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

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **September 30, 2003**

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 0-10967

FIRST MIDWEST BANCORP, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**36-3161078**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

300 Park Blvd., Suite 400, P.O. Box 459
Itasca, Illinois 60143-9768
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: **(630) 875-7450**

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 [X] No [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ].

At November 12, 2003, there were 46,577,255 shares of $.01 par value common stock outstanding.

FIRST MIDWEST BANCORP, INC.

FORM 10-Q

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ITEM 1. FINANCIAL STATEMENTS

FIRST MIDWEST BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION
(Amounts in thousands)

	September 30, 2003 (Unaudited)	December 31, 2002
Assets		
Cash and due from banks	$ 185,387	$ 195,153
Federal funds sold and other short-term investments	1,172	11,745
Mortgages held for sale	18,142	18,521
Securities available for sale, at market value	2,195,138	2,021,767
Securities held to maturity, at amortized cost	62,469	69,832
Loans, net of unearned discount	3,488,212	3,406,846
Reserve for loan losses	(49,164)	(47,929)
Net loans	3,439,048	3,358,917
Premises, furniture and equipment	83,298	81,627
Accrued interest receivable	30,249	31,005
Investment in corporate owned life insurance	145,067	141,362
Goodwill	34,806	16,397
Other intangible assets	874	-
Receivable for securities sold	63,687	-
Other assets	39,900	34,207
Total assets	$ 6,299,237	$ 5,980,533
Liabilities		
Demand deposits	$ 847,617	$ 789,392
Savings deposits	505,935	475,366
NOW accounts	885,829	717,542
Money market deposits	673,002	525,621
Time deposits	1,554,136	1,665,033
Total deposits	4,466,519	4,172,954
Borrowed funds	1,169,921	1,237,408
Accrued interest payable	5,043	8,503
Payable for securities purchased	82,383	4,229
Other liabilities	66,218	65,486
Total liabilities	5,790,084	5,488,580
Stockholders' equity		
Preferred stock, no par value; 1,000 shares authorized, none issued	-	-
Common stock, $.01 par value; authorized 100,000 shares; issued 56,927 shares; outstanding: September 30, 2003 – 46,551 shares December 31, 2002 – 47,206 shares	569	569
Additional paid-in capital	69,045	71,020
Retained earnings	636,192	594,192
Accumulated other comprehensive income, net of tax	33,757	39,365
Treasury stock, at cost: September 30, 2003 – 10,376 shares December 31, 2002 – 9,721 shares	(230,410)	(213,193)
Total stockholders' equity	509,153	491,953
Total liabilities and stockholders' equity	$ 6,299,237	$ 5,980,533

See notes to consolidated financial statements.

FIRST MIDWEST BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except per share data)
(Unaudited)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
Interest Income				
Loans	$ 49,659	$ 56,209	$ 151,574	$ 169,865
Securities available for sale	20,361	25,496	64,249	77,260
Securities held to maturity	877	1,334	2,638	3,767
Federal funds sold and other short-term investments	412	220	938	551
Total interest income	71,309	83,259	219,399	251,443
Interest Expense				
Deposits	13,713	20,074	43,090	63,931
Borrowed funds	5,589	7,727	19,517	21,511
Total interest expense	19,302	27,801	62,607	85,442
Net interest income	52,007	55,458	156,792	166,001
Provision for loan losses	2,660	3,020	7,730	11,175
Net interest income after provision for loan losses	49,347	52,438	149,062	154,826
Noninterest Income				
Service charges on deposit accounts	7,296	6,439	20,655	18,414
Trust and investment management fees	2,762	2,543	8,083	7,802
Other service charges, commissions, and fees	5,662	4,501	15,575	13,252
Corporate owned life insurance income	1,183	1,831	3,705	5,268
Security (losses) gains, net	(615)	9	2,786	33
(Losses) on early extinguishment of debt	(3,007)	-	(3,007)	-
Other income	2,491	1,566	6,954	4,644
Total noninterest income	15,772	16,889	54,751	49,413
Noninterest Expense				
Salaries and wages	16,719	16,334	48,313	46,782
Retirement and other employee benefits	4,899	4,683	14,730	14,011
Occupancy expense of premises	3,652	3,682	10,964	10,795
Equipment expense	2,068	1,956	5,873	5,810
Technology and related costs	2,169	2,448	7,014	7,465
Professional services	1,744	1,615	5,132	5,004
Advertising and promotions	710	1,157	3,510	3,360
Other expenses	5,590	6,231	16,807	19,129
Total noninterest expense	37,551	38,106	112,343	112,356
Income before income tax expense	27,568	31,221	91,470	91,883
Income tax expense	6,366	8,542	22,891	24,199
Net income	$ 21,202	$ 22,679	$ 68,579	$ 67,684
Per Share Data				
Basic earnings per share	$ 0.46	$ 0.47	$ 1.47	$ 1.40
Diluted earnings per share	$ 0.45	$ 0.47	$ 1.46	$ 1.39
Cash dividends per share	$ 0.19	$ 0.17	$ 0.57	$ 0.51
Weighted average shares outstanding	46,553	47,839	46,703	48,293
Weighted average diluted shares outstanding	46,890	48,146	46,995	48,652

See notes to consolidated financial statements.

FIRST MIDWEST BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts in thousands, except per share data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at December 31, 2001	$ 569	$ 74,961	$ 537,600	$ 5,265	$ (171,128)	$ 447,267
Comprehensive Income:						
Net income	-	-	67,684	-	-	67,684
Other comprehensive income, net of tax:						
Unrealized gains on securities, net of reclassification adjustment	-	-	-	40,727	-	40,727
Unrealized gains on hedging activities	-	-	-	895	-	895
Total comprehensive income						109,306
Dividends ($.51 per share)	-	-	(24,577)	-	-	(24,577)
Purchase of treasury stock	-	-	-	-	(40,659)	(40,659)
Treasury stock issued to (purchased for) benefit plans	-	8	-	-	(41)	(33)
Exercise of stock options	-	(3,849)	-	-	9,886	6,037
Fair market value adjustment to treasury stock held in grantor trust	-	4	-	-	(9)	(5)
Balance at September 30, 2002	$ 569	$ 71,124	$ 580,707	$ 46,887	$ (201,951)	$ 497,336
Balance at December 31, 2002	$ 569	$ 71,020	$ 594,192	$ 39,365	$ (213,193)	491,953
Comprehensive Income:						
Net income	-	-	68,579	-	-	68,579
Other comprehensive income, net of tax:						
Unrealized (losses) on securities, net of reclassification adjustment	-	-	-	(5,724)	-	(5,724)
Unrealized gains on hedging activities	-	-	-	116	-	116
Total comprehensive income						62,971
Dividends declared ($.57 per share)	-	-	(26,579)	-	-	(26,579)
Purchase of treasury stock	-	-	-	-	(22,404)	(22,404)
Treasury stock issued to (purchased for) benefit plans	-	(3)	-	-	(125)	(128)
Exercise of stock options	-	(1,972)	-	-	5,314	3,342
Fair market value adjustment to treasury stock held in grantor trust	-	-	-	-	(2)	(2)
Balance at September 30, 2003	$ 569	$ 69,045	$ 636,192	$ 33,757	$ (230,410)	$ 509,153

See notes to consolidated financial statements.

FIRST MIDWEST BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASHFLOWS
(Amounts in thousands)
(Unaudited)

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Operating Activities		
Net income	$ 68,579	$ 67,684
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	7,730	11,175
Depreciation of premises, furniture, and equipment	6,303	6,546
Net amortization of premium on securities	15,192	5,661
Net (gains) on securities	(2,786)	(33)
Net losses on early extinguishment of debt	3,007	-
Net (gains) on sales of other real estate owned	(222)	(159)
Net (gains) losses on sales of premises, furniture, and equipment	(338)	144
Tax benefits from employee exercises of nonqualified stock options	735	942
Net decrease in deferred income taxes	763	110
Net amortization of other intangible assets	18	940
Originations and purchases of mortgage loans held for sale	(404,579)	(152,003)
Proceeds from sales of mortgage loans held for sale	404,958	151,573
Net (increase) in corporate owned life insurance	(3,705)	(4,622)
Net decrease (increase) in accrued interest receivable	756	(2,653)
Net (decrease) in accrued interest payable	(3,460)	(1,930)
Net (increase) in other assets	(68,024)	(14,003)
Net increase in other liabilities	78,882	24,791
Net cash provided by operating activities	103,809	94,163
Investing Activities		
Securities available for sale:		
Proceeds from maturities, repayments, and calls	883,968	384,209
Proceeds from sales	197,248	267,873
Purchases	(1,275,086)	(954,366)
Securities held to maturity:		
Proceeds from maturities, repayments, and calls	41,474	27,261
Purchases	(35,401)	(20,951)
Net (increase) in loans	(89,371)	(42,014)
Proceeds from sales of other real estate owned	3,386	5,743
Proceeds from sales of premises, furniture, and equipment	1,140	1,314
Purchases of premises, furniture, and equipment	(8,776)	(11,468)
Purchase of bank branch, net of cash	(19,301)	-
Net cash (used) by investing activities	(300,719)	(342,399)
Financing Activities		
Net increase in deposit accounts	293,565	65,841
Net (decrease) increase in borrowed funds	(70,494)	266,995
Purchase of treasury stock	(22,404)	(40,659)
Proceeds from issuance of treasury stock	-	8
Cash dividends paid	(26,703)	(24,773)
Exercise of stock options	2,607	5,095
Net cash provided by financing activities	176,571	272,507
Net (decrease) increase in cash and cash equivalents	(20,339)	24,271
Cash and cash equivalents at beginning of period	206,898	160,156
Cash and cash equivalents at end of period	$ 186,559	$ 184,427

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements of First Midwest Bancorp, Inc., a Delaware corporation, and its subsidiary companies (together "First Midwest" or the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q and do not include certain information and footnote disclosures required by accounting principles generally accepted in the United States for complete annual financial statements. Accordingly, these financial statements should be read in conjunction with First Midwest's Annual Report on Form 10-K for the year ended December 31, 2002.

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States and reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary for the fair presentation of the financial position and results of operations for the periods shown. The results of operation for the quarter and nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

The consolidated financial statements include the accounts of First Midwest Bancorp, Inc. and its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current presentation.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2002, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"), which elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements of FIN 45 were effective for First Midwest as of December 31, 2002, and required disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The initial recognition and measurement provisions of FIN 45 were applied prospectively to guarantees issued or modified after December 31, 2002. The impact of adoption was not material to the Company's results of operations, financial position, or liquidity. The most significant instruments impacted for First Midwest are standby letters of credit. The required disclosures have been incorporated into Note 11, "Commitments, Guarantees and Contingent Liabilities," commencing on page 13 of this Form 10-Q.

In December 2002, the FASB issued Statement No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS No. 148"). SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require more prominent disclosures about the method of accounting for stock-based employee compensation and the effect of the method used on reported results in both annual and interim financial statements. The disclosure provisions were adopted on December 31, 2002. As permitted by SFAS No. 148, First Midwest applies the provisions of Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees," ("APB 25") for all employee stock option grants and has elected to disclose pro forma net income and earnings per share amounts as if the fair value based method had been applied in measuring compensation costs. The required disclosure for September 30, 2003 is located in Note 0 "Stock-Based Compensation" commencing on page 13 of this Form 10-Q. First Midwest is awaiting further guidance and clarity that may result from current FASB and International Accounting Standards Board stock compensation projects and will continue to evaluate any developments concerning mandated, as opposed to optional, fair value based expense recognition.

In January 2003, FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which provides guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, noncontrolling interest, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIEs losses and/or receive a majority of the entity's expected residual returns, if they occur. FIN 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation were effective upon issuance for new VIEs and effective as of July 1, 2003 for VIEs created before February 1, 2003. However, on October 8, 2003 the FASB deferred the implementation date of FIN 46 to December 31, 2003 for those VIEs created before February 1, 2003. First Midwest will adopt the provisions of FIN 46 for existing VIEs on December 31, 2003. First Midwest is in the process of determining whether consolidation of existing VIEs in which it has variable interests will be necessary. Consolidation, if required, is not expected to have a material effect on the Company's results of operations, financial position, or liquidity.

In April 2003, the FASB issued Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"). The changes in SFAS No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. This statement clarifies under what circumstances a contract, with an initial net investment, meets the characteristic of a derivative; clarifies when a derivative contains a financing component; amends the definition of an underlying to conform it to language in FIN 45; and amends certain other existing pronouncements. The changes will result in more consistent reporting of contracts as either derivatives or hybrid instruments. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 (with certain exceptions) and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 had no effect on the Company's results of operations, financial position, or liquidity.

On May 15, 2003, the FASB issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS No. 150"). SFAS No. 150 clarifies the accounting for certain financial instruments with characteristics of both liabilities and equity that, under previous guidance, could be accounted for as equity, but now must be classified as liabilities in statements of financial position. These financial instruments include mandatorily redeemable financial instruments, obligations to repurchase the issuer's equity shares by transferring assets, and obligations to issue a variable number of shares. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and for all other existing instruments at the beginning of the first interim period beginning after June 15, 2003. First Midwest adopted SFAS No. 150 on July 1, 2003. While the Statement may affect how future financial instruments, if entered into, are accounted for and disclosed in the financial statements, the issuance of the new guidance had no effect on First Midwest's results of operations, financial position, or liquidity as of September 30, 2003 as the Company did not have any financial instruments with characteristics of both liabilities and equity subject to the specialized accounting guidance in SFAS No. 150.

3. ACQUISITION AND DIVESTITURE ACTIVITY

Completed Transactions

On June 13, 2003, First Midwest completed the acquisition of a retail branch office with $102,933 in deposits from Northern Trust Company. The acquisition, which was accounted for under the purchase method of accounting in accordance with SFAS No. 141, "Business Combinations" and SFAS No. 147, "Acquisition of Certain Financial Institutions," resulted in the recognition of $18,409 and $892 in goodwill and core deposit premium, respectively.

Pending Transactions

On September 11, 2003, First Midwest entered into a definitive agreement to acquire CoVest Bancshares, Inc., a bank holding company with assets of $624,238 and three full-service offices located in the northwest suburbs of Chicago. The all-cash transaction is valued at $27.45 per CoVest share, or approximately $102,500 in the aggregate. First Midwest expects to complete the merger in the fourth quarter of 2003, subject to customary closing conditions, including regulatory approvals and approval by CoVest's stockholders. In part to help finance the acquisition, First Midwest placed $125 million of trust preferred securities in November 2003 that will have a maturity of December 1, 2033 and will accrue preferred dividend distributions at a rate of 6.95% per annum.

On July 17, 2003, First Midwest entered into an agreement to sell its two branch locations in Streator, Illinois. Under the terms of the agreement, First National Bank of Ottawa, Ottawa, Illinois would acquire loans of approximately $12,000, fixed assets of approximately $800, and deposits of approximately $70,000. The sale, subject to regulatory approval, is expected to close in fourth quarter 2003. Consideration received from the sale, which will be primarily based on the level of deposits transferred, will be finalized at closing and is expected to result in a pre-tax gain that would approximate $4,800.

4. SECURITIES

The aggregate amortized cost, gross unrealized gains and losses, and market value of securities were as follows.

	September 30, 2003				December 31, 2002			
	Amortized	Gross Unrealized		Market	Amortized	Gross Unrealized		Market
	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Securities Available for Sale								
U.S. Agency	$ 100,000	$ -	$ (500)	$ 99,500	$ 200,527	$ 1,231	$ (1)	$ 201,757
Collateralized mortgage obligations	1,077,317	9,127	(6,444)	1,080,000	854,251	14,793	(1,964)	867,080
Other mortgage backed	182,698	7,127	(120)	189,705	272,546	10,208	(94)	282,660
State and municipal	703,350	52,526	(1,337)	754,539	529,608	43,976	(56)	573,528
Other	75,562	31	(4,199)	71,394	99,241	351	(2,850)	96,742
Total	$ 2,138,927	$ 68,811	$ (12,600)	$ 2,195,138	$ 1,956,173	$ 70,559	$ (4,965)	$ 2,021,767
Securities Held to Maturity								
U.S. Treasury	$ 1,453	$ -	$ -	$ 1,453	$ 1,705	$ 9	$ -	$ 1,714
U.S. Agency	-	-	-	-	126	1	-	127
State and municipal	61,016	102	-	61,118	68,001	145	-	68,146
Total	$ 62,469	$ 102	$ -	$ 62,571	$ 69,832	$ 155	$ -	$ 69,987

During the second quarter 2003, $36,863 of certain non-marketable equity securities were reclassified from the held to maturity portfolio to the available for sale portfolio to more accurately account for the securities in accordance with their terms and conditions. No gains or losses were realized on the reclassification. All prior periods presented have been restated to reflect the reclassification.

For additional details of the securities available for sale portfolio and the related impact of unrealized gains/(losses) thereon, see Note 9, "Comprehensive Income," on page 12 of this Form 10-Q.

5. LOANS

Total loans, net of deferred loan fees and other discounts of $2,547 and $2,046 at September 30, 2003 and December 31, 2002, respectively, were as follows.

	September 30, 2003	December 31, 2002
Commercial and industrial	$ 985,527	$ 897,845
Agricultural	87,378	91,381
Consumer	880,771	914,820
Real estate – 1 - 4 family	116,453	138,302
Real estate – commercial	1,033,101	1,019,989
Real estate – construction	384,982	344,509
Total loans, net of unearned discount	$ 3,488,212	$ 3,406,846

First Midwest primarily lends to consumers and small to mid-sized businesses in the market areas in which First Midwest generates deposits. Within these parameters, First Midwest strives to maintain a loan portfolio that is diverse in terms of loan type, industry, borrower, and geographic concentrations. Management believes that such diversification reduces the exposure to economic downturns that may occur in different segments of the economy or in different industries.

