META FINANCIAL GROUP INC

FORM 10-Q
(Quarterly Report)

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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

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

For the quarterly period ended June 30, 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 June 30, 1997
Common Stock, $.01 par value	2,733,940 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 (Unaudited)

	June 30, 1997	September 30, 1996
Assets		
Cash and cash equivalents	$ 11,411,800	$ 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 $85,183,883 and $109,444,536	85,925,932	109,491,558
Loans receivable - net of allowances of $2,404,052 and $2,356,113	256,996,960	243,533,519
Real estate owned - net of allowance of $5,000	108,603	86,818
Accrued interest receivable	4,673,737	5,029,047
Federal Home Loan Bank stock, at cost	5,524,700	5,524,700
Premises and equipment, net	4,277,028	3,680,332
Excess of cost over net assets acquired	4,876,265	5,090,959
Other assets	729,211	942,713
Total Assets	$ 374,824,236	$ 388,008,298
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	$ 240,050,507	$ 233,405,726
Advances from Federal Home Loan Bank	83,429,218	102,287,803
Securities sold under agreements to repurchase	1,910,000	2,789,918
Other borrowings	2,900,000	1,400,000
Advances from borrowers for taxes and insurance	553,377	490,243
Accrued interest payable	884,646	1,271,465
Other liabilities	2,383,436	3,153,441
Total Liabilities	332,111,184	344,798,596

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

	June 30, 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 shares issued, 2,733,940 and 1,945,735 shares outstanding	29,580	19,905
Additional paid-in capital	20,837,994	20,862,551
Retained earnings - substantially restricted	25,690,533	23,748,383
Net unrealized appreciation on securities available for sale, net of tax of $277,300 and $18,324	464,749	28,698
Unearned Employee Stock Ownership Plan shares	(617,800)	(767,200)
Treasury stock, 224,059 and 44,760 common shares, at cost	(3,692,004)	(682,635)
Total Shareholders' Equity	42,713,052	43,209,702
Total Liabilities and Shareholders' Equity	$ 374,824,236	$ 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 (Unaudited)

	Three Months Ended June 30, 1997	Three Months Ended June 30, 1996	Nine Months Ended June 30, 1997	Nine Months Ended June 30, 1996
Interest and Dividend Income:				
Loans receivable	$ 5,709,833	$ 5,004,672	$16,659,797	$13,639,540
Securities available for sale	1,525,251	1,411,360	4,570,744	3,953,154
Dividends on Federal Home Loan Bank stock	96,417	83,024	288,985	231,951
Total interest and dividend income	7,331,501	6,499,056	21,519,526	17,824,645
Interest Expense:				
Deposits	3,056,035	2,514,636	8,884,273	7,179,841
Other borrowings	1,300,332	1,220,470	3,734,872	2,922,944
Total interest expense	4,356,367	3,735,106	12,619,145	10,102,785
Net interest income	2,975,134	2,763,950	8,900,381	7,721,860
Provision for loan losses	30,000	30,000	90,000	90,000
Net interest income after provision for loan losses	2,945,134	2,733,950	8,810,381	7,631,860
Non-interest income:				
Loan fees and service charges	275,600	218,821	840,931	629,522
Gain on sales of securities available for sale, net	91,340	--	91,340	57,129
Brokerage commissions from subsidiary	20,693	70,318	58,061	222,053
Other	39,630	70,528	228,017	140,273
Total non-interest income	427,263	359,667	1,218,349	1,048,977
Non-interest expense:				
Compensation and benefits	1,104,391	971,547	3,173,940	2,810,483
Occupancy and equipment	240,224	129,237	741,564	401,722
Federal deposit insurance	51,233	111,164	184,655	318,725
Data processing	80,595	79,997	240,508	215,679
Other	368,793	315,717	1,147,704	920,889
Total non-interest expense	1,845,236	1,607,662	5,488,371	4,667,498
Income before income taxes	1,527,161	1,485,955	4,540,359	4,013,339
Income tax expense	614,657	593,774	1,825,099	1,617,507
Net income	$ 912,504	$ 892,181	$ 2,715,260	$ 2,395,832
Primary and fully diluted earnings per common and common equivalent share:	$ .33	$ .33	$ .94	$ .89

