repurchase agreements, loan participations, asset securitizations, and transfers of receivables with recourse. This statement was effective for transactions occurring after December 31, 1996 and had no material effect on the Company's consolidated financial position or results of operations.

Part I. Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

GENERAL

First Midwest Financial, Inc. ("First Midwest" or the "Company") is a bank holding company whose primary assets are First Federal Savings Bank of the Midwest ("First Federal") and Security State Bank ("Security"). The Company was incorporated in 1993 as a unitary non-diversified savings and loan holding company and, on September 20, 1993, acquired all of the capital stock of First Federal in connection with First Federal's conversion from mutual to stock form of ownership. On September 30, 1996, the Company became a bank holding company in conjunction with the acquisition of Security. All references to the Company prior to September 20, 1993, except where otherwise indicated, are to First Federal and its subsidiary on a consolidated basis.

The following discussion focuses on the consolidated financial condition of the Company and its subsidiaries, at March 31, 1997, compared to September 30, 1996, and the consolidated results of operations for the three months and six months ended March 31, 1997, compared to the same period in 1996. This discussion should be read in conjunction with the Company's financial statements, and notes thereto, for the year ended September 30, 1996.

FINANCIAL CONDITION

Total assets decreased by $17.8 million, or 4.6%, from $388.0 million at September 30, 1996, to $370.2 million at March 31, 1997. The decrease is primarily attributable to a reduction in the Company's portfolio of securities available for sale as a result of maturities, the proceeds of which were used to repay advances from the Federal Home Loan Bank and other borrowings.

Cash and cash equivalents decreased $828,000, or 5.7%, to $13.8 million at March 31, 1997, from $14.6 million at September 30, 1996. The decrease was due primarily to the use of liquid funds to fund growth in the loan portfolio and in the repayment of short-term borrowings.

The portfolio of securities available for sale decreased by $19.0 million, or 17.3%, to $90.5 million at March 31, 1997, from $109.5 million at September 30, 1996. The decrease is the result of the maturity or call of securities in an amount that exceeded purchases made during the period.

The portfolio of net loans receivable increased by $2.6 million, or 1.1%, to $246.1 million at March 31, 1997, from $243.5 million at September 30, 1996. The increase in loan receivables is primarily due to increased originations of consumer and commercial business loans, the balance of which increased $3.5 million and $2.6 million, respectively, between the comparable periods. These increases were partially offset by decreases in residential and commercial real estate loans due to repayments in an amount greater than new originations and purchases.

Deposit balances increased by $2.1 million, or 0.9%, to $235.5 million at March 31, 1997, from $233.4 million at September 30, 1996. The increase in deposits resulted from increases in checking accounts, savings accounts and certificates of deposit, and was partially offset by a decline in money market accounts.

The balance in advances from the Federal Home Loan Bank of Des Moines decreased by $16.7 million, or 16.3%, to $85.6 million at March 31, 1997 from $102.3 million at September 30, 1996. In addition, other borrowings were repaid in whole during the period resulting in a decrease of $1.4 million. The decrease in FHLB advances and other borrowings reflects the repayment of short-term debt that had primarily been used to fund the purchase of securities available for sale. These securities matured or were called during the period and the proceeds were used to repay the borrowings.

Total shareholders' equity decreased by $299,000, or 0.7%, to $42.9 million at March 31, 1997 from $43.2 million at September 30, 1996. The decrease in shareholder's equity was due primarily to the purchase of treasury stock, the effect of which was mostly offset by growth in retained earnings during the period.

NON-PERFORMING ASSETS AND ALLOWANCE FOR LOAN LOSSES

Non-performing assets at March 31, 1997 totaled $2.9 million, which reflects an increase of $146,000, or 5.3%, from the $2.7 million balance at September 30, 1996. At March 31, 1997, non-performing assets included nine non-accrual mortgage loans with an aggregate outstanding balance of $2.0 million, and fifty-three non-accrual consumer and commercial business loans with an aggregate outstanding balance of $839,000. In addition, non-performing assets at March 31, 1997 included real estate owned and other repossessed assets totaling $59,000 compared to $87,000 at September 30, 1996.

Generally, when a loan becomes delinquent 90 days or more, or when the collection of principal or interest becomes doubtful, the Company will place the loan on non-accrual status and, as a result of this action, previously accrued interest income on the loan is taken out of current income. The loan will remain on non-accrual status until the loan has been brought current, or until other circumstances occur that provide adequate assurance of full repayment of interest and principal.

The Company establishes its provision for possible loan losses, and evaluates the adequacy of its allowance for loan losses based upon a systematic methodology consisting of a number of factors including, among others, historic loss experience, the overall level of non-performing loans, the composition of its loan portfolio and the general economic environment within which the Bank and its borrowers operate. As a result of this analysis, the Company has established an allowance for loan losses at March 31, 1997, of $2.4 million. The allowance represents approximately 82.8% of the total non-performing assets at March 31, 1997.