6. RESERVE FOR LOANS LOSSES AND IMPAIRED LOANS

Reserve For Loan Losses

A summary of the transactions in the reserve for loan losses for the quarters and nine months ended September 30, 2003 and 2002 are summarized below.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Balance at beginning of period	$ 49,124	$ 47,818	$ 47,929	$ 47,745
Loans charged-off	(3,087)	(3,732)	(8,486)	(13,603)
Recoveries of loans previously charged-off	467	813	1,991	2,602
Net loans charged-off	(2,620)	(2,919)	(6,495)	(11,001)
Provision for loan losses	2,660	3,020	7,730	11,175
Balance at end of period	$ 49,164	$ 47,919	$ 49,164	$ 47,919

Impaired Loans

A loan is considered impaired when it is probable that First Midwest will be unable to collect all principal and interest due in accordance with the loan's contractual terms. Loans subject to impairment valuation are defined as nonaccrual and restructured loans excluding smaller homogeneous loans, such as home equity, installment, and 1-4 family residential loans. Impairment is measured by estimating the fair value of the loan based on the present value of expected future cash flows, discounted at the loan's initial effective interest rate, the market price of the loan, or the fair value of the underlying collateral if repayment of the loan is collateral dependent. If the estimated fair value of the loan is less than the recorded book value, a valuation reserve is established as a component of the reserve for loan losses. The Company's impaired loan information is as follows.

	September 30, 2003	December 31, 2002
Impaired Loans:		
Requiring valuation reserve	$ 11,028	$ 1,587
Not requiring valuation reserve [1]	4,516	7,736
Total impaired loans	$ 15,544	$ 9,323
Valuation reserve related to impaired loans [2]	$ 4,153	$ 1,336

(1) Impaired loans for which the discounted cash flows, collateral value, or market value equals or exceeds the carrying value of the loan do not require a valuation reserve under SFAS No. 114, "Accounting by Creditors for Impairment of a Loan."

(2) The valuation reserve for impaired loans is included in the Company's overall reserve for loan losses.

The average recorded investment in impaired loans was $13,142 and $10,496 for the nine months ended September 30, 2003 and 2002, respectively. Interest income recognized on impaired loans for the nine months ended September 30, 2003 and 2002 was $198 and $286, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

First Midwest accounts for goodwill and other intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which provides that intangible assets with finite lives be amortized and that goodwill and other intangible assets with indefinite lives not be amortized, but rather tested at least annually for impairment.

The changes in the carrying amount of goodwill for the nine months ended September 30, 2003 are as follows.

	Nine Months Ended September 30, 2003
Balance at December 31, 2002	$ 16,397
Goodwill from business combinations	18,409
Balance at September 30, 2003	$ 34,806

First Midwest has other intangible assets capitalized on its Consolidated Statements of Condition in the form of core deposit premiums. These intangible assets are being amortized over their estimated useful life of 11.8 years in accordance with SFAS No. 142. First Midwest reviews intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. A summary of First Midwest's other intangible assets follows.

	September 30, 2003			December 31, 2002
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Other intangible assets:				
Core deposit premium	$ 892	$ 18	$ 874	$ -

Amortization expense of other intangible assets was $18 for the three and nine months ended September 30, 2003. For the same 2002 periods, amortization expense was $382 and $940, respectively. Amortization expense on other intangible assets is expected to total $38 in 2003 and $76 per year in 2004 through 2007.

8. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per share for the quarters and nine months ended September 30, 2003 and 2002.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Basic Earnings per Share:				
Net income	$ 21,202	$ 22,679	$ 68,579	$ 67,684
Average common shares outstanding	46,553	47,839	46,703	48,293
Basic earnings per share	$ 0.46	$ 0.47	$ 1.47	$ 1.40
Diluted Earnings per Share:				
Net income	$ 21,202	$ 22,679	$ 68,579	$ 67,684
Average common shares outstanding	46,553	47,839	46,703	48,293
Dilutive effect of stock options	337	307	292	359
Diluted average common shares outstanding	46,890	48,146	46,995	48,652
Diluted earnings per share	$ 0.45	$ 0.47	$ 1.46	$ 1.39

9. COMPREHENSIVE INCOME

Comprehensive income includes net income as well as certain items that are reported directly within a separate component of stockholders' equity that are not considered part of net income. Currently, First Midwest's components of other comprehensive income are the unrealized gains (losses) on securities available for sale and the unrealized (losses) on certain derivatives. The related before and after tax amounts are as follows.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Unrealized holding (losses) gains on available for sale securities arising during the period:				
Unrealized net (losses) gains	$ (18,093)	$ 33,566	$ (6,597)	$ 66,733
Related tax (benefit) expense	(7,057)	13,091	(2,572)	26,026
Net	(11,036)	20,475	(4,025)	40,707
Less: Reclassification adjustment for net (losses) gains realized for the period:				
Realized net (losses) gains on sales of available for sale securities	(615)	9	2,786	(32)
Related tax (benefit) expense	(240)	4	1,087	(12)
Net	(375)	5	1,699	(20)
Net unrealized holding (losses) gains on available for sale securities	(10,661)	20,470	(5,724)	40,727
Unrealized holding (losses) on derivatives used in cash flow hedging relationships arising during the period:				
Unrealized net (losses)	(392)	(268)	(616)	(674)
Related tax (benefit)	(152)	(106)	(240)	(263)
Net	(240)	(162)	(376)	(411)
Less: Amounts reclassified to interest expense:				
Realized net (losses) on cash flow hedges	(150)	(807)	(806)	(2,141)
Related tax (benefit)	(58)	(315)	(314)	(835)
Net	(92)	(492)	(492)	(1,306)
Net unrealized holding (losses) gains on derivatives used in cash flow hedging relationships	(148)	330	116	895
Total other comprehensive (loss) income	$ (10,809)	$ 20,800	$ (5,608)	$ 41,622

Activity in accumulated other comprehensive income (loss), net of tax, for the nine months ended September 30, 2003 and 2002 was as follows.

	Accumulated Unrealized Gains on Securities Available for Sale	Accumulated Unrealized (Losses) on Hedging Activities	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2001	$ 7,085	$ (1,820)	$ 5,265
Current period change	40,727	895	41,622
Balance, September 30, 2002	$ 47,812	$ (925)	$ 46,887
Balance, December 31, 2002	$ 40,013	$ (648)	$ 39,365
Current period change	(5,724)	116	(5,608)
Balance, September 30, 2003	$ 34,289	$ (532)	$ 33,757

10. STOCK-BASED COMPENSATION

First Midwest's stock-based compensation plans are accounted for based on the intrinsic value method set forth in APB 25 and related interpretations. Under APB 25, no compensation expense is recognized, as the exercise price of the Company's stock options is equal to the fair market value of its common stock on the date of the grant.

Pursuant to SFAS No. 123, as amended by SFAS No. 148, disclosure requirements, pro forma net income, and earnings per share are presented in the following table as if compensation cost for stock options, net of related tax effects, was determined under the fair value method and amortized to expense over the options' vesting periods.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income, as reported	$ 21,202	$ 22,679	$ 68,579	$ 67,684
Less: pro forma expense related to options, net of tax	378	713	1,194	2,019
Pro forma net income	$ 20,824	$ 21,966	$ 67,385	$ 65,665
Basic Earnings Per Share:				
As reported	$ 0.46	$ 0.47	$ 1.47	$ 1.40
Pro forma	$ 0.45	$ 0.46	$ 1.44	$ 1.36
Diluted Earnings Per Share:				
As reported	$ 0.45	$ 0.47	$ 1.46	$ 1.39
Pro forma	$ 0.44	$ 0.46	$ 1.43	$ 1.35

The fair values of stock options granted were estimated at the date of grant using a Black-Scholes option-pricing model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models such as the Black-Scholes require the input of highly subjective assumptions including the expected stock price volatility. First Midwest's stock options have characteristics significantly different from traded options. Because changes in these assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

11. COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Credit Extension Commitments and Guarantees

In the normal course of business, First Midwest enters into a variety of financial instruments with off-balance sheet risk to meet the financing needs of its customers, to reduce its exposure to fluctuations in interest rates and to conduct lending activities. These instruments principally include commitments to extend credit, standby letters of credit and commercial letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Statements of Condition.

The contractual or notional amounts of these financial instruments at September 30, 2003 and December 31, 2002 were as follows.

	September 30, 2003	December 31, 2002
Commitments to extend credit:		
Home equity lines	$ 221,736	$ 195,091
All other commitments	912,968	882,350
Letters of credit:		
Standby	90,538	85,375
Commercial	416	774

Commitments to extend credit are agreements to lend funds to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses, have variable interest rates tied to prime rate, and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash-flow requirements.

Standby and commercial letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of the underlying contract with the third party and are most often issued in favor of a municipality where construction is taking place to ensure that the borrower adequately completes the construction. Commercial letters of credit are issued specifically to facilitate commerce and typically result in the commitment being drawn on when the underlying transaction is consummated between the customer and the third party. This type of letter of credit is typically issued on behalf of a customer who is generally involved in an international business activity such as the importing of goods.

In the event of a customer's nonperformance, First Midwest's credit loss exposure is represented by the contractual amount of those commitments. The credit risk is essentially the same as that involved in extending loans to customers and is subject to normal credit policies. First Midwest uses the same credit policies in making credit commitments as it does for on-balance sheet instruments, with such exposure to credit loss minimized due to various collateral requirements in place.

The maximum potential future payments guaranteed by First Midwest under standby letters of credit arrangements is represented by the contractual amount of the commitment. At September 30, 2003, the carrying value of the Company's standby letters of credit, which is included in other liabilities in the Consolidated Statements of Condition, totaled $417. The current liability reflects the fair value of the guarantee associated with standby letters of credit originated since January 1, 2003, the implementation date of the recognition provisions of FIN 45. At September 30, 2003, standby letters of credit had a remaining weighted-average term of approximately 11.5 months, with remaining actual lives ranging from less than 1 year to 5.2 years. If a commitment is funded, First Midwest may seek recourse through the underlying collateral provided including real estate, physical plant and property, marketable securities, or cash.

Legal Proceedings

As of September 30, 2003 there were certain legal proceedings pending against First Midwest and its subsidiaries in the ordinary course of business. First Midwest does not believe that liabilities, individually or in the aggregate, arising from these proceedings, if any, would have a material adverse effect on the consolidated financial condition of First Midwest as of September 30, 2003.

12. SUPPLEMENTARY CASH FLOW INFORMATION

Supplemental disclosures to the Consolidated Statements of Cash Flows for the nine months ended September 30, 2003 and 2002 are as follows.

	Nine Months Ended September 30,	
	2003	2002
Income taxes paid	$ 22,093	$ 20,926
Interest paid to depositors and creditors	66,067	87,372
Noncash transfers of loans to foreclosed real estate	1,510	4,926
Noncash transfers to securities available for sale from securities held to maturity	36,863	35,258
Dividends declared but unpaid	8,858	8,107

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion presented below provides an analysis of First Midwest's results of operations and financial condition for the quarters and nine months ended September 30, 2003 and 2002. Management's discussion and analysis should be read in conjunction with the Consolidated Financial Statements and accompanying notes presented elsewhere in this report, as well as First Midwest's 2002 Annual Report on Form 10-K. Results of operations for the quarter and nine months ended September 30, 2003 are not necessarily indicative of results to be expected for the year ending December 31, 2003. Unless otherwise stated, all earnings per share data included in this section and throughout the remainder of this discussion are presented on a diluted basis. All financial information is presented in thousands, except per share data.

FORWARD LOOKING STATEMENTS

Statement under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995: First Midwest and its representatives may, from time to time, make written or oral statements that are "forward-looking" and provide other than historical information, including statements contained in the Form 10-Q, the Company's other filings with the Securities and Exchange Commission or in communications to its shareholders. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement. These factors include, among other things, the risk factors listed below.

In some cases, the Company has identified forward-looking statements by such words or phrases as "will likely result," "is confident that," "expects," "should," "could," "may," "will continue to," "believes," "anticipates," "predicts," "forecasts," "estimates," "projects," "potential," "intends" or similar expressions identifying "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including the negative of those words and phrases. These forward-looking statements are based on management's current views and assumptions regarding future events, future business conditions, and the outlook for the Company based on currently available information. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, these statements. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company is hereby identifying important factors that could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

Among the factors that could have an impact on the Company's ability to achieve operating results and growth plan goals are:

- Management's ability to reduce and effectively manage interest rate risk and the impact of interest rates in general on the volatility of the Company's net interest income;
- Fluctuations in the value of the Company's investment securities;
- The ability to attract and retain senior management experienced in banking and financial services;
- The sufficiency of the reserve for loan losses to absorb the amount of actual losses inherent in the existing portfolio of loans;
- The Company's ability to adapt successfully to technological changes to compete effectively in the marketplace;
- Credit risks and risks from concentrations (by geographic area and by industry) within the Bank's loan portfolio;
- The effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds, and other financial institutions operating in the Company's market or elsewhere or providing similar services;
- The failure of assumptions underlying the establishment of reserves for loan losses and estimations of values of collateral and various financial assets and liabilities;
- Volatility of rate sensitive deposits;
- Operational risks, including data processing system failures or fraud;
- Asset/liability matching risks and liquidity risks;
- Changes in the economic environment, competition, or other factors that may influence the anticipated growth rate of loans and deposits, the quality of the loan portfolio and loan and deposit pricing, and the Company's ability to successfully pursue acquisition and expansion strategies;
- The impact from liabilities arising from legal or administrative proceedings on the financial condition of the Company;
- Governmental monetary and fiscal policies, as well as legislative and regulatory changes, that may result in the imposition of costs and constraints on the Company through higher FDIC insurance premiums, significant fluctuations in market interest rates, and operational limitations;
- Changes in general economic or industry conditions, nationally or in the communities in which First Midwest conducts business;
- Changes in accounting principles, policies, or guidelines affecting the businesses conducted by the Company;
- Acts of war or terrorism; and
- Other economic, competitive, governmental, regulatory, and technical factors affecting First Midwest's operations, products, services, and prices.

The Company wishes to caution that the foregoing list of important factors may not be all-inclusive and specifically declines to undertake any obligation to publicly revise any forward-looking statements that have been made to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

With respect to forward-looking statements set forth in the notes to consolidated financial statements, including those relating to contingent liabilities and legal proceedings, as well as the Company's 2002 Annual Report on Form 10-K, some of the factors that could affect the ultimate disposition of those contingencies are changes in applicable laws, the development of facts in individual cases, settlement opportunities, and the actions of plaintiffs, judges and juries.

The following information should be read in conjunction with the consolidated financial statements of the Company and its subsidiaries and notes thereto, appearing elsewhere in this report.

CRITICAL ACCOUNTING POLICIES

First Midwest's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States and are consistent with predominant practices in the financial services industry. Application of critical accounting policies, those policies that Management believes are the most important to the Company's financial position and results of operations, requires Management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes and are based on information available as of the date of the financial statements. Future changes in information may affect these estimates, assumptions, and judgments, which, in turn, may affect amounts reported in the financial statements.

First Midwest has numerous accounting policies, of which the most significant are presented in Note 1 commencing on page 44 of First Midwest's Annual Report on Form 10-K for the year ended December 31, 2002. These policies, along with the disclosures presented in the other financial statement notes and in this discussion, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, Management has determined that its accounting policies with respect to the reserve for loan losses and income taxes are the accounting areas requiring subjective or complex judgments that are most important to the Company's financial position and results of operations, and, as such, are considered to be critical accounting policies. A discussion of these policies is included in Notes 1 and 13 commencing on pages 44 and 58, respectively, of First Midwest's Annual Report on Form 10-K for the year ended December 31, 2002. There have been no significant changes in the application of accounting policies since December 31, 2002.

Summary of Performance

Net income for third quarter 2003 totaled $21,202, or $0.45 per diluted share, as compared to $22,679, or $0.47 per diluted share, for the same period in 2002. Performance for third quarter 2003 resulted in an annualized return on average stockholders' equity of 16.7% and assets of 1.33% as compared to the year-ago quarter of 18.5% and 1.50%, respectively. Third quarter 2003 earnings included $3,622 in losses resulting from the early retirement of debt and sale of securities, representing $0.05 per diluted share on an after tax basis.

For the first nine months of 2003, net income increased to $68,579, or $1.46 per diluted share, as compared to 2002's $67,684, or $1.39 per diluted share, representing an increase of 5.0% on a per diluted share basis. Performance for the first nine months of 2003 resulted in an annualized return on average equity of 18.2% as compared to 19.1% for the same 2002 period and an annualized return on average assets of 1.48% as compared to 1.54% in 2002.

Book value per share as of September 30, 2003 was $10.94, as compared to $10.44 as of September 30, 2002, an increase of $0.50 per share. The increase in book value was primarily influenced by the reduction in number of shares outstanding as a result of the Company's stock repurchase program.

Net interest income totaled $52,007 for third quarter 2003, declining 6.2% as compared to $55,458 for third quarter 2002. Net interest margin declined 36 basis points to 3.90% for the quarter ended September 30, 2003, as compared to 4.26% for third quarter 2002. On a linked-quarter basis, net interest margin decreased 11 basis points from 4.01% at June 30, 2003. Similarly, net interest margin declined 35 basis points for the first nine months of 2003 as compared to the year-ago like period, and net interest income declined 5.5% to $156,792 for the nine months ended September 30, 2003 as compared to $166,001 for the year-ago like period.

Net loan charge-offs for third quarter 2003 improved to .30% of average loans, as compared to .34% for third quarter 2002 and .49% for fourth quarter 2002. The provision for loan losses of $2,660 recorded during third quarter 2003 exceeded the current quarter's net loan charge-offs, resulting in a ratio of the reserve for loan losses to total loans of 1.41% at September 30, 2003.

Noninterest income totaled $15,772 for third quarter 2003, down from $16,889 for third quarter 2002, and totaled $54,751 for the nine months ended September 30, 2003, up 10.8% from the same period in 2002. Noninterest income for third quarter 2003 included debt retirement and security losses of $3,622. Excluding these losses, noninterest income for the 2003 third quarter increased 14.9% from the prior year like period. Noninterest expense decreased 1.5% for third quarter 2003, as compared to third quarter 2002 and remained flat for the nine months ended September 30, 2003 as compared to the same 2002 period.

Pending Transactions

On September 11, 2003, First Midwest announced the execution of a definitive agreement to acquire CoVest Bancshares, Inc. in a cash transaction totaling approximately $102,500. CoVest is a bank holding company with assets of $624,238 and three full-service offices located in the northwest suburbs of Chicago. The transaction is expected to be accretive to First Midwest's 2004 operating performance by an estimated $.06 per diluted share. First Midwest expects to complete the merger in late fourth quarter 2003, subject to customary closing conditions, including regulatory approvals and approval by CoVest's stockholders. Applications to all governing bodies have been filed, and integration planning is proceeding. In part to help finance the acquisition, First Midwest placed $125 million of trust preferred securities in November 2003 that will have a maturity of December 1, 2033 and will accrue preferred dividend distributions at a rate of 6.95% per annum.