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, 1997

	Common Stock	Additional Paid-In Capital	Retained Earnings	Net Unrealized Appreciation 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
22,410 common shares committed to be released under the ESOP	--	210,925	--	--	149,400	--	360,325
Cash dividends declared on common stock ($0.27 per share)	--	--	(772,277)	--	--	--	(772,277)
Net change in unrealized appreciation on securities available for sale, net of tax of $258,976	--	--	--	436,051	--	--	436,051
Amortization of recognition and retention plan common shares and tax benefit of restricted stock under the plan	--	31,456	--	--	--	--	31,456
Retirement of 3,474 common shares ...	(35)	35	--	--	--	--	--
Purchase of 213,383 common shares of treasury stock	--	--	--	--	--	(3,602,623)	(3,602,623)
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 nine months ended June 30, 1997	--	--	2,715,260	--	--	--	2,715,260
Balance at June 30, 1997	$29,580	$20,837,994	$ 25,690,533	$ 464,749	$ (617,800)	$(3,692,004)	$ 42,713,052

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, 1997	Nine Months Ended June 30, 1996
Cash flows from operating activities:		
Net income	$ 2,715,260	$ 2,395,832
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, amortization and accretion, net	864,167	635,990
Provision for loan losses	90,000	90,000
Gain on sales of securities available for sale, net	(91,340)	(57,129)
Gain on sales of office property, net	3,034	1,005
Stock dividends from Federal Home Loan Bank stock	--	(78,900)
Proceeds from sales of loans held for sale	1,955,594	1,652,794
Originations of loans held for sale	(1,904,800)	(1,635,873)
Net change in accrued interest receivable	355,310	(663,514)
Net change in other assets	54,755	(178,929)
Net change in accrued interest payable	(386,819)	299,465
Net change in accrued expenses and other liabilities	(1,028,980)	1,720,325
Net cash from operating activities	2,626,181	4,181,066
Cash flows from investing activities:		
Purchase of securities available for sale	(27,189,098)	(91,041,948)
Proceeds from sales of securities available for sale	318,580	193,079
Proceeds from maturities of securities available for sale	45,527,724	72,300,000
Proceeds from principal repayment of mortgage-backed securities	5,664,622	6,499,606
Purchase of Federal Home Loan Bank stock	--	(1,355,100)
Net change in loans receivable	6,838,419	(3,650,365)
Loans purchased	(20,381,672)	(24,473,540)
Purchase of Iowa Bancorp, Inc., net of cash received	--	(5,217,265)
Proceeds from sales of foreclosed real estate	79,488	31,171
Purchase of premises and equipment, net	(830,767)	(812,318)
Proceeds from sales of assets	--	26,335
Net cash from investing activities	10,027,296	(47,500,345)

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

	Nine Months Ended June 30, 1997	1996
Cash flows from financing activities:		
Net change in non-interest bearing demand, savings, NOW and money market demand accounts	179,376	736,396
Net change in other time deposits	6,465,405	15,742,021
Proceeds from advances from Federal Home Loan Bank	97,000,000	152,000,000
Payments of advances from Federal Home Loan Bank	(115,858,585)	(111,507,849)
Net change in securities sold under agreements to repurchase	(879,918)	830,000
Net change in other borrowings	1,500,000	--
Net change in advances from borrowers for taxes and insurance	63,134	95,262
Cash dividends paid and cash paid in lieu of fractional shares	(773,110)	(590,931)
Proceeds from exercise of stock options	335,992	94,500
Purchase of treasury stock	(3,602,623)	(536,210)
Net cash from financing activities	(15,570,329)	56,863,189
Net change in cash and cash equivalents	(2,916,852)	13,543,910
Cash and cash equivalents at beginning of period	14,328,652	4,615,712
Cash and cash equivalents at end of period	$ 11,411,800	$ 18,159,622

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

Notes to consolidated Financial Statements (Unaudited)

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 2,800,968 and 2,697,731 shares for the three months ended June 30, 1997 and 1996, respectively, and which totaled 2,878,728 and 2,689,885 shares for the nine months ended June 30, 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 prior 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 nine months ended June 30, 1996, assuming the Iowa Bancorp acquisition had occurred as of the beginning of the period.

	Nine Months Ended June 30, 1996
Net interest income	$ 7,640,000
Net Income	2,252,000
Earnings per weighted average common and common equivalent share	
Fully diluted:	
Net income	$ 0.84

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 nine months ended June 30, 1996, assuming the Central West acquisition had occurred as of the beginning of the period.