The following table sets forth an analysis of the Company's allowance for loan losses:

	(In Thousands)
Balance, September 30, 1996	$ 2,356
Charge-offs	17
Transfers to real estate owned	-
Recoveries	-
Additions charged to operations	60
Balance, March 31, 1997	$ 2,399

Based on currently available information, management believes that the allowance for loan losses is adequate to absorb potential losses in the portfolio. Future additions to the allowance for loan losses may become necessary based upon changing economic conditions, increased loan balances or changes in the underlying collateral of the loan portfolio.

RESULTS OF OPERATIONS

General. Net income for the three months ended March 31, 1997 increased $123,000, or 16.9%, to $850,000 from $727,000 during the same period in 1996. For the six months ended March 31, 1997, net income increased $299,000, or 19.9%, to $1.80 million compared to $1.50 million during the same period in 1996. The increase in net income is due primarily to an increase in net interest income as a result of higher balances in average net earning assets during the 1997 periods compared to the same periods the previous year. This higher balance in average net earning assets resulted from acquisitions completed during the period and growth in the Company's loan portfolio through the origination and purchase of loans. Net income for the 1997 periods also reflects increased non-interest expense in regard to operation of additional office facilities associated with the acquisitions of Iowa Bancorp and Central West.

Interest Income. Total interest income for the three months ended March 31, 1997 increased by $920,000, or 15.4%, to $6.88 million, compared to $5.96 million during the same period in 1996. For the six months ended March 31, 1997, interest income increased by $2.86 million, or 25.3%, to $14.19 million from $11.33 million during 1996. The increase for both periods is due to higher average interest earning asset balances during the 1997 periods compared to the previous year as a result of the acquisition of Iowa Bancorp and Central West, the increased origination and purchase of loans, and the purchase of securities available for sale.

Interest expense. Total interest expense for the three months ended March 31, 1997 increased by $566,000, or 16.6%, to $3.97 million from $3.41 million during the same period in 1996. For the six months ended March 31, 1997, interest expense increased by $1.90 million, or 29.8%, to $8.26 million from $6.37 million for the same period in 1996. The increase in interest expense for both periods reflects higher average deposit balances primarily due to the acquisitions of Iowa Bancorp and Central West. In addition, the increase for the 1997 periods includes higher interest expense on Federal Home Loan Bank advances and other borrowings related to increased borrowings used to fund the origination and purchase of loans and the purchase of securities available for sale.

Net Interest Income. Net interest income increased by $353,000, or 13.8%, to $2.91 million for the three months ended March 31, 1997, from $2.55 million for the same period in 1996. For the six months ended March 31, 1997, net interest income increased $967,000, or 19.5%, to $5.93 million from $4.96 million for the same period in 1996. The increase in net interest income for both periods is due primarily to the overall increase in interest-earning assets between the comparable periods, which resulted from the acquisitions of Iowa Bancorp and Central West and, additionally, as a result of increases in the loan portfolio and the portfolio of securities available for sale.

Provision for Loan Losses. For each of the three month and six month periods ended March 31, 1997 and 1996, the provision for loan losses was $30,000 and $60,000, respectively. Management believes, based on review of historic loan losses, current economic conditions, the level of non-performing loans and other factors, that this level of provision for loan losses, and the resulting increase in the allowance for loan losses, reflects an adequate reserve against potential losses from the loan portfolio.

Non-Interest Income. Non-interest income increased by $17,000, or 4.7%, to $383,000 for the three months ended March 31, 1997, from $366,000 for the same period in 1996. For the six months ended March 31, 1997, non-interest income increased $102,000, or 14.8%, to $791,000 from $689,000 for the same period in 1996. The increase in non-interest income for both periods reflects the higher collection of loan fees from the origination and purchase of loans and the increased collection of service charges on deposit accounts. This increase was partially offset by a decrease in brokerage commissions as a result of a decline in sales of alternative investment products through the Company's subsidiary.

Non-Interest Expense. Non-interest expense increased $177,000, or 10.7%, to $1.83 million for the three months ended March 31, 1997, from $1.65 million for the same period in 1996. For the six months ended March 31, 1997, non-interest expense increased $583,000, or 19.1%, to $3.64 million from $3.06 million for the same period in 1996. The increase in non-interest expense for both periods reflects the operation of additional office facilities associated with the acquisitions of Iowa Bancorp and Central West. The increase was partially offset by the effect of reduced deposit insurance premiums.

Income Tax Expense. Income tax expense increased $71,000, or 13.9%, to $582,000 for the three months ended March 31, 1997, from $511,000 for the same period in 1996. For the six months ended March 31, 1997, income tax expense increased $187,000, or 18.2%, to $1.21 million from $1.02 million for the comparable period in 1996. The increase is due to the higher level of taxable income between the comparable periods.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds are deposits, principal and interest payments on loans, investments and mortgage-backed securities, and funds provided by operations. While scheduled payments on loans, mortgage-backed securities and short-term investments are relatively predictable sources of funds, deposit flows are greatly influenced by general interest rates, economic conditions and competition.