On July 18, 2003, First Midwest announced the signing of a definitive agreement to sell to First National Bank of Ottawa, Ottawa, Illinois two branches in rural Streator, Illinois, representing approximately $70,000 in deposits and $12,000 in loans. Regulatory approval has been received, and First Midwest expects to complete the sale during fourth quarter 2003. The exact amount of consideration received from the sale will be finalized at closing, but is expected to result in a pretax gain on sale of approximately $4,800. First Midwest anticipates the gain will be offset by costs incurred during fourth quarter 2003 to initiate balance sheet restructuring activities and certain nonrecurring expenses due to the acquisition of CoVest.

Balance Sheet Restructuring Activities

During the second and third quarter of 2003, First Midwest elected to pursue certain balance sheet restructuring strategies as a result of the historically low interest rate environment and its expectation for higher interest rates. First Midwest designed these strategies to use the unrealized appreciation in its $2,257,607 securities portfolio to reduce its exposure to rising rates and help stabilize future net interest income performance. During this period, First Midwest sold available-for-sale securities of approximately $117,800, retired or refinanced Federal Home Loan Bank advances of $210,000, and reinvested approximately $233,000 of security cash flows in relatively short duration instruments. The securities First Midwest sold represented assets that were underperforming or perceived to underperform in a higher interest rate environment. The redeployed Federal Home Loan Bank advances represented shorter-maturity, higher-costing liabilities. At the same time, through pricing and promotion, First Midwest attracted approximately $125,000 in core transactional deposits, which Management believes should be of longer-duration. Although its third quarter margin declined, in part, by reinvesting securities proceeds in the lower interest rate environment and incurring the interim cost of promoting the transactional deposits, First Midwest expects that extending the duration of its liabilities should help net interest income stabilize and then expand as interest rates rise. Concurrent with the execution of these restructuring strategies, second quarter 2003 net gains realized from securities sales of $3,335 offset third quarter 2003 losses resulting from security sales and the early retirement of debt of $3,622. First Midwest has approximately $56,211 in unrealized security gains in its security portfolio as of September 30, 2003 and expects to realize a fourth quarter 2003 gain of $4,800 from the sale of its Streator branches. As a result, First Midwest will continue to evaluate opportunities to reduce its exposure to rising interest rates through security sales and shorter-duration reinvestments and the retirement and redeployment of wholesale borrowings in fourth quarter 2003.

Net Interest Income, Earning Assets and Funding Sources

Net Interest Income/Margin

Net interest income is the difference between interest income on earning assets, such as loans and investment securities, and interest expense on liabilities, such as deposits and borrowings, which are used to fund those assets. The level of interest rates and the volume and mix of interest-earning assets and interest-bearing liabilities impact net interest income. Net interest margin represents net interest income as a percentage of total interest-earning assets. The accounting policies underlying the recognition of interest income on loans, securities, and other earning assets are included in the "Notes to Consolidated Financial Statements" contained in First Midwest's 2002 Annual Report on Form 10-K.

For purposes of this discussion, both net interest income and margin have been adjusted to a fully tax equivalent basis to more appropriately compare the returns on certain tax-exempt loans and securities to those on taxable earning assets. The effect of such adjustment is presented in the following table.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net interest income	$ 52,007	$ 55,458	$ 156,792	$ 166,001
Tax equivalent adjustment	4,680	3,244	13,002	10,314
Tax equivalent net interest income	$ 56,687	$ 58,702	$ 169,794	$ 176,315

Net interest income on a tax equivalent basis totaled $56,687 for third quarter 2003, decreasing 3.4%, or $2,015, from $58,702 in third quarter 2002. As shown in the Volume/Rate Analysis on page 19, the decrease in net interest income is attributable to the reduction in tax equivalent interest income earned on interest-earning assets of $10,514, exceeding the reduction in interest expense paid on interest-bearing liabilities of $8,499. Net interest margin for third quarter 2003 decreased 36 basis points to 3.90%, as compared to 4.26% for the same period in 2002, and down 11 basis points from 4.01% on a linked-quarter basis. Margin contraction resulted primarily from the repricing of earning assets in the low interest rate environment, the previously described balance sheet restructuring activities, and the acceleration of cash flows due to refinance related prepayments on mortgage-backed securities.

The $10,514 reduction in tax equivalent interest income for third quarter 2003, as compared to third quarter 2002, was due primarily to the decline in the yield received on interest-earning assets. For third quarter 2003, the yield on earning assets was 5.23%, reflecting a 105 basis point reduction from 6.28% for third quarter 2002. Competitive pricing on new and refinanced loans, as well as the repricing of variable rate loans in a lower interest rate environment, contributed to the decline in loan yields. The average yield on loans for third quarter 2003 fell by 93 basis points to 5.71% as compared to third quarter 2002. Net interest income for third quarter 2003 also declined as a result of accelerated pre-payments of mortgage-backed securities. Although average volume in the securities portfolio increased $177,239 from third quarter 2002, new investments and cash flows were invested at lower yields. The yield on average available for sale securities for third quarter 2003 decreased by 120 basis points to 4.49% from third quarter 2002 of 5.69%. Average earning assets for the third quarter of 2003 increased 5.5% to $5,809,873 as compared to $5,508,438 for third quarter 2002, largely driven by increases in the securities and loan portfolios.

The decrease in interest expense of $8,499 for third quarter 2003 was primarily attributable to the decline in the average cost of interest-bearing liabilities to 1.56% for third quarter 2003 as compared to 2.37% for third quarter 2002. Average interest rates paid declined by 81 basis points as the result of lower interest rates, the repricing dynamics of maturing time deposits and borrowed funds, the shift of deposits from higher priced time deposits to less expensive core transactional deposits, and the redeployment of Federal Home Loan Bank borrowings. Offsetting this decline was the higher interim costs of a promotionally priced transactional deposit offering.

As presented in the Net Interest Margin Trend by Quarter schedule on the bottom of page 19, third quarter 2003 net interest margin of 3.90% was 11 basis points lower than second quarter 2003 net interest margin of 4.01%. This decline was due to the decline in yield on interest-earning assets of 24 basis points to 5.23% offset by the decline of 17 basis points on rates being paid on interest-bearing liabilities to 1.56%. Over the last four quarters, the yield on interest-earning assets declined more than rates paid on interest-bearing liabilities as First Midwest adopted balance sheet repositioning strategies to reduce its exposure to rising rates and increasing mortgage prepayments. Also, the volume of fixed rate loans and the cash flows from repriced securities outpaced the repricing of liabilities in the lower interest rate environment. Accelerated mortgage prepayments caused both a shortening in the expected duration of and a decrease in the yield on mortgage-backed securities. Given the balance sheet restructuring initiated to date, a steepening in the yield curve, and the expectation of slower mortgage prepayment speeds, management believes that margins have reached their lowest level and should begin to improve in subsequent quarters.

First Midwest continues to use multiple interest rate scenarios to rigorously assess the direction and magnitude of changes in net interest income. A description and analysis of First Midwest's market risk and interest rate sensitivity profile and management policies commences on page 30 of this Form 10-Q.

Volume/Rate Analysis

The table below summarizes the changes in average interest-earning assets and interest-bearing liabilities as well as the average rates earned and paid on these assets and liabilities, respectively, for the quarters ended September 30, 2003 and 2002. The table also details increases and decreases in income and expense for each major category of assets and liabilities and analyzes the extent to which such variances are attributable to volume and rate changes. Interest income and yields are presented on a tax-equivalent basis assuming a federal tax rate of 35%, which includes a tax-equivalent adjustment of $4,680 and $3,244 for the quarters ended September 30, 2003 and 2002, respectively.

Quarters Ended September 30, 2003 and 2002

	Average Balances			**Average Interest Rates Earned/Paid**			**Interest Income/Expense**			**Increase/(Decrease) in Interest Income/Expense Due to:**		
	2003	**2002**	**Increase (Decrease)**	**2003**	**2002**	**Basis Points Inc/(Dec)**	**2003**	**2002**	**Increase (Decrease)**	**Volume**	**Rate**	**Total**
Fed funds sold and other short-term investments	$ 27,863	$ 17,229	$ 10,634	1.06%	1.81%	(0.75%)	$ 74	$ 78	$ (4)	$ (12)	$ 8	$ (4)
Mortgages held for sale	26,227	9,378	16,849	5.15%	6.06%	(0.91%)	338	142	196	214	(18)	196
Securities available for sale ..	2,186,374	2,017,711	168,663	4.49%	5.69%	(1.20%)	24,550	28,684	(4,134)	2,731	(6,865)	(4,134)
Securities held to maturity ...	81,273	72,697	8,576	6.27%	6.99%	(0.72%)	1,274	1,270	4	30	(26)	4
Loans net of unearned discount...............................	3,488,136	3,391,423	96,713	5.71%	6.64%	(0.93%)	49,753	56,329	(6,576)	1,663	(8,239)	(6,576)
Total interest-earning assets..	$ 5,809,873	$ 5,508,438	301,435	5.23%	6.28%	(1.05%)	$ 75,989	$ 86,503	$ (10,514)	$ 4,626	$ (15,140)	$ (10,514)
Savings deposits....................	$ 508,979	$ 460,019	$ 48,960	0.50%	1.01%	(0.51%)	$ 640	1,157	$ (517)	$ 139	$ (656)	$ (517)
NOW accounts	892,313	757,671	134,642	0.82%	1.37%	(0.55%)	1,824	2,596	(772)	607	(1,379)	(772)
Money market deposits	650,963	548,053	102,910	1.15%	2.04%	(0.89%)	1,874	2,794	(920)	699	(1,619)	(920)
Time deposits	1,613,787	1,749,613	(135,826)	2.32%	3.09%	(0.77%)	9,375	13,527	(4,152)	(988)	(3,164)	(4,152)
Borrowed funds.....................	1,273,420	1,172,760	100,660	1.76%	2.64%	(0.88%)	5,589	7,727	(2,138)	739	(2,877)	(2,138)
Total interest-bearing liabilities.............................	$ 4,939,462	$ 4,688,116	$ 251,346	1.56%	2.37%	(-0.81%)	$ 19,302	$ 27,801	$ (8,499)	$ 1,196	$ (9,695)	$ (8,499)
Net interest margin / income				3.90%	4.26%	(0.36%)	$ 56,687	$ 58,702	$ (2,015)	$ 3,430	$ (5,445)	$ (2,015)

	2003			2002			
Net Interest Margin Trend By Quarter	3rd	2nd	1st	4th	3rd	2nd	1st
Yield on interest-earning assets	5.23%	5.47%	5.69%	5.95%	6.28%	6.50%	6.55%
Rates paid on interest-bearing liabilities........	1.56%	1.73%	1.92%	2.19%	2.37%	2.43%	2.62%
Net interest margin	3.90%	4.01%	4.06%	4.10%	4.26%	4.43%	4.32%

Volume/Rate Analysis

The table below summarizes the changes in average interest-earning assets and interest-bearing liabilities as well as the average rates earned and paid on these assets and liabilities, respectively, for the nine months ended September 30, 2003 and 2002. The table also details increases and decreases in income and expense for each major category of assets and liabilities and analyzes the extent to which such variances are attributable to volume and rate changes. Interest income and yields are presented on a tax-equivalent basis assuming a federal tax rate of 35%, which includes a tax-equivalent adjustment of $13,002 and $10,314 for the nine months ended September 30, 2003 and 2002, respectively.

Nine Months Ended September 30, 2003 and 2002

	Average Balances			Average Interest Rates Earned/Paid			Interest Income/Expense			Increase/(Decrease) in Interest Income/Expense Due to:		
	2003	2002	Increase (Decrease)	2003	2002	Basis Points Inc/(Dec)	2003	2002	Increase (Decrease)	Volume	Rate	Total
Fed funds sold and other short-term investments	$ 16,258	$ 10,163	$ 6,095	1.14%	1.97%	(0.83%)	$ 139	$ 150	$ (11)	$ (37)	$ 26	$ (11)
Mortgages held for sale	19,535	8,084	11,451	5.45%	6.61%	(1.16%)	799	401	398	454	(56)	398
Securities available for sale	2,106,525	1,950,531	155,994	4.79%	5.96%	(1.17%)	75,732	87,158	(11,426)	7,913	(19,339)	(11,426)
Securities held to maturity	79,739	72,287	7,452	6.46%	7.14%	(0.68%)	3,862	3,871	(9)	(124)	115	(9)
Loans net of unearned discount	3,453,840	3,378,005	75,835	5.86%	6.72%	(0.86%)	151,869	170,177	(18,308)	3,924	(22,232)	(18,308)
Total interest-earning assets	$ 5,675,897	$ 5,419,070	$ 256,827	5.46%	6.44%	(0.98%)	$ 232,401	$ 261,757	$ (29,356)	$ 12,130	$ (41,486)	$ (29,356)
Savings deposits	$ 496,290	$ 450,571	$ 45,719	0.50%	1.00%	(0.50%)	$ 1,853	$ 3,364	$ (1,511)	$ 384	$ (1,895)	$ (1,511)
NOW accounts	800,872	717,205	83,667	0.86%	1.53%	(0.67%)	5,154	8,208	(3,054)	1,111	(4,165)	(3,054)
Money market deposits	591,934	558,170	33,764	1.28%	2.01%	(0.73%)	5,679	8,404	(2,725)	545	(3,270)	(2,725)
Time deposits	1,623,750	1,755,329	(131,579)	2.50%	3.34%	(0.84%)	30,404	43,955	(13,551)	(3,105)	(10,446)	(13,551)
Borrowed funds	1,300,795	1,127,278	173,517	2.00%	2.54%	(0.54%)	19,517	21,511	(1,994)	5,134	(7,128)	(1,994)
Total interest-bearing liabilities	$ 4,813,641	$ 4,608,553	$ 205,088	1.73%	2.47%	(0.74%)	$ 62,607	$ 85,442	$ (22,835)	$ 4,069	$ (26,904)	$ (22,835)
Net interest margin / income				3.99%	4.34%	(0.35%)	$ 169,794	$ 176,315	$ (6,521)	$ 8,061	$ (14,582)	$ (6,521)

Securities Portfolio

The following table sets forth the period end carrying values of the securities portfolios and changes therein as of the following periods.

	2003		2002	September 30 % Change From	
	September 30	June 30	December 31	6/30/03	12/31/02
By type:					
U.S. Treasury	$ 1,453	$ 1,310	$ 1,705	10.9	(14.8)
U.S. Agency	99,500	100,125	201,883	(0.6)	(50.7)
Collateralized mortgage obligations	1,080,000	1,221,590	867,080	(11.6)	24.6
Other mortgage-backed securities	189,705	210,791	282,660	(10.0)	(32.9)
State and municipal	815,555	857,787	641,529	(4.9)	27.1
Other	71,394	69,811	96,742	2.3	(26.2)
Total	$ 2,257,607	$ 2,461,414	$ 2,091,599	(8.3)	7.9
By classification:					
Available for sale	$ 2,195,138	$ 2,371,459	$ 2,021,767	(7.4)	8.6
Held to maturity	62,469	89,955	69,832	(30.6)	(10.5)
Total	$ 2,257,607	$ 2,461,414	$ 2,091,599	(8.3)	7.9

As of September 30, 2003, the carrying value of the securities portfolio totaled $2,257,607, up 7.9% from December 31, 2002 and down 8.3% from June 30, 2003. The decrease in the portfolio from June 30, 2003 resulted primarily from mortgage-backed cash flows resulting from higher prepayment levels and a decline in the net unrealized market value of the portfolio.

As of September 30, 2003, the net unrealized appreciation in the market value of the available-for-sale securities portfolio decreased to $56,211, down $9,383 from $65,594 at December 31, 2002 and $17,042 from $73,689 at June 30, 2003. The market value of the portfolio decreased due to a relatively steeper yield curve and higher mortgage interest rates at September 30, 2003 than at either December 31, 2002 or June 30, 2003.

During 2003, First Midwest has elected to pursue certain security deployment strategies to both balance portfolio performance and to mitigate exposure to rising interest rates. In the first quarter of 2003, First Midwest took advantage of unusually high rates offered on municipal securities relative to Treasury yields and increased its overall state and municipal portfolio. As of September 30, 2003, the state and municipal securities portfolio was $815,555, up $174,026 or 27.1% from December 31, 2002. During the second quarter of 2003, First Midwest, in an effort to offset the impact of reinvesting security cash flows in the low rate environment, purchased certain shorter-dated, lower yielding mortgage-backed securities. As a result, First Midwest's aggregate position in mortgage-backed securities as of June 30, 2003 increased to $1,432,381, up $282,641 from December 31, 2002. Continued high levels of mortgage-related prepayments during third quarter 2003 caused the total mortgage-backed securities portfolio to decline to $1,269,705 as the decision was made to not subsequently reinvest all cash flows received.

As of September 30, 2003, the effective duration of the portfolio was 2.6% as compared to 1.3% for December 31, 2002 and 2.3% for June 30, 2003. In this context, duration represents the percentage change in the market value of the securities portfolio given a 100 basis point change up or down in the level of interest rates. As of September 30, 2003, the weighted average life of the portfolio was 3.8 years as compared to 2.9 years and 3.2 years for December 31, 2002 and June 30, 2003, respectively. In this context, average life represents the weighted average time to the receipt of all future cash flows. The increase in portfolio duration as well as weighted average life of the portfolio is attributed to the comparatively higher level of mortgage interest rates that existed as of September 30, 2003 and the resulting expectation that the mortgage-backed securities will have a longer life as prepayment speeds slow.

Loan Portfolio

The following table summarizes the changes in loans outstanding based on period end balances.