	Nine Months Ended June 30, 1996
Net interest income	$ 8,433,000
Net Income	2,389,000
Earnings per weighted average common and common equivalent share	
Fully diluted:	
Net income	$ 0.81

4. COMMITMENTS

At June 30, 1997 and September 30, 1996, the Company had outstanding commitments to originate and purchase loans totaling $15.1 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 nine months ended June 30, 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 nine months ended June 30, 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.

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

FINANCIAL CONDITION

Total assets decreased by $13.2 million, or 3.4%, from $388.0 million at September 30, 1996, to $374.8 million at June 30, 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.

Cash and cash equivalents decreased $2.9 million, or 20.4%, to $11.4 million at June 30, 1997, from $14.3 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 $23.6 million, or 21.5%, to $85.9 million at June 30, 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 $13.5 million, or 5.5%, to $257.0 million at June 30, 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 balances of which increased $5.7 million and $10.9 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 $6.6 million, or 2.8%, to $240.0 million at June 30, 1997, from $233.4 million at September 30, 1996. The increase in deposits resulted primarily from increases in savings accounts and certificates of deposit, which increased $925,000 and $6.5 million, respectively, between the comparable periods. These increases were partially offset by decreases in checking accounts and money market demand accounts.

The balance in advances from the Federal Home Loan Bank of Des Moines decreased by $18.9 million, or 18.4%, to $83.4 million at June 30, 1997 from $102.3 million at September 30, 1996. The decrease in FHLB advances 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.

Other borrowings, consisting primarily of short-term borrowings from the Federal Reserve Bank, increased $1.5 million, or 107%, to $2.9 million at June 30, 1997 from $1.4 million at September 30, 1996. These funds were used primarily to fund seasonal loans to agricultural customers.

Total shareholders' equity decreased by $497,000, or 1.1%, to $42.7 million at June 30, 1997 from $43.2 million at September 30, 1996. The decrease in shareholder's equity was due primarily to the purchase of 213,383 shares of treasury stock at a total cost of $3.6 million. The effect of treasury stock purchases was mostly offset by growth in retained earnings during the period.

NON-PERFORMING ASSETS AND ALLOWANCE FOR LOAN LOSSES

Non-performing assets at June 30, 1997 totaled $3.2 million, which reflects an increase of $423,000, or 15.5%, from the $2.7 million balance at September 30, 1996. At June 30, 1997, non-performing assets included twelve non-accrual mortgage loans with an aggregate outstanding balance of $2.2 million, and sixty-two non-accrual consumer and commercial business loans with an aggregate outstanding balance of $868,000. In addition, non-performing assets at June 30, 1997 included real estate owned and other repossessed assets totaling $109,000 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 June 30, 1997, of $2.4 million. The allowance represents approximately 76.2% of the total non-performing assets at June 30, 1997.

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

	(In Thousands)
Balance, September 30, 1996	$ 2,356
Charge-offs	66
Transfers to real estate owned	-
Recoveries	24
Additions charged to operations	90
Balance, June 30, 1997	$ 2,404

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 June 30, 1997 increased $20,000, or 2.3%, to $912,000 from $892,000 during the same period in 1996. For the nine months ended June 30, 1997, net income increased $319,000, or 13.3%, to $2.72 million compared to $2.40 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 related to the operation of additional office facilities associated with the acquisitions of Iowa Bancorp and Central West.

Interest and Dividend Income. Total interest and dividend income for the three months ended June 30, 1997 increased by $832,000, or 12.8%, to $7.33 million, compared to $6.50 million during the same period in 1996. For the nine months ended June 30, 1997, interest and dividend income increased by $3.69 million, or 20.7%, to $21.52 million from $17.82 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. In addition, the increased origination and purchase of loans, and the purchase of securities available for sale contributed to the overall increase in interest earning assets during the 1997 periods.

Interest expense. Total interest expense for the three months ended June 30, 1997 increased by $621,000, or 16.6%, to $4.36 million from $3.74 million during the same period in 1996. For the nine months ended June 30, 1997, interest expense increased by $2.52 million, or 24.9%, to $12.62 million from $10.10 million for the same period in 1996. The increase in interest expense for both periods reflects higher average deposit balances due to the acquisitions of Iowa

Bancorp and Central West, and due to internal growth of the deposit portfolio. In addition, the increase in interest expense for the 1997 periods reflects higher interest expense on Federal Home Loan Bank advances and other borrowings associated with 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 $211,000, or 7.6%, to $2.98 million for the three months ended June 30, 1997, from $2.76 million for the same period in 1996. For the nine months ended June 30, 1997, net interest income increased $1.18 million, or 15.3%, to $8.90 million from $7.72 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 average balances held in the loan portfolio and the portfolio of securities available for sale.