Federal regulations require First Federal to maintain minimum levels of liquid assets. Currently, First Federal is required to maintain liquid assets of at least 5% of the average daily balance of net withdrawable savings deposits and borrowings payable on demand in one year or less during the preceding calendar month, of which short-term liquid assets must comprise not less than 1%. Liquid assets for purposes of this ratio include cash, certain time deposits, U.S. Government, government agency and corporate securities and obligations generally having remaining terms to maturity of less than five years, unless otherwise pledged. First Federal has historically maintained its liquidity ratio at levels well in excess of those required. First Federal's regulatory liquidity ratios at March 31, 1997 and September 30, 1996, were 10.9% and 5.4%, respectively.

The Company uses its capital resources principally to meet ongoing commitments to fund maturing certificates of deposits and loan commitments, to maintain liquidity and to meet operating expenses. At March 31, 1997, the Company had commitments to originate and purchase loans totalling $20.9 million. The Company believes that loan repayment and other sources of funds will be adequate to meet its foreseeable short- and long-term liquidity needs.

Regulations require First Federal to maintain minimum amounts and ratios of tangible capital and leverage capital to average assets, and risk-based capital to risk-weighted assets. The following table sets forth First Federal's actual capital and required capital amounts and ratios at March 31, 1997 which, at that date, exceeded the capital adequacy requirements:

	Actual		Requirement For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	%	Amount	%	Amount	%
			(Dollars in Thousands)			
Tangible Capital	$31,495	9.5%	$ 4,951	1.5%	$ 9,902	3.0%
Leverage Capital	$31,495	9.5%	$ 9,902	3.0%	$19,805	6.0%
Risk-Based Capital	$33,274	16.2%	$16,427	8.0%	$20,534	10.0%

Regulations require Security to maintain minimum amounts and ratios of total risk-based capital and Tier 1 capital to risk-weighted assets and a leverage ratio consisting of Tier 1 capital to average assets. The following table sets forth Security's actual capital and required capital amounts and ratios at March 31, 1997 which, at that date, exceeded the capital adequacy requirements:

	Actual		Requirement For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	%	Amount	%	Amount	%
			(Dollars in Thousands)			
Tier 1 Capital (to risk-weighted assets)	$3,217	15.1%	$ 854	4.0%	$1,281	6.0%
Leverage Capital (to average assets)	$3,217	9.8%	$1,307	4.0%	$1,633	5.0%
Risk-Based Capital (to risk-weighted assets)	$3,488	16.3%	$1,708	8.0%	$2,135	10.0%

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) established five regulatory capital categories and authorized the banking regulators to take prompt corrective action with respect to institutions in an undercapitalized category. At March 31, 1997, First Federal and Security exceeded minimum requirements for the well-capitalized category.

FIRST MIDWEST FINANCIAL, INC.

PART II - OTHER INFORMATION

FORM 10-Q

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None

(b) Reports on Form 8-K: None

All other items have been omitted as not required or not applicable under the instructions.

FIRST MIDWEST FINANCIAL, INC.

SIGNATURES

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

FIRST MIDWEST FINANCIAL, INC.

Date: May 8, 1997	*By: /s/ James S. Haahr* *James S. Haahr* *Chairman of the Board,* *President and* *Chief Executive Officer*
Date May 8, 1997	*By: /s/ Donald J. Winchell* *Donald J. Winchell* *Vice President,* *Treasurer and* *Chief Financial Officer*

ARTICLE 9

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 30 1997
PERIOD END	MAR 31 1997
CASH	829,601
INT BEARING DEPOSITS	8,639,194
FED FUNDS SOLD	4,331,563
TRADING ASSETS	0
INVESTMENTS HELD FOR SALE	90,528,990
INVESTMENTS CARRYING	0
INVESTMENTS MARKET	0
LOANS	248,538,499
ALLOWANCE	2,398,632
TOTAL ASSETS	370,177,010
DEPOSITS	235,521,226
SHORT TERM	43,990,000
LIABILITIES OTHER	3,673,101
LONG TERM	44,082,144
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	29,580
OTHER SE	42,880,959
TOTAL LIABILITIES AND EQUITY	370,177,010
INTEREST LOAN	10,949,965
INTEREST INVEST	3,238,060
INTEREST OTHER	0
INTEREST TOTAL	14,188,025
INTEREST DEPOSIT	5,828,238
INTEREST EXPENSE	8,262,778
INTEREST INCOME NET	5,925,247
LOAN LOSSES	60,000
SECURITIES GAINS	0
EXPENSE OTHER	3,643,135
INCOME PRETAX	3,013,197
INCOME PRE EXTRAORDINARY	1,802,756
EXTRAORDINARY	0
CHANGES	0
NET INCOME	1,802,756
EPS PRIMARY	.62
EPS DILUTED	.62
YIELD ACTUAL	0
LOANS NON	2,878,335
LOANS PAST	0
LOANS TROUBLED	0
LOANS PROBLEM	2,242,430
ALLOWANCE OPEN	2,356,113
CHARGE OFFS	17,481
RECOVERIES	0
ALLOWANCE CLOSE	2,398,632
ALLOWANCE DOMESTIC	2,398,632
ALLOWANCE FOREIGN	0
ALLOWANCE UNALLOCATED	0

End of Filing