	September 30, 2003	December 31, 2002	% Change
Commercial and industrial	$ 985,527	$ 897,845	9.8
Agricultural	87,378	91,381	(4.4)
Consumer	880,771	914,820	(3.7)
Real estate – 1 - 4 family	116,453	138,302	(15.8)
Real estate – commercial	1,033,101	1,019,989	1.3
Real estate – construction	384,982	344,509	11.7
Total net loans	$ 3,488,212	$ 3,406,846	2.4
Total net loans excluding real estate – 1 - 4 family	$ 3,371,759	$ 3,268,544	3.2

Total loans at September 30, 2003 increased 2.4% from December 31, 2002. Increases in commercial and industrial, commercial real estate, and construction real estate offset decreases in agricultural, consumer, and 1-4 family real estate. Commercial loans grew 9.8% to $985,527 from $897,845 at December 31, 2002. The increase was due to a combination of loans made to new customers and existing customers making draws on established lines of credit. The decrease in consumer loans of $34,049 was primarily attributable to a decline in automobile loans contained within the indirect portfolio, which has been heavily impacted by lower industry sales and lower-cost financing offered by automobile manufacturers. This decrease was partially offset by growth in the home equity loan portfolio. The 11.7% increase in real estate construction reflected seasonal line usage by existing customers, as 2002 construction sales are funded and built in 2003, and new lines of credit extended to residential homebuilders. The real estate commercial portfolio remained relatively stable. Real estate 1 – 4 family loans declined by $21,849 from year-end 2002 as loans continue to refinance, with First Midwest retaining originated variable rate and other certain qualifying mortgages, while selling all other originations through a third party provider.

As of September 30, 2003, no significant change has occurred in the composition of the loan portfolio or level of exposure to any single borrower, industry, or market segment from that reflected as of year-end 2002. First Midwest continues to believe that its credit exposure is well balanced among borrowers, industries, and market segments.

Funding Sources

The following table provides a comparison of average core funding sources for the quarters ended September 30, 2003 and December 31, 2002. Average, rather than period-end balances, are more meaningful in analyzing funding sources because of the inherent fluctuations that occur on a monthly basis within most deposit categories.

	Quarters Ended				
	September 30, 2003	% of Total	December 31, 2002	% of Total	% Change
Demand deposits	$ 832,518	14.4	$ 777,895	14.3	7.0
Savings deposits	508,979	8.8	466,508	8.6	9.1
NOW accounts	892,313	15.5	742,713	13.7	20.1
Money market deposits	650,963	11.3	535,429	9.9	21.6
Core transactional deposit	2,884,773	50.0	2,522,545	46.5	14.4
Time deposits	1,613,787	27.9	1,690,614	31.1	(4.5)
Total deposits	4,498,560	77.9	4,213,159	77.6	6.8
Securities sold under agreements to repurchase	606,389	10.5	435,122	8.0	39.4
Federal funds purchased	200,401	3.5	207,416	3.8	(3.4)
Federal Home Loan Bank advances	466,630	8.1	575,000	10.6	(18.8)
Total borrowed funds	1,273,420	22.1	1,217,538	22.4	4.6
Total funding sources	$ 5,771,980	100.0	$ 5,430,697	100.0	6.3

Total average deposits for third quarter 2003 increased 6.8% from the quarter ended December 31, 2002 as a result of a seasonal increase in public deposits, the June 2003 acquisition of a $102,933 branch, and the attraction of approximately $125,000 in core transactional deposits resulting from a promotionally-priced sales offering. These same factors and customer preferences for liquidity in the low rate environment resulted in an increase of 14.4% from fourth quarter 2002 in average core transactional balances. For these same periods, average time deposits decreased by 4.5%. Consistent with the net interest income and margin strategies previously discussed, pricing incentives begun during the second quarter of 2003 were employed to attract transactional balances, which management believes to exhibit longer-duration characteristics. These pricing incentives are expected to continue during fourth quarter 2003.

Total average borrowed funds for third quarter 2003 increased 4.6%, or $55,882, from the quarter ended December 31, 2002. Funding needs were provided through the Federal Funds market, securities sold under agreements to repurchase, and Federal Home Loan Bank advances. The Company's banking subsidiary, First Midwest Bank ("the Bank"), is a member of the Federal Home Loan Bank ("FHLB") and has access to term financing from the FHLB. These advances are secured by qualifying residential mortgages and mortgage-related securities. As of September 30, 2003, all advances from the FHLB have fixed interest rates with interest payable monthly and are not callable.

As of September 30, 2003, FHLB borrowings totaled $365,000 as compared to $575,000 as of December 31, 2002. As of September 30, 2003, the weighted average maturity and yield for FHLB borrowings was 18.7 months and 2.88%, respectively, as compared to 19.9 months and 3.72% as of December 31, 2002. First Midwest was able to maintain the weighted average maturity and lower the weighted average yield on its FHLB borrowings by refinancing and restructuring approximately $210,000 of FHLB advances during the second and third quarters of 2003. In second quarter 2003, First Midwest refinanced $125,000 in FHLB borrowings that were yielding 3.40% and had a remaining maturity of 10.5 months with advances that will yield 2.68% and have a 24-month maturity. In third quarter 2003, $85,000 in FHLB advances that yielded 3.85% and had a weighted maturity of 19.5 months were retired at a cost of $3,007. Of the retired debt, approximately $50,000 was placed with the FHLB in early fourth quarter 2003 at 1.85% and a maturity of 24 months. The remaining $35,000 of retired borrowings was replaced with the funding provided by higher transactional deposit balances.

Noninterest Income

Noninterest income decreased 6.6%, or $1,117, to $15,772 for the quarter ended September 30, 2003, as compared to $16,889 for the same period in 2002. Third quarter 2003 included a $3,007 loss realized from the extinguishment of long-term debt and a $615 loss on the sale of securities. Excluding the net losses of $3,622 for the quarter ended September 30, 2003, noninterest income totaled $19,394 for third quarter 2003, increasing $2,514, or 14.9%, as compared to third quarter 2002. All major categories improved except corporate owned life insurance. For the first nine months of 2003, noninterest income increased 10.8% or $5,338, to $54,751, as compared to $49,413 for the same period in 2002. Changes in the components of noninterest income are discussed below with year to date changes generally following those described for the current quarter.

The following table analyzes the components of noninterest income for the quarters and nine months ended September 30, 2003 and 2002.

	Quarters Ended September 30,			Nine Months Ended September 30,		
	2003	2002	% Change	2003	2002	% Change
Service charges on deposit accounts	$ 7,296	$ 6,439	13.3	$ 20,655	$ 18,414	12.2
Trust and investment management fees	2,762	2,543	8.6	8,083	7,802	3.6
Other service charges, commissions, and fees	5,662	4,501	25.8	15,575	13,252	17.5
Corporate owned life insurance	1,183	1,831	(35.4)	3,705	5,268	(29.7)
Security (losses) gains, net	(615)	9	N/M	2,786	33	N/M
(Losses) on early extinguishment of debt	(3,007)	-	N/M	(3,007)	-	N/M
Other income	2,491	1,566	59.1	6,954	4,644	49.7
Total noninterest income	$ 15,772	$ 16,889	(6.6)	$ 54,751	$ 49,413	10.8
Total noninterest income excluding security (losses) gains and (losses) on early extinguishment of debt	$ 19,394	$ 16,880	14.9	$ 54,972	$ 49,380	11.3

N/M – not meaningful

Service charges on deposit accounts in the third quarter 2003 improved by $857 to $7,296 as compared to $6,439 in third quarter 2002, primarily attributable to $723 in higher volumes of items drawn on customer accounts with insufficient funds and greater service charges on business checking accounts due to lower earnings credit available to customers as a result of the low interest rate environment.

Trust and investment management fees increased 8.6%, or $219, to 2,762 for third quarter 2003 compared to third quarter 2002 fees of $2,543. Fees increased as equity markets improved from the third quarter 2002. The improved equity marked increased the value of assets under management, upon which fees are partially based. Assets under management at September 30, 2003 totaled $2,164,719, up $256,024, or 13.4%, from $1,908,695 at September 30, 2002.

Other service charges, commissions, and fees increased by $1,161 for third quarter 2003 to $5,662 as compared to $4,501 for third quarter 2002 with commissions on mortgage loan originations, sales of annuity, insurance and investment products principally accounting for the increase. Debit card and merchant card fees also positively impacted the year-to-year increase.

In April 2003, an agreement was announced with respect to the settlement of the antitrust litigation brought against VISA USA, Inc. by various retail merchants concerning the amount of fees charged to process signature-based debit card transactions. Although not a party to the litigation or settlement, First Midwest anticipates that the terms of the agreement, which became effective August 1, 2003 and included a renegotiation of interchange fees, will not have a material impact on its result of operations, financial position or liquidity for 2003. Management expects revenue reductions will be partially offset by transactional volume growth, albeit at a lower transactional rate. Beginning January 1, 2004, merchants may also refuse to accept signature-based debit card transactions, which may result in additional reductions in interchange income for 2004. At this time, it is not possible to accurately predict the magnitude of this reduction since it will be driven by the individual practices and policies of the point-of-sale merchant.

First Midwest's income from corporate owned life insurance was $1,183 in income for third quarter 2003 decreasing $648, or 35.4% from $1,831 from third quarter 2002. The third quarter 2003 decrease was attributable to a lower level of income being credited on the life insurance assets due to the influence of market conditions on the assets underlying these insurance contracts. As a majority of the underlying assets are of a short duration (approximately one year) and can be subsequently deployed into longer-duration assets, it is anticipated that revenues will improve as assets reprice in a higher rate environment.

Other income increased by $925, or 59.1%, from $1,566 for third quarter 2002 to $2,491 for third quarter 2003 due to $1,057 of proceeds related to the liquidation of a former demutualized carrier of corporate owned life insurance.

Noninterest Expense

Total noninterest expense decreased by 1.5%, or $555, to $37,551 for the quarter ended September 30, 2003 as compared to $38,106 for the same period in 2002. For the nine months ended September 30, 2003, noninterest expense remained flat at $112,343 as compared to $112,356 for the same period in 2002.

The following table analyzes the components of noninterest expense for the quarters and nine months ended September 30, 2003 and September 30, 2002.

	Quarters Ended September 30,			Nine Months Ended September 30,		
	2003	2002	% Change	2003	2002	% Change
Salaries and wages	$ 16,719	$ 16,334	2.4	$ 48,313	$ 46,782	3.3
Retirement and other employee benefits	4,899	4,683	4.6	14,730	14,011	5.1
Occupancy expense of premises	3,652	3,682	(0.8)	10,964	10,795	1.6
Equipment expense	2,068	1,956	5.7	5,873	5,810	1.1
Technology and related costs	2,169	2,448	(11.4)	7,014	7,465	(6.0)
Professional services	1,744	1,615	8.0	5,132	5,004	2.6
Advertising and promotions	710	1,157	(38.6)	3,510	3,360	4.5
Other expenses	5,590	6,231	(10.3)	16,807	19,129	(12.1)
Total noninterest expense	$ 37,551	$ 38,106	(1.5)	$ 112,343	$ 112,356	0.0
Efficiency ratio	48.7%	49.1%		49.3%	48.5%	

The increase in salary and wage expense for third quarter 2003 is largely due to annual, mid-year general merit increases to hourly employees and greater sales commissions associated with increased mortgage and investment product sales. Retirement and other employee benefits increased 4.6% for the third quarter 2003 from third quarter 2002 due to increased pension expense and was partly offset by lower employee healthcare insurance costs.

The 5.7% increase in equipment expense to $2,068 in third quarter 2003 from $1,956 in third quarter 2002 is primarily related to higher software maintenance costs and technology related purchases, offset in part by a reduction in depreciation expense.

The 11.4% decrease in technology and related costs for third quarter 2003 as compared to the 2002 like period resulted from costs savings incident to bringing “in-house” the backroom operation of the items processing function, effective August 2003.

Professional services increased by $129, or 8.0%, to $1,744 for third quarter 2003 as compared to $1,615 for third quarter 2002. The current quarter increase was due to higher audit fees and personnel recruitment costs, as well as professional service fees necessary to obtain an investment-grade credit rating by a nationally recognized rating agency.

Advertising and promotions expense decreased $447 for third quarter 2003 to $710 as compared to $1,157 for third quarter 2002. General agency advertising costs declined and costs associated with the participation in community development projects decreased, reflecting a return to more normal levels.

Other expenses decreased $641, or 10.3%, for third quarter 2003 compared to third quarter 2002 and was principally driven by a $309 decrease in costs of remediating other real estate owned and $364 in lower intangible asset amortization.

The efficiency ratio expresses noninterest expense as a percentage of tax-equivalent net interest income plus total fees and other income. For the quarter and nine months ended September 30, 2003, the efficiency ratio was 48.7% and 49.3%, respectively, as compared to 49.1% and 48.5% for the same periods in 2002, respectively.

Income Tax Expense

First Midwest's accounting policies underlying the recognition of income taxes in the Consolidated Statements of Condition and Income are included in the "Notes to Consolidated Financial Statements" contained in its 2002 Annual Report on Form 10-K.

Income tax expense totaled $6,366 for the quarter ended September 30, 2003, decreasing $2,176 from $8,542 for third quarter 2002, and reflects effective income tax rates of 23.1% and 27.4% for the quarters ended September 30, 2003 and 2002, respectively. The 2003 decreases resulted from the losses on the early extinguishment of debt and sale of securities of $3,622 in third quarter 2003.

Credit Quality and Reserve for Loan Losses

Credit Quality

Nonperforming assets consist of loans for which the accrual of interest has been discontinued, loans for which the terms have been renegotiated to provide for a reduction or deferral of interest and principal due to a weakening of the borrower's financial condition, and real estate, which has been acquired primarily through foreclosure and is awaiting disposition. First Midwest discontinues the accrual of interest income on any loan, including an impaired loan, when there is reasonable doubt as to the timely collectibility of interest or principal. Once interest accruals are discontinued, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the reserve for loan losses. Subsequent receipts on nonaccrual loans are recorded as a reduction of principal, and interest income is recorded only after recovery of principal is reasonably assured. Nonaccrual loans are returned to accrual status when the financial position of the borrower and other relevant factors indicate there is no longer doubt as to collectibility.

A nonaccrual loan that is subsequently restructured will not generally begin to accrue interest for six months after the restructuring to demonstrate that the borrower can meet the restructured terms. However, sustained payment performance prior to the restructuring, or significant events that coincide with the restructuring, are included in assessing whether the borrower can meet the restructured terms. These factors may result in the loan being returned to accrual status at the time of restructuring or upon satisfaction of a shorter performance period.

Foreclosed real estate is acquired when a borrower defaults on a loan. Foreclosed real estate is valued at the lower of the loan balance or estimated fair value at the time of foreclosure, less estimated selling costs. Write-downs occurring at foreclosure are charged against the reserve for loan losses. On an ongoing basis, properties are appraised as required by market indications and applicable regulations. Write-downs are provided for subsequent declines in value. Expenses related to maintaining foreclosed properties are included in other non-interest expense.

Loans past due 90 days and still accruing interest are not included in nonperforming assets and continue to accrue interest because they are adequately secured by collateral and/or are in the process of collection and are reasonably expected to result in repayment or restoration to current status.

The following table summarizes nonperforming assets and past due loans for the last five consecutive quarters.

	2003			2002	
	September 30	June 30	March 31	December 31	September 30
Nonaccrual loans	$ 11,442	$ 9,423	$ 13,596	$ 12,525	$ 9,988
Restructured loans	7,219	7,328	-	-	-
Total nonperforming loans	18,661	16,751	13,596	12,525	9,988
Foreclosed real estate	3,842	4,576	4,044	5,496	2,972
Total nonperforming assets	$ 22,503	$ 21,327	$ 17,640	$ 18,021	$ 12,960
Loans 90 days past due and still accruing interest	$ 4,806	$ 5,723	$ 7,497	$ 3,307	$ 9,820
Nonperforming loans to total loans	0.53%	0.48%	0.40%	0.37%	0.29%
Nonperforming assets to total loans plus foreclosed real estate	0.64%	0.61%	0.51%	0.53%	0.38%
Reserve for loan losses to loans	1.41%	1.40%	1.40%	1.41%	1.41%
Reserve for loan losses to nonperforming loans	263%	293%	353%	383%	480%
Provision for loan losses	$ 2,660	$ 2,540	$ 2,530	$ 4,235	$ 3,020
Net loans charged-off	$ 2,620	$ 1,436	$ 2,439	$ 4,225	$ 2,919
Net loans charged-off to average loans	0.30%	0.17%	0.29%	0.49%	0.34%

Nonperforming loans at September 30, 2003 totaled $18,661, representing .53% of loans, up from .48% on a linked-quarter basis and .29% for the same quarter in 2002. Included in nonperforming loans at September 30, 2003 are $7,219 of restructured loans, representing two credits that were renegotiated to current market terms during second quarter 2003. Of this total, $4,122 continues to accrue interest at September 30, 2003 and the remaining $3,097 continues to record cash payments received as reductions to principal only.

Nonaccrual loans, totaling $11,442 at September 30, 2003 are comprised of commercial, industrial and agricultural loans ($6,667), real estate loans ($3,170) and consumer loans ($1,605). Foreclosed real estate, totaling $3,842 at September 30, 2003, primarily represents commercial real estate and 1-4 family real estate properties. First Midwest's disclosure with respect to impaired loans is contained in Note 6, “Reserve For Loan Losses and Impaired Loans,” commencing on page 10 of this Form 10-Q.

Reserve for Loan Losses

Transactions in the reserve for loan losses during the quarters and nine months ended September 30, 2003 and 2002 are summarized in the following table.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Balance at beginning of period	$ 49,124	$ 47,818	$ 47,929	$ 47,745
Loans charged-off	(3,087)	(3,732)	(8,486)	(13,603)
Recoveries of loans previously charged-off	467	813	1,991	2,602
Net loans charged-off	(2,620)	(2,919)	(6,495)	(11,001)
Provision for loan losses	2,660	3,020	7,730	11,175
Balance at end of period	$ 49,164	$ 47,919	$ 49,164	$ 47,919

Loan charge-offs, net of recoveries, for third quarter 2003 were .30% of average loans, improving from .34% for third quarter 2002. Lower charge-offs in the current year are attributable to both decreased commercial and consumer charge-offs. The decrease in consumer charge-offs is the result of a concerted strategy to tighten underwriting standards for indirect loans. The provision for loan losses exceeded net charge-offs for third quarter 2003, resulting in the ratio of the reserve for loan losses to total loans at quarter-end being maintained at 1.41% and approximating the level at year-end 2002. The reserve for loan losses at September 30, 2003 represented 263% of nonperforming loans, as compared to 480% at the end of 2002's third quarter and 383% at year-end 2002. Management believes that the reserve for loan losses of $49,164 is adequate to absorb credit losses inherent in the loan portfolio at September 30, 2003.