Provision for Loan Losses. For each of the three month and nine month periods ended June 30, 1997 and 1996, the provision for loan losses was $30,000 and $90,000, 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 $68,000, or 18.8%, to $427,000 for the three months ended June 30, 1997, from $360,000 for the same period in 1996. For the nine months ended June 30, 1997, non-interest income increased $169,000, or 16.1%, to $1.22 million from $1.05 million 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. The increase also reflects a gain on sales of securities available for sale during the three month period ended June 30, 1997. These increases were 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 $238,000, or 14.8%, to $1.85 million for the three months ended June 30, 1997, from $1.61 million for the same period in 1996. For the nine months ended June 30, 1997, non-interest expense increased $821,000, or 17.6%, to $5.49 million from $4.67 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 $21,000, or 3.5%, to $615,000 for the three months ended June 30, 1997, from $594,000 for the same period in 1996. For the nine months ended June 30, 1997, income tax expense increased $208,000, or 12.8%, to $1.83 million from $1.62 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, borrowings, 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 and early loan repayments 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 in excess of those required. First Federal's regulatory liquidity ratios at June 30, 1997 and September 30, 1996, were 7.3% 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 June 30, 1997, the Company had commitments to originate and purchase loans totalling $15.1 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 June 30, 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	$30,532	9.2%	$ 4,977	1.5%	$ 9,955	3.0%
Leverage Capital	$30,532	9.2%	$ 9,955	3.0%	$19,910	6.0%
Risk-Based Capital	$32,330	14.9%	$17,344	8.0%	$21,680	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 June 30, 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)	$3,304	12.6%	$1,046	4.0%	$1,569	6.0%
Leverage Capital (to average assets)	$3,304	9.1%	$1,449	4.0%	$1,811	5.0%
Risk-Based Capital (to risk-weighted assets)	$3,634	13.9%	$2,091	8.0%	$2,614	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 June 30, 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:

First Midwest filed Form 8-K dated June 25, 1997 to report the issuance of a press release that announced plans to repurchase up to 5% of the Company's outstanding common stock.

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:	*August 1, 1997*	*By: /s/ James S. Haahr* *------------------* *James S. Haahr, Chairman of the Board,* *President and Chief Executive Officer*
Date:	*August 1, 1997*	*By: /s/ Donald J. Winchell* *----------------------* *Donald J. Winchell, Vice President,* *Treasurer and Chief Financial Officer*

ARTICLE 9

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 30 1997
PERIOD END	JUN 30 1997
CASH	751,853
INT BEARING DEPOSITS	10,659,359
FED FUNDS SOLD	300,588
TRADING ASSETS	0
INVESTMENTS HELD FOR SALE	85,925,932
INVESTMENTS CARRYING	0
INVESTMENTS MARKET	0
LOANS	259,401,012
ALLOWANCE	2,404,052
TOTAL ASSETS	374,824,236
DEPOSITS	240,050,507
SHORT TERM	43,360,000
LIABILITIES OTHER	3,821,459
LONG TERM	44,879,218
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	29,580
OTHER SE	42,683,472
TOTAL LIABILITIES AND EQUITY	374,824,236
INTEREST LOAN	16,659,797
INTEREST INVEST	4,859,729
INTEREST OTHER	0
INTEREST TOTAL	21,519,526
INTEREST DEPOSIT	8,884,273
INTEREST EXPENSE	12,619,145
INTEREST INCOME NET	8,900,381
LOAN LOSSES	90,000
SECURITIES GAINS	91,340
EXPENSE OTHER	5,488,371
INCOME PRETAX	4,540,359
INCOME PRE EXTRAORDINARY	2,715,260
EXTRAORDINARY	0
CHANGES	0
NET INCOME	2,715,260
EPS PRIMARY	.94
EPS DILUTED	.94
YIELD ACTUAL	0
LOANS NON	3,076,268
LOANS PAST	0
LOANS TROUBLED	0
LOANS PROBLEM	1,506,590
ALLOWANCE OPEN	2,356,113
CHARGE OFFS	66,028
RECOVERIES	23,967
ALLOWANCE CLOSE	2,404,052
ALLOWANCE DOMESTIC	2,206,656
ALLOWANCE FOREIGN	0
ALLOWANCE UNALLOCATED	197,396

End of Filing