First Midwest maintains a reserve for loan losses to absorb probable losses inherent in the loan portfolio. The reserve for loan losses consists of three components: (i) specific reserves established for any impaired commercial, real estate commercial, and real estate construction loan for which the recorded investment in the loan exceeds the measured value of the loan; (ii) reserves based on historical loan loss experience; and (iii) reserves based on general economic conditions as well as specific economic factors in the markets in which First Midwest operates. The provision for loan losses in any given period is dependent upon many factors, including changes in the composition of the loan portfolio, net charge-offs, delinquencies, collateral values, management's assessment of current and prospective economic conditions, and the resultant required level of the reserve for loan losses. The appropriate level of the reserve for loan losses is determined by systematically performing a review of the loan portfolio quality as required by First Midwest's credit administration policy.

Those loans that may require specific reserves include loans where the internal credit rating is below a predetermined classification and restructured loans. Loans that are reviewed generally include commercial and agricultural loans, real estate commercial, and real estate construction loans. Specific reserves for these loans are determined in accordance with the accounting policies referred to above. Consumer and other retail loan reserve allocations are based upon the evaluation of pools or groups of such loans. The component of the reserve for loan losses based on historical loan loss experience is determined statistically using a loss migration analysis that examines loss experience and the related internal rating of loans charged off. The loss migration analysis is performed quarterly and loss factors are updated regularly based on actual experience. The component of the reserve for loan losses based on general economic conditions and other factors is considered the unallocated component of the reserve. This component is determined based upon general economic conditions and involves a higher degree of subjectivity in its determination. This component of the reserve considers risk factors that may not have manifested themselves in First Midwest's historical loss experience, which is used to determine the allocated component of the reserve.

For the nine months ended September 30, 2003, First Midwest did not substantially change any aspect of its overall methodology in determination of the provision for loan losses, and there were no material changes from prior periods in assumptions or estimation techniques that impacted the determination of the provision for that period.

The distribution of the loan portfolio is presented in Note 5, "Loans," located on page 9 while changes in the portfolio are analyzed and discussed on page 22 of this Form 10-Q. The loan portfolio consists nearly exclusively of loans originated by First Midwest from its primary markets and generally represents credit extension to multi-relationship customers.

Capital

Stockholders' Equity

Stockholders' equity at September 30, 2003 was $509,153 as compared to $491,953 at December 31, 2002. Equity as a percentage of assets was 8.1% at September 30, 2003, compared to 8.2% at December 31, 2002. Book value per common share increased to $10.94 at the end of third quarter 2003, up from $10.42 at the end of 2002.

Capital Measurements

First Midwest and the Bank are subject to the minimum capital requirements defined by its primary regulator, the Federal Reserve Board ("FRB"). First Midwest has managed its capital ratios to consistently maintain such measurements in excess of the FRB minimum levels to be considered "well-capitalized," which is the highest capital category established.

The following table summarizes the actual capital ratios for First Midwest and the Bank, as well as those required to be categorized as adequately capitalized and "well capitalized."

	First Midwest Actual		For Capital Adequacy Purposes		Well Capitalized for FDICIA	
	Capital	Ratio	Capital	Ratio	Capital	Ratio
As of September 30, 2003:						
Total capital (to risk-weighted assets):						
First Midwest Bancorp, Inc	$ 486,450	10.55%	$ 368,881	8.00%	$ 461,101	10.00%
First Midwest Bank	481,573	10.48	367,685	8.00	459,606	10.00
Tier 1 capital (to risk-weighted assets):						
First Midwest Bancorp, Inc	437,286	9.48	184,441	4.00	276,661	6.00
First Midwest Bank	432,409	9.41	183,842	4.00	275,764	6.00
Tier 1 leverage (to average assets):						
First Midwest Bancorp, Inc	437,286	7.02	186,950	3.00	311,583	5.00
First Midwest Bank	432,409	6.96	186,451	3.00	310,752	5.00
As of December 31, 2002:						
Total capital (to risk-weighted assets):						
First Midwest Bancorp, Inc.	$ 482,512	11.03%	$ 349,960	8.00%	$ 437,450	10.00%
First Midwest Bank	460,426	10.56	348,826	8.00	436,033	10.00
Tier 1 capital (to risk-weighted assets):						
First Midwest Bancorp, Inc.	434,583	9.93	174,980	4.00	262,470	6.00
First Midwest Bank	412,497	9.46	174,413	4.00	261,620	6.00
Tier 1 leverage (to average assets):						
First Midwest Bancorp, Inc.	434,583	7.32	178,126	3.00	296,877	5.00
First Midwest Bank	412,497	7.01	176,683	3.00	294,471	5.00

Dividends

Management and First Midwest's Board of Directors review the dividend payout regularly. Dividends of $.19 per common share were declared in the third quarter of 2003, up 11.8% from the quarterly dividend per share declared in the third quarter 2002 of $.17. The dividend payout ratio, which represents the percentage of earnings per share declared to shareholders as dividends, was 42.2% and 36.2% for the third quarters of 2003 and 2002, respectively. The 2003 annualized indicated dividend of $.76 represents an annual dividend yield of 2.6% as of September 30, 2003.

Capital Management

First Midwest has continued to follow a policy of retaining sufficient capital to support growth in total assets and returning excess capital to shareholders in the form of dividends and through common stock repurchases, with the latter resulting in an increase in the percentage ownership of First Midwest by existing shareholders.

In August 2002, First Midwest's Board of Directors authorized the repurchase of up to 3,000 of its common shares, or 6.28% of shares then outstanding. The plan authorizes repurchases in both open market and privately negotiated transactions and has no execution time limit. First Midwest intends to continue share repurchases throughout 2003, with the pace of repurchase subject to ongoing capital, investment, and acquisition considerations.

The following table summarizes the shares repurchased by First Midwest for the prior three calendar years and for the current year-to-date period.

	Nine Months Ended September 30, 2003	Years Ended December 31, 2002	2001	2000
Shares purchased	842	1,866	2,604	607
Cost	$ 22,404	$ 52,117	$ 64,582	$ 12,195
Average price per share	$ 26.60	$ 27.93	$ 24.80	$ 20.10

As of September 30, 2003, First Midwest had 1,558 shares remaining to be repurchased under the current share repurchase authorization.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates, and equity prices. Interest rate risk is First Midwest's primary market risk and is the result of repricing, basis, and option risk. A description and analysis of First Midwest's interest rate risk management policies is included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in First Midwest's 2002 Annual Report on Form 10-K.

First Midwest seeks to achieve consistent growth in net interest income and net income while managing volatility that arises from shifts in interest rates. The Asset and Liability Management Committee ("ALCO") oversees financial risk management by developing programs to measure and manage interest rate risks within Board authorized limits. ALCO also approves First Midwest's asset/liability management policies, oversees the formulation and implementation of strategies to improve balance sheet positioning and earnings, and reviews First Midwest's interest rate sensitivity position.

Net interest income represents First Midwest's primary tool for measuring interest rate sensitivity. Net interest income simulation analysis measures the sensitivity of net interest income to various interest rate movements and balance sheet structures. The simulation is based on actual cash flows and repricing characteristics for on and off-balance sheet instruments and incorporates market-based assumptions regarding the effect of changing interest rates on the prepayment rates of certain assets and liabilities. The simulation includes management projections for activity levels in each of the product lines offered by the Company. Assumptions based upon the historical behavior of deposit rates and balances in relation to interest rates are also incorporated into the simulation. These assumptions are inherently uncertain. As a result, the simulation cannot precisely measure net interest income or precisely predict the impact of the fluctuation in interest rates on net interest income. Actual results will differ from simulated results due to timing, magnitude, and frequency of interest rate changes, as well as changes in market conditions and management strategies.

First Midwest monitors and manages interest rate risk within approved policy limits. A simulation model assesses the magnitude of changes in net interest income resulting from changes in interest rates over a 12-month horizon and uses multiple rate scenarios. These scenarios include, but are not limited to, a flat or unchanged rate environment, a "most likely" forecast (which the Company believes to be the most probable outlook), a graduated increase and decrease of 200 basis points that occurs in equal steps over a six month time horizon, and immediate increases and decreases of 200 and 300 basis points.

The Company's current interest rate risk policy limits are determined by measuring the change in net interest income over a 12 month horizon assuming a significant 200 basis point graduated increase in all interest rate limits. Current policy limits this exposure to plus or minus 8% of the anticipated level of net interest income over the corresponding 12-month horizon assuming no change in current interest rates.

The Company's 12-month net interest income sensitivity profile as of September 30, 2003 and December 31, 2002 is as follows.

	Gradual Change in Rates (1)		Immediate Change in Rates			
	-200(2)	+200	-200(2)	+200	-300(2)	+300
September 30, 2003	-7.2%	+0.2%	-9.5%	-0.6%	-9.5%	-1.1%
December 31, 2002..................	-4.8%	-1.8%	-6.1%	+1.0%	-6.1%	+1.8%

(1) Reflects an assumed change in interest rates that occurs in equal steps over a six-month horizon.

(2) Due to the low level of interest rates as of September 30, 2003 and December 31, 2002, Management's judgment was used to set reasonable levels of change in the yield curve and establish, where appropriate, interest rate floors for select interest-earning assets and interest-bearing liabilities.

As of September 30, 2003, First Midwest's interest rate sensitivity profile, assuming a gradual change in rates, was more positive in rising interest rate scenarios and more negative in falling rate scenarios than the profile that existed as of

December 31, 2002. The change in profile results from a combination of the Federal Reserve's 25 basis point reduction in the Federal Fund target rate in June 2003, continuing low interest rates, comparatively faster cash flows and changing management strategies as to cash flow reinvestment. The lower level of interest rates further limits First Midwest's ability to reprice its interest-bearing deposit accounts in falling interest rate scenarios and increases sensitivity to falling rates on a comparative basis. In addition, balance sheet strategies as of September 30, 2003 have been modified from December 31, 2002 to reflect planned efforts to reduce exposure to rising rates through liability extensions and security reinvestment into shorter-duration instruments.

In addition to the simulation analysis, management uses an economic value of equity sensitivity technique to capture the risk in both short and long-term positions and to study the impact of long-term cash flows on earnings and capital. First Midwest's policy guidelines call for preventative measures to be taken in the event that an immediate increase or decrease in interest rates of 200 basis points is estimated to reduce the economic value of equity by more than 20%.

At September 30, 2003, an immediate 200 basis point increase in market rates would negatively impact First Midwest's economic value of equity by 11.9%, as compared to 6.8% at December 31, 2002. An immediate 200 basis point decrease in market rates, as adjusted to allow for the already low level of interest rates, would positively impact the economic value of equity by 8.3% at September 30, 2003 as compared to 3.8% at December 31, 2002. The sensitivity of First Midwest's economic value of equity to changes in interest rates has risen in comparison to December 31, 2002. This results from the higher level of interest rates existent as of September 30, 2003 and changes in the composition of the securities portfolio that resulted from reinvesting a high volume of mortgage-backed security cash flows that were created as mortgage rates fell during the first nine months of 2003. These factors, as well as the expectation of slowing mortgage-related prepayment speeds at the end of September 2003, lengthened the duration of the securities portfolio from December 31, 2002 and increased the price volatility of the portfolio. A further description and analysis of First Midwest's securities portfolio can be found on page 21 of this Form 10-Q.

First Midwest's current net interest income sensitivity, as measured over a 12-month horizon, is more positively impacted in a rising rate environment as compared to December 31, 2002 while its longer-term risk position, as measured by the economic value of equity, is more negatively impacted by rising rates. While First Midwest's balance sheet and net interest income remains vulnerable to an immediate decrease in interest rates, ALCO has deemed the risk of an immediate and extended decline in interest rates to be low given the current rate environment. Rather, given the negative impact of rising interest rates on the economic value of equity and anticipating the longer-term trend in rates to be upward, ALCO continues to believe it prudent to evaluate and consider balance sheet strategies designed to reduce longer-term exposure to rising rates.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Within 90 days prior to the filing date of this report (the "Evaluation Date"), First Midwest carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer and its Executive Vice President, Chief Financial Officer and Principal Accounting Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 and 15d-14 of the Securities and Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the President and Chief Executive Officer and Executive Vice President, Chief Financial Officer and Principal Accounting Officer concluded that as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in internal controls.

There were no significant changes in First Midwest's internal controls or in other factors that could significantly affect these controls subsequent to the evaluation date nor were there any significant deficiencies or material weaknesses in the Company's internal controls.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - See Exhibit Index located on page 33.

(b) Reports on Form 8-K

(1) First Midwest filed a Current Report on Form 8-K, dated July 23, 2003, announcing its earnings results for the quarter and six months ended June 30, 2003.

(2) First Midwest filed a Current Report on Form 8-K, dated July 30, 2003, to make available the slide presentation presented at the KBW 2003 Honor Roll and 4th Annual Community Bank Investor Conference.

(3) First Midwest filed a Current report on Form 8-K, dated August 14, 2003, announcing investment grade ratings issued by Moody's Investment Service.

(4) First Midwest filed a Current Report on Form 8-K, dated September 11, 2003, announcing the execution of a definitive agreement for First Midwest to acquire CoVest Bancshares, Inc.

(5) First Midwest filed a Current Report on Form 8-K, dated September 12, 2003, to make available the Agreement and Plan of Merger and Affiliate Agreement with CoVest Bancshares, 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 Bancorp, Inc.

/s/ MICHAEL L. SCUDDER
Michael L. Scudder
Executive Vice President*

Date: November 13, 2003

* Duly authorized to sign on behalf of the Registrant.

EXHIBIT INDEX

Exhibit 10

LOAN AGREEMENT

BY AND BETWEEN

M&I MARSHALL & ILSLEY BANK

AND

FIRST MIDWEST BANCORP, INC.

DATED AS OF OCTOBER 16, 1998

LOAN AGREEMENT

THIS LOAN AGREEMENT is made as of October 16, 1998 by and between **FIRST MIDWEST BANCORP, INC.** and **M&I MARSHALL & ILSLEY BANK**.

IN CONSIDERATION of the mutual covenants, conditions and agreements set forth herein, it is hereby agreed that:

ARTICLE I
DEFINITIONS

1.1 Definitions. When used in this Loan Agreement, the following terms shall have the meanings specified:

"Affiliate" shall mean any Person: (a) that directly or indirectly controls, or is controlled by, or is under common control with, the Company or any Subsidiary; (b) that directly or indirectly beneficially owns or holds five percent (5%) or more of any class of voting stock of the Company or any Subsidiary; (c) five percent (5%) or more of the voting stock of which Person is directly or indirectly beneficially owned or held by the Company or any Subsidiary; (d) that is an officer or director of the Company or any Subsidiary; (e) of which an Affiliate is an officer or director; or (f) who is related by blood, adoption or marriage to an Affiliate. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Automatic Event of Default" shall mean any one or more of the following:

(a) the Company or any Subsidiary shall become insolvent or generally not pay, or be unable to pay, or admit in writing its inability to pay, its debts as they mature; or

(b) the Company or any Subsidiary shall make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets; or

(c) the Company or any Subsidiary shall become the subject of an "order for relief" within the meaning of the United States Bankruptcy Code, or shall file a petition in bankruptcy, for reorganization or to effect a plan or other arrangement with creditors; or

(d) the Company or any Subsidiary shall have a petition or application filed against it in bankruptcy or any similar proceeding, or shall have such a proceeding commenced against it, and such petition, application or proceeding shall remain undismissed for a period of sixty (60) days or more, or the Company or any Subsidiary shall file an answer to such a petition or application, admitting the material allegations thereof; or

(e) the Company or any Subsidiary shall apply to a court for the appointment of a receiver or custodian for any of its assets or properties, or shall have a receiver or custodian appointed for any of its assets or properties, with or without consent, and such receiver shall not be discharged within sixty (60) days after his appointment; or

(f) the Company or any Subsidiary shall adopt a plan of complete liquidation of its assets.

"Business Day" shall mean any day other than a Saturday, Sunday, public holiday or other day when commercial banks in Wisconsin are authorized or required by Law to close.

"Closing Date" shall mean the date of the consummation of the transactions evidenced by this Loan Agreement.

"Company" shall mean First Midwest Bancorp, Inc., a Delaware corporation.

"Default" shall mean any event which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Environmental Laws" means all Laws, judgments, decrees, permits, licenses, agreements and other governmental restrictions, now or at any time hereafter in effect, relating to: (a) the emission, discharge or release of pollutants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances, materials or wastes into the environment; or (b) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes; or (c) the investigation, clean-up or remediation thereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended and as in effect from time to time.

"Event of Default" shall mean any Automatic Event of Default or any Notice Event of Default.

"FRB" shall mean the Board of Governors of the Federal Reserve System.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States of America, applied by the Company and its Subsidiaries on a basis consistent with the preparation of the Company's most recent financial statements furnished to M&I pursuant to Section 6.2 hereof.

"Indebtedness" shall mean all liabilities or obligations of the relevant Person, whether primary or secondary or absolute or contingent: (a) For borrowed money or for the deferred purchase price of property or services (excluding trade obligations incurred in the ordinary course of business, which are not the result of any borrowing); (b) as lessee under leases that have been or should be capitalized according to GAAP; (c) evidenced by notes, bonds, debentures or similar obligations; (d) under any guaranty or enforcement (other than in connection with the deposit and collection of checks in the ordinary course of business), and other contingent obligations to purchase, provide funds for payment, supply funds to invest in any Person, or otherwise assure a creditor against loss; or (e) secured by any Liens on assets of such Person, whether or not the obligations secured have been assumed by such Person.

"Law" shall mean any federal, state, local or other law, rule, regulation or governmental requirement of any kind, and the rules, regulations, interpretations and orders promulgated thereunder.

"LIBOR" shall mean an annual rate of interest equal to the Adjusted Interbank Rate (as defined immediately below), which rate shall change on the first day of each calendar month. Each change in any rate of interest computed by reference to LIBOR shall take effect on the first day of each calendar month.

> "*Adjusted Interbank Rate*" means an annual rate for any calendar month (rounded upwards, if necessary, to the nearest 1/100 of 1%), determined pursuant to the following formula:
>
> $$\text{Adjusted Interbank Rate} = \frac{\text{Interbank Rate}}{1 - \text{Interbank Reserve Requirement}}$$
>
> "*Interbank Rate*" means with respect to any Loan, the rate per annum equal to the rate (rounded upwards, if necessary, to the nearest 1/16 of 1%) quoted as the rate at which dollar deposits in immediately available funds are offered on the first day of each calendar month in the interbank Eurodollar market on or about 9:00 A.M. Milwaukee time for a period of one (1) calendar month and in an amount equal to or comparable to the amount of such Loan. If the first day of any calendar month is not a Business Day, the Interbank Rate shall be established on the preceding Business Day. Each such determination shall be conclusive and binding upon the parties hererto in the absence of demonstrable error. *M&I currently uses the Knight Ridder Information Service to provide information with respect to the interbank Eurodollar market, but M&I may change the service providing such information at any time.*
>
> "*Interbank reserve Requirement*" means a percentage (expressed as a decimal) equal to the aggregate reserve requirements in effect on the first day of each calendar month (including all basic, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements during each calendar month) specified for "Eurocurrency Liabilities" under Regulation D of the FRB, or any other regulation of the FRB which prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D, as then in effect, as applicable to the class or classes of banks of which M&I is a member. *As of the date of this Loan Agreement, the Interbank Reserve Requirement is 0%.*

"Lien" shall mean, with respect to any asset: (a) any mortgage, pledge, lien, charge, security interest or encumbrance of any kind; and (b) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

"Line of Credit Commitment" shall mean the commitment of M&I to make Line of Credit Loans to the Company up to a maximum aggregate principal amount outstanding from time to time equal to Thirty Million Dollars ($30,000,000), subject to any adjustment pursuant to Section 2.10 of this Loan Agreement.

"Line of Credit Loans" shall mean the loans made from time to time to the Company by M&I pursuant to section 2.1 of this Loan Agreement.

"Line of Credit Note" shall mean a promissory note issued by the Company and payable to the order of M&I evidencing the Line of Credit Loans and in substantially the form of Exhibit C attached hereto.

"Line of Credit Termination Date" shall mean the earlier of: (a) October 15, 1999; or (b) the date that the Line of Credit Commitment is terminated pursuant to either Section 2.10 or Section 7.1 of this Loan Agreement.

"Loan" or "Loans" shall mean the Line of Credit Loans.

"Loan Agreement" shall mean this Loan Agreement, together with the Exhibits and any Schedules attached hereto, as the same shall be amended from time to time in accordance with the terms hereof.

"M&I" shall mean M&I Marshall & Ilsley Bank, a Wisconsin banking corporation.

"Note" shall mean the Line of Credit Note.

"Notice Event of Default" shall mean any one or more of the following:

(a) the Company shall fail to pay any installment of the principal of or interest upon the Note within fifteen (15) days of the date when due; or

(b) there shall be a default in the performance or observance of any of the covenants and agreements contained in Section 3.3, Article V or Sections 6.1(a), 6.4, 6.5, 6.10, 6.11, 6.12, 6.13, 6.14 or 6.15 of this Loan Agreement; or

(c) there shall be a default in the performance or observance of any of the other covenants, agreements or conditions contained in this Loan Agreement, the Note or any other document, agreement or instrument delivered in connection with this Loan Agreement and such default shall have continued for a period of sixty (60) calendar days after notice thereof from M&I to the Company; or

(d) any representation or warranty made by the Company in this Loan Agreement or in any document or financial statement delivered pursuant to this Loan Agreement shall prove to have been false in any material respect as of the time when made or given; or

(e) final judgments shall be entered against the Company or any Subsidiary which, when added to other final judgments against the Company and all Subsidiaries exceeds the aggregate amount of $5,000,000 and such final judgments shall remain outstanding and unsatisfied, unbonded or unstayed after thirty (30) days from the date of entry thereof; provided that no final judgment shall be included in the calculation under this subsection to the extent that the claim underlying such judgment is covered by insurance and defense of such claim has been tendered to and accepted by the insurer without reservation; or

(f) (i) any Reportable Event (as defined in ERISA) shall have occurred which constitutes grounds for the termination of any Plan by the PBGC or for the appointment of a trustee to administer any Plan, or any Plan shall be terminated within the meaning of Title IV of ERISA, or a trustee shall be appointed by the appropriate court to administer any Plan, or the PBGC shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan, or the Company or any trade or business which together with the Company would be treated as a single employer under Section 4001 of ERISA shall withdraw in whole or in part from a multi employee Plan; and (ii) the aggregate amount of the Company's liability for all such occurrences, whether to a Plan, the BPGC or otherwise, may exceed $5,000,000 and such liability is not covered, for the benefit of the Company, by insurance; or

(g) the Company or any subsidiary shall: (i) fail to pay any amount of principal or interest when due (whether by scheduled maturity, required prepayment, acceleration or otherwise) under any Indebtedness (other than the Note) in an aggregate amount of $5,000,000 or more and such failure shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to such Indebtedness; or (ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit acceleration of, with the giving of notice if required, the maturity of such Indebtedness; or

(h) the Company shall own less than 100% of any class of common stock of either First Midwest Bank or First Midwest Mortgage Corporation; or

(i) the occurrence of any default or event of default under any other loan agreement, credit agreement, letter of credit application or other document or instrument evidencing obligations of the Company to M&I or otherwise in respect of any credit accommodation extended to the Company by M&I.

"PBGC" shall mean the PBGC or any entity succeeding to any or all of its functions under ERISA.

"Permitted Indebtedness" shall mean: (a) Indebtedness to M&I; (b) Indebtedness of any Subsidiary which is a bank incurred in the ordinary course of its business to depositors or customers as such or in connection with transactions in Federal funds and interbank credit facilities, including the indebtedness or obligations by reason of any deposits with it or funds collected by it, any banker's acceptance or letter of credit, check, note, certificate of deposit, money order, receipt, draft or bill of exchange issued, accepted or endorsed by it, any discount with, borrowing from, or other obligation to, any Federal Reserve Bank, any agreement made by it, to purchase or repurchase securities, loans or Federal funds or any interest or participation in any thereof, any transaction in the nature of an extension of credit, whether in the form of a commitment, guarantee or otherwise, undertaken for the account of a third party with the application of the same banking considerations that would be applicable if the transaction were a loan to such party, and any transaction in which it acts solely in a fiduciary or agency capacity; (c) Indebtedness of any Subsidiary which is not a bank incurred in the ordinary course of its business; (d) unsubordinated Indebtedness for borrowed money not to exceed $30,000,000 in the aggregate; and (e) guarantees by the Company of hedging activities of First Midwest Mortgage Corporation, guarantees by the Company of swap activities of First Midwest Bank and guarantees by the Company of other ordinary course of business activities by its Subsidiaries.

"Person" shall mean and include an individual, partnership, limited liability entity, corporation, trust, incorporated organization and a government or any department or agency thereof.

"Plan" shall mean each pension, profit sharing, stock bonus, thrift, savings and employee stock ownership plan established or maintained, or to which contributions have been made, by the Company or any trade or business which together with the Company would be treated as a single employer under Section 4001 of ERISA.

"Prime Rate" shall mean the prime rate of interest adopted by M&I from time to time as the base rate for interest rate determinations. Each change in any rate of interest computed by reference to the Prime Rate shall take effect on the effective date of any change in the Prime Rate.

"Subsidiary" shall mean any Person at least fifty percent (50%) of the outstanding ownership interest of which (of any class or classes, however designated, having ordinary voting power for the election of at least a majority of the members of the board of directors or other managing body of such Person, other than ownership interests having such power only by reason of the happening of a contingency) shall at the time be owned by the Company directly or through one or more Subsidiaries.

1.2 Interpretation. The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. The words "hereof", "herein", and "hereunder" and words of like import when used in this Loan Agreement shall refer to this Loan Agreement as a whole and not to any particular provision of this Loan Agreement. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Loan Agreement, it shall be done in accordance with GAAP except where such principles are inconsistent with the specific provisions of this Loan Agreement.

ARTICLE II
THE LOAN

2.1 Line of Credit Loans. From time to time prior to the Line of Credit Termination Date, M&I agrees to make Line of Credit Loans to the Company subject to the terms and conditions set forth in this Loan Agreement. The amount of Line of Credit Loans outstanding at any one time shall never exceed an amount equal to the Line of Credit Commitment. All Line of Credit Loans shall be evidenced by the Line of Credit Note, the Company being obligated, however, to pay the amount of Line of Credit Loans actually made (including any over-advances), together with interest on the amount which remains outstanding from time to time. The Company may borrow, repay and reborrow under this Section subject to the terms and conditions of this Loan Agreement. The Line of Credit Note shall mature on the Line of Credit Termination Date.

2.2 Interest. (a) The unpaid principal of all Line of Credit Loans shall bear interest at either: (i) LIBOR quoted for each calendar month plus 0.55%; or (ii) the Prime Rate, as selected the Company upon written or telephonic notice at least one (1) Business Day prior to the end of any calendar month. Each such notice shall be effective upon receipt by M&I, and must be received by 12:30 P.M., Milwaukee time, to be considered as received on the day given. Any interest rate conversion for all Line of Credit Loans shall be effected only on the first day of any calendar month. Absent receipt by M&I of a notice of interest rate conversion, all Line of Credit Loans shall continue to bear interest at the interest rate option previously selected by the Company. If the Line of Credit Loans bear interest at the Prime Rate, such rate shall automatically change on the effective date of each change in the Prime Rate, and if the Line of Credit Loans bear interest by reference to LIBOR, such rate shall automatically change on the first day of each calendar month in accordance with the terms hereof.

(b) In the event that any amount of the principal of, or interest on, the Note is not paid on the date when due(whether at stated maturity, by acceleration or otherwise), the entire principal amount outstanding under the Note shall bear interest, in addition to the interest otherwise payable under the Note and to the extent permitted by Law, at the annual rate of two percent (2.0%) from the day following the due date until all such overdue amounts have been paid in full.

(c) All interest and other amounts due under this Loan Agreement and the Note shall be computed for the actual number of days elapsed on the basis of a 360-day year.

2.3 Payments. (a) The outstanding unpaid principal balance of the Line of Credit Loans shall be paid in full on the Line of Credit Termination Date.

(b) Interest accrued on the Line of Credit Loan through the last day of each calendar quarter (including in the case of the first interest payment, interest accrued from the Closing Date) shall be paid on the first day of the next calendar quarter, commencing on January 1, 1999 and continuing thereafter until all principal of and accrued interest on the Line of Credit Loan is repaid in full.

(c) All payments of principal and interest on account of the Note and all other payments made pursuant to this Loan Agreement shall be delivered to M&I, 770 North Water Street, Milwaukee, Wisconsin 53202, Attention: Correspondent Banking or at such other place as M&I or any holder of the Note shall designate in writing to the Company, in immediately available funds by 12:00 noon, Milwaukee time on the date when due, and if received after such time on any day shall be deemed to have been made on the next Business Day. Whenever any payment to be made under this Loan Agreement or under the Note shall be stated to be due on a day which is not a Business Day, the day for such payment shall be extended to the next succeeding Business Day, and such extension of time shall be included in the computation of interest. The Company hereby authorized M&I to debit its deposit accounts at M&I, if any, for all payments of principal and interest due and owing on the Loan and for all other payments due and owing under this Loan Agreement.

(d) All payments owed by the Company to M&I under this Loan Agreement and the Note shall be made without any counterclaim and free and clear of any restrictions or conditions and free and clear of, and without deduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any nature now or hereafter imposed on the Company by any governmental or other authority. If the Company is compelled by Law to make any such deductions or withholdings it will pay such additional amounts as may be necessary in order that the net amount received by M&I after such deductions or withholdings, shall equal the amount M&I would have received had no such deductions or withholdings been required to be made, and it will provide M&I with evidence satisfactory to M&I that it has paid such deductions or withholdings.

2.4 Prepayments. The company may, from time to time and without premium or penalty, prepay the Line of Credit loans in whole or in part.

2.5 Recordkeeping. M&I shall record in its records the date and amount of the Loan and each repayment of the Loan. The aggregate amounts so recorded shall be rebuttable presumptive evidence of the principal and interest owing and unpaid on the Note. The failure to so record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the obligations of the Company under this Loan Agreement or under the Note to repay the principal amount of the Loan together with all interest accruing thereon.

2.6 Increased Costs. If Regulation D of the FRB, or the adoption of any applicable law, rule or regulation of general application, or any change therein, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by M&I with any request or directive of general application (whether or not having the force of law) or any such authority, central bank or comparable agency:

(a) shall subject M&I to any tax, duty or other charge with respect to the Loan or the Note, or shall change the basis of taxation of payments to M&I of the principal of or interest on the Loan or any other amounts due under this Loan Agreement in respect of the Loan (except for changes in the rate of tax on the overall net income of M&I); or

(b) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the FRB, but excluding any reserve included in the determination of interest rates pursuant to this Loan Agreement), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, M&I; or

(c) shall affect the amount of capital required or expected to be maintained by M&I or any corporation controlling M&I; or

(d) shall impose on M&I any other condition affecting the Loan or the Note;

and the result of any of the foregoing is to increase the cost to (or in the case of Regulation D referred to above, to impose a cost on) M&I of making or maintaining any Loan hereunder, or to reduce the amount of any sum received or receivable by M&I under this Loan Agreement or under the Note with respect thereto, then within ten (10) days after demand by M&I (which demand shall be accompanied by a statement setting forth the basis of such demand), the Company shall pay directly to M&I such additional amount or amounts as will compensate M&I for such increased cost or such reduction. Determinations by M&I for purposes of this Section of the effect of any change in applicable laws or regulations or of any interpretations, directives or requests thereunder on its costs of making or maintaining the Loan hereunder, or sums receivable by it in respect of Loan, and of the additional amounts required to compensate M&I in respect thereof, shall be conclusive, absent manifest error.

2.7 Warranty. Each notice of borrowing or conversion shall automatically constitute a warranty by the Company to M&I that, on the requested date of such Loan or continuation or conversion, as the case may be: (a) all of the representations and warranties of the Company contained in this Loan Agreement shall be true and correct on such date as though made on such date; and (b) no Default or Event of Default shall exist on such date.

2.8 Deposits Unavailable or Interest Rate Unascertainable.

(a) If M&I is advised that deposits in dollars (in the applicable amount) are not being offered to banks in the relevant market for a period of one (1) calendar month, or M&I otherwise determines (which determination shall be binding and conclusive on all parties) that by reason of circumstances affecting the interbank Eurodollar market adequate and reasonable means do not exist for ascertaining the applicable Interbank Rate; or

(b) If lenders similar to M&I have determined that the Interbank Rate will not adequately and fairly reflect the cost to such lenders of maintaining or funding loans based on the Interbank Rate, or that the making or funding of such Interbank Rate loans has become impracticable as a result of an event occurring after the date of this Loan Agreement which in the opinion of M&I materially affects such Interbank Rate loans;

then so long as such circumstances shall continue, M&I shall not be under any obligation to make or continue Loans based on the Interbank Rate and on the first Business Day of the next calendar month, such Loans shall bear interest at the Prime Rate or at such other rate mutually agreeable to the Company and M&I.

2.9 Change in Law Rendering Interbank Rate Loans Unlawful. In the event that any change in (including the adoption of any new) applicable laws or regulations, or any change in the interpretation of applicable laws or regulations by any governmental or other regulatory body charged with the administration thereof, should make it unlawful for M&I to make, maintain or fund Loans based on the Interbank Rate, then: (a) M&I shall promptly notify the Company; (b) the obligation of M&I to make or continue Loans based on the Interbank Rate shall be suspended for the duration of such unlawfulness; and (c) on the first Business Day of the next calendar month, such Loans shall bear interest at the Prime Rate or at such other rate mutually agreeable to the Company and M&I.

2.10 Change of Control. In the event following a Change of Control (as defined below) M&I determines that such Change of Control gives it reason to believe in its sole discretion that there has been, or may be, a change in the direction, methods of operation, financial condition or prospects of the Company, M&I may, upon notice to the Company, terminate or reduce its obligation to make Line of Credit Loans hereunder and/or require that the Company pay or prepay all or part of the Loans hereunder, together with interest on the principal so prepaid accrued to the date of such payment or prepayment and all other amounts owing hereunder.

"*Change of Control*" shall mean an event or series of events by which any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended from time to time, (the "Exchange Act")) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, except that a person shall be deemed to be the "beneficial owner" of all shares that any such person has the right to acquire pursuant to any agreement or arrangement or upon exercise of conversion rights, warrants, options or otherwise, without regard to the sixty day period referred to in such Rule), directly or indirectly, of securities representing 51% or more of the combined voting power of the then-outstanding voting securities of the Company.

ARTICLE III
CONDITIONS

3.1 General Conditions. The obligation of M&I to make any Loan is subject to the satisfaction on the date hereof and on the date of each Loan, of the following conditions:

(a) the representations and warranties of the Company contained in this Loan Agreement shall be true and accurate on and as of such date;

(b) there shall not exist on such date any Default or Event of Default;

(c) the making of the Loan shall not be prohibited by any applicable Law and shall not subject M&I to any penalty under or pursuant to any applicable Law;

(d) the Company shall have received all regulatory approvals, all in form and substance satisfactory to M&I, which may be required in connection with the making of the Loans and the execution, delivery and performance of this Loan Agreement and the Note by the Company; and

(e) M&I shall have received all documents required by this Loan Agreement to be delivered to M&I.

3.2 Deliveries at Closing. The obligations of M&I to make any Loan is further subject to the condition precedent that M&I shall have received each of the following (each to be properly executed, dated and completed) on or before the Closing Date:

(a) this Loan Agreement;

(b) the Line of Credit Note;

(c) an Officer's Certificate, in the form of Exhibit A attached to this Loan Agreement, containing information as of the Closing Date;

(d) a certificate of the Secretary of State of Delaware and the Secretary of State of Illinois as to the good standing of the Company, dated as of a recent date; and

(e) such additional supporting documents and materials as M&I or its counsel may reasonably request.

3.3 Post-Closing Deliveries. The Company shall deliver to M&I no later than November 19, 1998 a certificate of the Secretary or an Assistant Secretary of the Company, in the form of Exhibit B attached hereto as to: (i) the incumbency and signature of the officers of the Company who have signed this Loan Agreement, the Note and any other documents or materials to be delivered by the Company to M&I pursuant to this Loan Agreement; (ii) the adoption and continued effect of resolutions of the board of directors of the Company authorizing the execution, delivery and performance of this Loan Agreement and the Note, together with copies of such resolutions; and (iii) the accuracy and completeness of copies of the certificate of incorporation and bylaws of the Company, as amended to date, attached thereto.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to M&I as follows:

4.1 Organization and Qualification. The Company is a corporation duly and validly organized and existing and in good standing under the laws of the State of Delaware and has the corporate power and all necessary licenses, permits and franchises to own its assets and properties and to carry on its business and has received all necessary approvals to conduct its business as a registered bank holding company, as that phrase is defined in the Bank Holding Company Act of 1956, as amended, and has made all filings presently required or contemplated by such act and will make all filings required in the future by such act and is not in violation of such act. The Company is duly licensed or qualified to do business in all jurisdictions in which failure to do so would have a material adverse effect on its business or financial condition.

4.2 Subsidiaries. Each of the Subsidiaries is a corporation duly and validly organized and existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and all necessary licenses, permits and franchises to own its assets and properties and to carry on its business. Each Subsidiary is duly licensed or qualified to do business in all jurisdictions in which failure to do so would have a material adverse effect on its business or financial condition.

4.3 Financial Statements. All of the financial statements of the Company and its Subsidiaries heretofore furnished to M&I are accurate and complete, were prepared in accordance with GAAP consistently applied throughout all periods and fairly present the financial condition and the results of operation of the relevant Person for the periods and as of the relevant dates thereof. There has been no material adverse change in the business, properties or condition, financial or otherwise, of the Company and its Subsidiaries since the date of the latest of such financial statements.

4.4 Authorization; Enforceability. The making, execution, delivery and performance of this Loan Agreement and the Note by the Company and compliance with their respective terms by the Company have been duly authorized by all necessary corporate action. This Loan Agreement and the Note are the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws generally affecting the rights of creditors and subject to general equity principles.

4.5 Absence of Conflicting Obligations. The making, execution, delivery and performance of this Loan Agreement and the Note and compliance with their respective terms do not violate any presently existing provision of Law or the certificate of incorporation or bylaws of the Company or any Subsidiary or any agreement to which the Company or any subsidiary is a party or by which it is bound.

4.6 Taxes. The Company and each Subsidiary have filed all federal, state, foreign and local tax returns which were required to be filed (subject to any valid extensions of the time for filing), and have paid or made provision for the payment of all taxes owed by them, and no tax deficiencies have been assessed or, to the Company's knowledge, proposed against the Company or any Subsidiary.

4.7 Absence of Litigation. Neither the Company nor any Subsidiary is a party to, nor so far as is known to the Company is there any threat of, any litigation or administrative proceeding which would, if adversely determined, cause any material adverse change in the assets and properties of, or any material impairment of the right to carry on the business as now conducted by, or would cause any material adverse effect on the financial condition of, the Company or any Subsidiary.

4.8 Guarantees; Undisclosed Liabilities. Except pursuant to the deposit and collection of checks in the ordinary course of business, neither the Company nor any Subsidiary has guaranteed or become a surety or is otherwise contingently liable for the obligations of any other Person, except for Permitted Indebtedness. Neither the Company nor any Subsidiary has any liabilities of any nature not disclosed in the financial statements supplied by the Company to M&I.

4.9 Accuracy of Information. All information, certificates or statements by the Company or any Subsidiary given in, or pursuant to, this Loan Agreement shall be accurate, true and complete when given.

4.10 Title to Property. The Company and each Subsidiary have good and marketable title to their respective assets and properties and there are no Liens on any of the stock of the Company's Subsidiaries.

4.11 Federal Reserve Regulations. The Company will not, directly or indirectly, use the proceeds of the Loan for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulation U of the FRB, or otherwise take or permit any action which would involve a violation of any regulation of the FRB.

4.12 Offering of Note. Neither the Company nor any agent acting for it has offered the Note or any similar obligation of the Company for sale to or solicited any offers to buy the Note or any similar obligation of the Company from any Person other than M&I, and neither the Company nor any agent acting for it will take any action which would subject the sale of the Note to the registration provisions of the Securities Act of 1933, as amended.

4.13 Banker's Blanket Bond. Each Subsidiary that is a bank has a current and valid banker's blanket bond covering it and its operations, officers and employees.

4.14 ERISA. The Company has no knowledge that any Plan is in noncompliance in any material respect with the applicable provisions of ERISA or the Internal Revenue Code. The Company has no knowledge of any pending or threatened litigation or governmental proceeding or investigation against or relating to any Plan, and has no knowledge of any reasonable basis for any material proceedings, claims or actions against or relating to any Plan. The Company has no knowledge that the Company has incurred any "accumulated funding deficiency" within the meaning of Section 302(a)(2) of ERISA in connection with any Plan. The Company has no knowledge that there has been any Reportable Event or Prohibited Transaction (as such terms are defined in ERISA) with respect to any Plan, the occurrence of which would have a material adverse effect on the business or condition (financial or otherwise) of the Company, or that the Company has incurred any liability to the PBGC under Section 4062 of ERISA in connection with any Plan.

4.15 Compliance With Laws. Each of the Company and each Subsidiary: (a) is in material compliance with all applicable Environmental Laws; and (b) is in compliance in all material respects with all other Laws applicable to the Company or any subsidiary, their respective assets or operations.

4.16 Investment Company Act. Neither the Company nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.17 Public Utility Holding Company Act. Neither the Company nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

ARTICLE V
NEGATIVE COVENANTS

From and after the date of this Loan Agreement and until the entire amount of principal of and interest due on the Loan, and all other amounts of fees and payments due under this Loan Agreement and the Note, are paid in full, without the prior written consent of M&I:

5.1 Liens. The Company shall not incur, create, assume or permit to be created or allow to exist any Lien upon, in or on any of the stock of the Company's Subsidiaries.

5.2 Indebtedness. The Company shall not, and shall cause each of its Subsidiaries to not, incur, create, assume or otherwise become primarily or secondarily liable, or absolutely or contingently liable, or permit to exist, any Indebtedness, except for Permitted Indebtedness, unless such Indebtedness, in the case of the Company, is subordinated to the Indebtedness created under this Loan Agreement in a written subordination agreement in form and substance satisfactory to M&I.

5.4 Pension Plans. The Company shall not, and shall cause each of its Subsidiaries to not, take, permit or omit any action with respect to any of its private pension plans which would give rise to a liability to the PBGC under the provisions of ERISA.

5.5 Transactions with Affiliates. The Company shall not engage in any transaction with an Affiliate on terms materially less favorable to the Company than would be available at the time from a Person who is not an Affiliate.

ARTICLE VI
AFFIRMATIVE COVENANTS

From and after the date of this Loan Agreement and until the entire amount of principal of and interest due on the Loan, and all other amounts of fees and payments due under this Loan Agreement and the Note, are paid in full:

6.1 Corporate Existence, Properties. The Company shall, and shall cause each Subsidiary to: (a) maintain its corporate existence; it being understood by the parties that mergers of current and future Subsidiaries into one another and into the Company do not constitute a violation of this Section 6.1(a); (b) comply with all applicable Laws; (c) conduct its business substantially as now conducted; (d) maintain all assets in good repair, working order and condition; and (e) maintain a standard and modern system of accounting in accordance with GAAP consistently applied throughout all accounting periods.

6.2 Reporting Requirements. The Company shall, and shall cause each Subsidiary to, furnish to M&I such information respecting the business, assets and financial condition of the Company and the Subsidiaries as M&I may reasonably request and, without request furnish to M&I:

(a) as soon as available, and in any event within 45 days after the end of each fiscal quarter in each fiscal year (except the last quarter), a copy of the Quarterly Report on Form 10-Q submitted by the Company to the Securities and Exchange Commission;

(b) as soon as available, and in any event within 90 days after the close of each fiscal year, a copy of the Annual Report on Form 10-K submitted by the Company to the Securities and Exchange Commission;

(c) together with each delivery required by subsections (a) and (b) of this Section, an executed Officer's Certificate, in the form of Exhibit A attached hereto, containing information as of the date of the reports so delivered;

(d) simultaneously with each filing, copies of the periodic reports filed by the Company with the FRB; and

(e) promptly after the same are delivered or available to the Company or any subsidiary, copies of all reports submitted to the Company or any Subsidiary by independent certified public accountants in connection with any annual or special audit made of the books and records of the Company or any Subsidiary or relating to the management, operation, accounting procedures or internal controls of the Company or any Subsidiary.

6.3 Taxes. The Company shall, and shall cause each Subsidiary to, pay all taxes and assessments prior to the date on which penalties attach thereto, except for any tax or assessment which is either not delinquent or which is being contested in good faith and by proper proceedings and against which adequate reserves have been provided.

6.4 Inspection of Properties and Records. The Company shall, and shall cause each Subsidiary to, permit representatives of M&I to visit and of its properties and examine any of its books and records at any reasonable time and as often as may be reasonably desired and facilitate such inspection and examination.

6.5 Insurance. The Company shall, and shall cause each Subsidiary to, maintain insurance coverage (including public liability, larceny, forgery, embezzlement or other criminal misappropriation insurance and banker’s blanket bonds) by financially sound and reputable insurers in such forms and amounts and against such risks as are customary in the case of corporations of established reputation engaged in the same or similar business and owning similar properties.

6.6 Compliance with Laws. (a) The Company shall, and shall cause each Subsidiary to, comply with the requirements of all applicable Environmental Laws, all applicable health, safety and sanitation Laws and orders of regulatory and administrative authorities with respect thereto, and without limiting the generality of the foregoing, promptly undertake and diligently pursue to completion appropriate and legally authorized remedial containment and clean-up action in the event of any release of oil or hazardous material or substance on, upon or into any real property owned, operated or in the control of the Company or any Subsidiary.

(b) The Company shall, and shall cause each Subsidiary to, comply in all material respects with all other applicable Laws.

6.7 Compliance with Agreements. The Company shall, and shall cause each Subsidiary to, perform and comply in all respects with the provisions of any agreement binding upon the Company, and Subsidiary or their respective assets or properties, if the failure to so perform or comply would have a material adverse effect on the condition (financial or otherwise) of the business, assets or properties of the Company or any Subsidiary.

6.8 Notices. The Company shall:

(a) as soon as possible and in any event within fifteen (15) days after the occurrence of any Default or Event of Default, notify M&I in writing of such Default or Event of Default and set forth the details thereof and the action which is being taken or proposed to be taken by the Company with respect thereto;

(b) promptly notify M&I of the commencement of any litigation or administrative proceeding that would cause the representation and warranty of the Company contained in Section 4.7 of this Loan Agreement to be untrue;

(c) promptly notify M&I (i) of the occurrence of any Reportable Event or Prohibited Transaction (as such terms are defined in ERISA) that has occurred with respect to any Plan, and (ii) of the institution by the PBGC or the Company of proceedings under Title IV of ERISA to terminate any Plan, if either of the foregoing could reasonably be expected to have an adverse effect on the financial condition of the Company in excess of $5,000,000; and

(d) promptly notify M&I of the commencement of any investigation, litigation, or administrative or regulatory proceeding by, or the receipt of any notice, citation, pleading, order, decree or similar document issued by, any federal, state or local governmental agency or regulatory authority that results in, or may result in, the termination or suspension of any license or permit necessary to the Company’s or any Subsidiary’s business, or that imposes, or may result in the imposition of, a material fine or penalty on the Company or any Subsidiary.

6.9 Use of Proceeds. The Company shall use the proceeds of the Loans to provide interim funding of mortgage loans made by First Midwest Mortgage Corporation and for other general corporate purposes.

6.10 Risk-Based Capital/Risk-Weighted Assets. The Company and its Subsidiaries shall maintain as of the last day of each fiscal quarter a consolidated ratio of risk-based capital to weighted-risk assets, as defined by regulatory agencies having jurisdiction over the Company and its Subsidiaries or in guidelines published by the FRB, in an amount not less than may be required from time to time by the FRB or other regulatory agency having jurisdiction over the Company and its Subsidiaries, but in no event lower than 10.0%.

6.11 Tier 1 Capital/Risk-Weighted Assets. The Company and its Subsidiaries shall maintain as of the last day of each fiscal quarter a consolidated ratio of tier 1 capital to weighted-risk assets, as defined by regulatory agencies having jurisdiction over the Company and its Subsidiaries or in guidelines published by the FRB, in an amount not less than may be required from time to time by the FRB or other regulatory agency having jurisdiction over the Company and its Subsidiaries, but in no event lower than 6.0%.

6.12 Tier 1 Capital/ Average Total Assets. The Company and its Subsidiaries shall maintain as of the last day of each fiscal quarter a consolidated ratio of tier 1 capital to average total assets, as defined by regulatory agencies having jurisdiction over the Company and its Subsidiaries or in guidelines published by the FRB, in an amount not less than may be required from time to time by the FRB or other regulatory agency having jurisdiction over the Company and its Subsidiaries, but in no event lower than 5.0%.

6.13 Non-Performing Loans/Total Loans. The Company and its Subsidiaries shall maintain as of the last day of each fiscal quarter a consolidated ratio of non-performing loans to total loans, as defined by regulatory agencies having jurisdiction over the Company and its Subsidiaries or in guidelines published by the FRB or other applicable regulatory agency, in an amount not greater than may be required from time to time by the FRB or other regulatory agency having jurisdiction over the Company and its Subsidiaries, but in no event greater than 3.0%. For purposes of calculating the forgoing ratio, “non-performing loans” shall include all non-accrual loans, renegotiated debt and loans that are ninety (90) days or more past due.

6.14 Loan Loss Reserve/Total Loans. The Company and its Subsidiaries shall maintain as of the last day of each fiscal quarter a consolidated ratio of loan loss reserve to total loans, as defined by regulatory agencies having jurisdiction over the Company and its Subsidiaries or in guidelines published by the FRB or other applicable regulatory agency, in an amount not greater than may be required from time to time by the FRB or other regulatory agency having jurisdiction over the Company and its Subsidiaries, but in no event lower than 1.0%.

6.15 Return on Average Assets. The Company and its Subsidiaries shall maintain as of the last day of each fiscal quarter a consolidated return on average assets (excluding non-recurring charges to expense), as defined by regulatory agencies having jurisdiction over the Company and its Subsidiaries or in guidelines published by the FRB or other applicable regulatory agency, in an amount not greater than may be required from time to time by the FRB or other regulatory agency having jurisdiction over the Company and its Subsidiaries, but in no event lower than 0.75% for the two just-ended consecutive fiscal quarters.

ARTICLE VII
REMEDIES

7.1 Acceleration. (a) Upon the occurrence of an Automatic Event of Default, then, without notice, demand or action of any kind by M&I: (i) the obligation of M&I to make any Loans under this Loan Agreement shall automatically and immediately terminate; and (ii) the entire amount of unpaid principal of, and accrued and unpaid interest on, the Note, and the entire amount of unpaid fees and expenses under this Loan Agreement, shall be automatically and immediately due and payable.

(b) Upon the occurrence of a Notice Event of Default, M&I may, upon written notice and demand to the Company: (i) terminate its obligation to make any Loans under this Loan Agreement; and (ii) declare the entire amount of unpaid principal of, and accrued and unpaid interest on, the Note, and the entire amount of unpaid fees and expenses under this Loan Agreement, immediately due and payable.

7.2 Remedies Not Exclusive. No remedy herein conferred upon M&I is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or the Note or now or hereafter existing at law or in equity. No failure or delay on the part of M&I in exercising any right or remedy shall operate as a waiver thereof nor shall any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right or remedy.

7.3 Setoff. The Company agrees that M&I shall have all rights of set-off and bankers’ Lien provided by applicable Law, and in addition thereto, the Company agrees that if at any time any payment or other amount owing by the Company under the Note or this Loan Agreement is then due to M&I, M&I may apply to the payment of such payment or other amount any and all balances, credits, deposits, accounts or moneys of the Company then or thereafter with M&I.

ARTICLE VIII
MISCELLANEOUS

8.1 Expenses and Attorneys' Fees. The Company shall pay all reasonable fees and expenses incurred by M&I, including the reasonable fees of counsel, in connection with the preparation, issuance, maintenance and amendment of this Loan Agreement and the Note and the consummation of the transactions contemplated by this Loan Agreement, and the administration, protection and enforcement of M&I's rights under this Loan Agreement and the Note, including without limitation the protection and enforcement of such rights (before and after judgment) in any bankruptcy, reorganization or insolvency proceeding involving the Company or any Subsidiary. Notwithstanding the foregoing, the Company shall pay the legal fees of counsel incurred by M&I in connection with the preparation of this Loan Agreement and the Note and the closing in connection with same in an amount not to exceed $3,000.

8.2 Assignability; Successors. The Company's right and liabilities under this Loan Agreement are not assignable or delegable, in whole or in part, without the prior written consent of M&I. The provisions of this Loan Agreement shall inure to the benefit of M&I and its successors and assigns and shall be binding upon the Company and its permitted successors and assigns.

8.3 Survival. All agreements, representations and warranties made in this Loan Agreement or in any document delivered pursuant to this Loan Agreement shall survive the execution and delivery of this Loan Agreement, the issuance of the Note and the delivery of any such document.

8.4 Governing Law. This Loan Agreement, the Note and the other instruments, agreements and documents issued pursuant to this Loan Agreement shall be governed by, and construed and interpreted in accordance with, the Laws of the State of Wisconsin applicable to agreements made and wholly performed within such state.

8.5 Counterparts; Headings. This Loan Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. The table of contents and article and section headings in this Loan Agreement are inserted for convenience of reference only and shall not constitute a part of this Loan Agreement.

8.6 Entire Agreement. This Loan Agreement and the Note and the other documents referred to herein and therein contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, promises, warranties, covenants or undertakings other than those expressly set forth in this Loan Agreement. This Loan Agreement supersedes all prior negotiations, agreements and undertakings between the parties with respect to such subject matter.

8.7 Notices. All communications or notices required or permitted by this Loan Agreement shall be in writing and shall be deemed to have been given: (a) upon delivery if hand delivered, or (b) upon deposit in the United States mail, postage prepaid, or with a nationally recognized overnight commercial carrier, air bill prepaid, or (c) upon transmission if by facsimile, provided that such transmission is promptly confirmed by hand delivery, mail or courier as provided above, and each such communication or notice shall be addressed as follows, unless and until any party notifies the other in accordance with this Section 8.7 of a change of address:

If to the Company:	First Midwest Bancorp, Inc. 300 Park Blvd., Suite 405 Itasca, Illinois 60143-0459 Attention: Mr. Donald J. Swistowicz
If to M&I:	M&I Marshall & Ilsley Bank 770 North Water Street Milwaukee, Wisconsin 53202 Attention: Mr. John J. Kadlac

8.8 Amendment. No amendment of this Loan Agreement shall be effective unless in writing and signed by the Company and M&I.

8.9 Taxes. If any transfer or documentary taxes, assessments or charges levied by any governmental authority shall be payable by reason of the execution, delivery or recording of this Loan Agreement, the Note or any other document or instrument issued or delivered pursuant to this Loan Agreement, the Company shall pay all such taxes, assessments and charges, including interest and penalties, and hereby indemnifies M&I against any liability therefor.

8.10 Accounting Terms. All accounting terms used in this Loan Agreement shall be construed in accordance with GAAP consistent with those used in the preparation of the financial statements referred to in Section 6.2 of this Loan Agreement.

8.11 Severability. Any provision of this Loan Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Loan Agreement in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

8.12 Indemnification. The Company hereby indemnifies, agrees to defend and holds M&I harmless from and against all loss, liability, damage and expense, including costs associated with administrative and judicial proceedings and attorneys' fees, suffered or incurred by M&I on account of: (i) the Company's or any Subsidiary's failure to comply with any Environmental Law, or any order of any regulatory or administrative authority with respect thereto; (ii) any release of petroleum products or hazardous materials or substances on, upon or into real property owned, operated or controlled by the Company or any Subsidiary; and (iii) any and all damage to natural resources or real property or harm or injury to Persons resulting or alleged to have resulted from any failure to comply or any release of petroleum products or hazardous materials or substances as described in clauses (i) and (ii) above. All indemnities set forth in this Loan Agreement shall survive the execution and delivery of this Loan Agreement and the Note and the making and repayment of the Loan.

8.13 WAIVER OF RIGHT TO JURY TRIAL. M&I AND THE COMPANY ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS *LOAN AGREEMENT OR THE NOTE OR WITH RESPECT TO THE TRANSACTION*

CONTEMPLATED HEREBY AND THEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES AND, THEREFORE, THE PARTIES AGREE THAT ANY LAWSUIT ARISING OUT OF ANY SUCH CONTROVERSY SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

8.14 SUBMISSION TO JURISDICTION; SERVICE OF PROCESS. AS A MATERIAL INDUCEMENT TO M&I TO ENTER INTO THIS LOAN AGREEMENT:

(a) THE COMPANY AGREES THAT ALL ACTIONS OR PROCEEDINGS IN ANY MANNER RELATING TO OR ARISING OUT OF THIS LOAN AGREEMENT OR THE NOTE MAY BE BROUGHT ONLY IN COURTS OF THE STATE OF WISCONSIN LOCATED IN MILWAUKEE COUNTY OR THE FEDERAL COURT FOR THE EASTERN DISTRICT OF WISCONSIN, AND THE COMPANY CONSENTS TO THE JURISDICTION OF SUCH COURTS. THE COMPANY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH COURT AND ANY RIGHT IT MAY HAVE NOW OR HEREAFTER HAVE TO CLAIM THAT ANY SUCH ACTION OR PROCEEDING IS IN AN INCONVENIENT COURT; and

(b) The Company consents to the service of process in any such action or proceeding by certified mail sent to the address specified in Section 8.7.

(c) Nothing contained herein shall affect the right of M&I to serve process in any other manner permitted by law or to commence an action or proceeding in any other jurisdiction.

8.15 Participation. M&I may, at any time and from time to time, grant to any bank or banks a participation in any part of the Loans; provided that M&I shall provide the Company with prior notice of any such participation to a bank that is not an Affiliate of M&I.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the day and year first above written.

FIRST MIDWEST BANCORP, INC.

By: /s/ DONALD J. SWISTOWICZ
Donald J. Swistowicz
Executive Vice President

Attest: /s/ JAMES M. ROOLF
Name: James M. Roolf
Title: Senior Vice President & Corp. Secretary

M&I MARSHALL & ILSLEY BANK

By: /s/ JOHN J. KADLAC
John J. Kadlac, Vice President

Attest: /s/ DALE R. MAYER
Name: Dale R. Mayer
Title: Vice President

Exhibit A

OFFICER'S CERTIFICATE

M&I Marshall & Ilsley Bank
Attention: John J. Kadlac
770 North Water Street
Milwaukee, Wisconsin 53202

Re: First Midwest Bancorp, Inc.

Ladies and Gentlemen:

This Officer's Certificate is delivered to you pursuant to the terms of the Loan Agreement dated as of October 16, 1998, as amended from time to time (the "Loan Agreement"), between First Midwest Bancorp, Inc. (the "Company") and M&I Marshall & Ilsley Bank ("M&I"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Loan Agreement.

The undersigned hereby represents and warrants to M&I that:

1. The undersigned is an officer of the Company and is duly authorized to execute and deliver this Officer's Certificate.

2. The representations and warranties of the Company contained in the Loan Agreement are true and accurate on and as of the date of this Officer's Certificate.

3. No default or Event of Default under the Loan Agreement has occurred and is continuing.[1]

4. Enclosed with this certificate is the Quarterly Report on Form 10-Q [*or:* the Annual Report on Form 10-K] described in Section 6.4(a) [*or*: 6.4(b)] of the Loan Agreement for the quarter [*or*: year] ended ______________, ____ (the "Financials"). To the best of our knowledge, the Financials are accurate and complete in all material respects, were prepared in accordance with generally accepted accounting principles and fairly present the financial condition and results of operations of the Company and its Subsidiaries as of the date of, and for the period covered by, the Financials, subject to audit and normal year-end adjustments.[2]

6. As of the end of the quarter preceding the date hereof:

A. the ratio of risk-based capital to risk-weighted assets of the Company and its Subsidiaries is: _____________

[1] If a Default or an Event of Default exists, specify (a) the facts and circumstances of such Default or Event of Default, and (b) the actions that the Borrower has taken, is taking or proposes to take to remedy such Default or Event of Default.

[2] For the certificate delivered with the annual financial statements, delete the phrase "subject to audit and normal year-end adjustments."

B. the ratio of tier 1 capital to risk-weighted assets of the Company and its Subsidiaries is: ____________

C. the ratio of tier 1 capital to average total assets of the Company and its Subsidiaries is: ____________

D. the ratio of non-performing loans to total loans of the Company and its Subsidiaries is: ____________

E. the ratio of loan loss reserve to total loans of the Company and its Subsidiaries is: ____________

F. the return on average assets of the Company and its Subsidiaries for the two fiscal quarters just-ended is:

Dated: __________________, ____.

FIRST MIDWEST BANCORP, INC.

By: ______________________________________

Title: ____________________________________

Exhibit B

CERTIFICATE OF SECRETARY

The undersigned does hereby certify that:

1. I am the duly elected, qualified and acting Secretary of First Midwest Bancorp, Inc., a Delaware corporation (the "Company").

2. Attached hereto is a true and correct copy of resolutions duly adopted by the Board of Directors of the Company on November 18, 1998 and such resolutions have not in any way been rescinded or amended and have been in full force and effect at all times since their adoption up to and including the date hereof and are now in full force and effect.

3. Attached hereto are true and correct copies of the certificate of incorporation and bylaws of the Company, as in effect on the date hereof.

4. The following are duly elected, qualified and acting officers of the Company, holding the respective offices set forth opposite their respective names and the signature of each such officer hereof is his/her true genuine signature:

NAME	OFFICE	SIGNATURE
Donald J. Swistowicz	Executive Vice President	______________________
____________________	____________________	______________________

5. This certificate is delivered to M&I Marshall & Ilsely Bank ("M&I") pursuant to that certain Loan Agreement dated as of October 16, 1998 by and between the Company and M&I. M&I is entitled to rely on this certificate until canceled or amended by delivery to the Agent of a further certificate of the Secretary or an Assistant Secretary of the Company.

IN WITNESS WHEREOF, I have executed this certificate in my official capacity this ____ day of November, 1998.

____
Secretary

The undersigned, in the capacity as indicated below, does hereby certify that ________________ has been duly elected or appointed to, and now holds, the office of Secretary of the Company, and that the above signature is his/her genuine signature.

IN WITNESS WHEREOF, I have hereunto signed my name as of the effective date indicated above.

By: ____________________________
Name: __________________________
Title: _________________________

Exhibit C

LINE OF CREDIT NOTE

$30,000,000 Milwaukee, Wisconsin
October 16, 1998

FOR VALUE RECEIVED, FIRST MIDWEST BANCORP, INC., a Delaware corporation (the "Company") hereby promises to pay to the order of **M&I MARSHALL & ILSLEY BANK** ("M&I"), the principal sum of **THIRTY MILLION DOLLARS ($30,000,000)**, or such lesser amount of loan which remain outstanding under this Note, on **October 15, 1999**.

The unpaid principal shall bear interest from the date hereof until paid at an annual rate, computed on the basis of a 360-day year, as provided in the Loan Agreement referenced below. Interest accrued on the outstanding principal balance shall be payable on the first day of each calendar quarter, commencing on January 1, 1999, and continuing thereafter until the outstanding principal balance is repaid in full, with all accrued interest paid with the final payment of principal.

In the event that any amount of the principal of, or interest on, this Note is not paid when due (whether at stated maturity, by acceleration of otherwise), the entire principal amount outstanding under this Note shall bear interest, in addition to the interest otherwise payable hereunder, at an annual rate of two percent (2%) from the day following the due date until all such overdue amounts have been paid in full.

Payments of principal, interest and other amounts due hereunder are to be made in lawful money of the United States of America to M&I at 770 N. Water Street, Milwaukee Wisconsin 53202, Attention: Correspondent Banking, or at such other place as the holder shall designate in writing to the Company.

The maker and all endorsers hereby severally waive presentment for payment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note. The Company hereby agrees to pay all reasonable fees and expenses incurred by M&I or any subsequent holder, including the reasonable fees of counsel, in connection with the protection and enforcement of the rights of M&I or any subsequent holder under this Note, including without limitation the collection of any amounts due under this Note and the protection and enforcement of such rights (before or after judgment) in any bankruptcy, reorganization or insolvency proceeding involving the Company.

This Note constitutes the Line of Credit Note issued pursuant to a Loan Agreement (the "Loan Agreement") dated as of October 16, 1998, as amended from time to time, by and between M&I and the Company, to which Loan Agreement reference is hereby made for a statement of the terms and conditions under which the Line of Credit Loans evidenced hereby may be made and a description of the terms and conditions upon which this Note may be prepaid in whole or in part. In case an Event of Default, as defined in the Loan Agreement, shall occur, the entire unpaid principal and accrued interest may be automatically due and payable or may be declared due and payable as provided in the Loan Agreement.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

FIRST MIDWEST BANCORP, INC.

By: ________________________________

Donald J. Swistowicz

Executive Vice President

Attest: ________________________________

Name: ________________________________

Title: ________________________________

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT is made as of May 1, 1999 by and between **FIRST MIDWEST BANCORP, INC.** and **M&I MARSHALL & ILSLEY BANK**.

NOW, THEREFORE, IN CONSIDERATION of mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, it is hereby agreed as follows:

ARTICLE I - DEFINITIONS

1.1 Amendment. "Amendment" shall mean this First Amendment to Loan Agreement.

1.2 Loan Agreement. "Loan Agreement" shall mean the Loan Agreement between M&I and the Company, dated as of October 16, 1998, together with the Exhibits and Schedules attached thereto.

1.3 Other Terms. Unless otherwise defined herein, the other capitalized terms used in this Amendment shall have the definitions in the Loan Agreement.

ARTICLE II - AMENDMENTS

The Loan Agreement is deemed amended as of the date hereof as follows:

2.1 Article I Definitions. (a) The definition of "Line of Credit Commitment" contained in Article I of the Loan Agreement is hereby amended by deleting "Thirty Million Dollars ($30,000,000)" and inserting "Fifty Million Dollars ($50,000,000)" in its place.

(b) The definition of "Line of Credit Termination Date" contained in Article I of the Loan Agreement is hereby amended by deleting "October 15, 1999" from clause (a) of such definition and inserting "April 30 2000" in its place.

(c) The definition of "Permitted Indebtedness" contained in Article I of the Loan Agreement is hereby amended by deleting "$30,000,000" from clause (d) of such definition and inserting "$20,000,000" in its place.

2.2 Line of Credit Note. The Company shall execute and deliver to M&I a substitute Line of Credit Note in the original principal amount of $50,000,000 dated as of the date hereof, maturing on April 30, 2000 and otherwise in substantially the form of Exhibit C to the Loan Agreement. Such Line of Credit Note shall evidence the Line of Credit Loans and shall constitute the Line of Credit Note issued pursuant to the Loan Agreement.

2.3 Miscellaneous Amendments. The Loan Agreement and all other documents, instruments and materials executed and delivered heretofore or hereafter pursuant to the Loan Agreement are deemed hereby to be amended so that any reference therein to the Loan Agreement shall be a reference to such documents as amended by or pursuant to this Amendment.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to M&I that:

3.1 Loan Agreement. All of the representations and warranties made by the Company in the Loan Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Loan Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution, delivery and performance of this Amendment and the Line of Credit Note and compliance with the terms of the Loan Agreement as amended and the Line of credit Note have been duly authorized by all necessary corporate action by the Company. This Amendment and the Line of Credit Note constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

3.3 Absence of Conflicting Obligations. The making, execution, and delivery of this Amendment and the Line of Credit Note, and compliance with the terms of the Loan Agreement as amended and the Line of Credit Note, do not violate any presently existing provision of law or the certificate of incorporation or bylaws of the Company or any Subsidiary or any agreement to which the Company or any Subsidiary is a party or by which any of them are bound.

ARTICLE IV - MISCELLANEOUS

4.1 Continuance of Loan Agreement. Except as specifically amended by this Amendment, the Loan Agreement and all other documents, instruments and materials executed and delivered pursuant to the Loan Agreement shall remain in full force and effect.

4.2 References. Whenever the Loan Agreement is referred to in the Loan Agreement, the Line of Credit Note or any of the other documents, instruments or materials executed and delivered heretofore or hereafter pursuant to the Loan Agreement, it shall be deemed to be referred to as amended by this Amendment.

4.3 Expenses and Attorney’s Fees. The Company shall pay all fees and expenses incurred by M&I, including the reasonable fees of counsel, in connection with the preparation of this Amendment and the consummation of the transactions contemplated by this Amendment, and the protection or enforcement of the rights of M&I under this Amendment.

4.4 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.5 Governing Law. This Amendment and the other documents issued pursuant to this Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

4.6 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

4.7 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.8 Effectiveness. This Amendment shall be effective as of the date first written above upon receipt by M&I of the following:

(a) this Amendment executed by the Company and M&I;

(b) the substitute Line of credit Note referenced above executed by the Company;

(c) a certificate of the secretary of the Company dated the date hereof as to: (i) the incumbency and signature of the officers of the Company who have signed or will sign this Amendment and the Line of Credit Note; and (ii) the adoption and Continuing effect of resolutions of the Board of Directors of the Company authorizing the increase in the Line of Credit from $30,000,000 to $50,000,000 and authorizing the execution, delivery and performance of this Amendment and the substitute Line of Credit Note; and

(d) such additional supporting documents and materials as M&I may reasonably request.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Loan Agreement as of the date first written above.

FIRST MIDWEST BANCORP, INC.

By: /s/ DONALD SWISTOWICZ
Name: Donald Swistowicz
Title: Exec VP & CFO

M&I MARSHALL & ILSLEY BANK

By: /s/ JOHN KADLAC
Title: Vice President

Attest:
/s/
Title:: Vice President

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT is made as of April 30, 2000 by and between **FIRST MIDWEST BANCORP, INC.** and **M&I MARSHALL & ILSLEY BANK**.

NOW, THEREFORE, IN CONSIDERATION of mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, it is hereby agreed as follows:

ARTICLE I - DEFINITIONS

1.1 Amendment. "Amendment" shall mean this Second Amendment to Loan Agreement.

1.2 Loan Agreement. "Loan Agreement" shall mean the Loan Agreement between M&I and the Company, dated as of October 16, 1998, as amended by a First Amendment to Loan Agreement dated as of May 1, 1999 together with the Exhibits and Schedules attached thereto.

1.3 Other Terms. Unless otherwise defined herein, the other capitalized terms used in this Amendment shall have the definitions in the Loan Agreement.

ARTICLE II - AMENDMENTS

The Loan Agreement is deemed amended as of the date hereof as follows:

2.1 Article I Definitions. The definition of "Line of Credit Termination Date" contained in Article I of the Loan Agreement is hereby amended by deleting "April 30, 2000" from clause (a) of such definition and inserting "April 29, 2001" in its place.

2.2 Line of Credit Note. The Company shall execute and deliver to M&I a substitute Line of Credit Note in the original principal amount of $50,000,000 dated as of the date hereof, maturing on April 29, 2001 and otherwise in substantially the form of Exhibit C to the Loan Agreement. Such Line of Credit Note shall evidence the Line of Credit Loans and shall constitute the Line of Credit Note issued pursuant to the Loan Agreement.

2.3 Miscellaneous Amendments. The Loan Agreement and all other documents, instruments and material executed and delivered heretofore or hereafter pursuant to the Loan Agreement are deemed hereby to be amended so that any reference therein to the Loan Agreement shall be a reference to such documents as amended by or pursuant to this Amendment.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to M&I that:

3.1 Loan Agreement. All of the representations and warranties made by the Company in the Loan Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Loan Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution, delivery and performance of this Amendment and the Line of Credit Note and compliance with the terms of the Loan Agreement as amended and the Line of credit Note have been duly authorized by all necessary corporate action by the Company. This Amendment and the Line of Credit Note constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

3.3 Absence of Conflicting Obligations. The making, execution, and delivery of this Amendment and the Line of Credit Note, and compliance with the terms of the Loan Agreement as amended and the Line of Credit Note, do not violate any presently existing provision of law or the certificate of incorporation or bylaws of the Company or any Subsidiary or any agreement to which the Company or any Subsidiary is a party or by which any of them are bound.

ARTICLE IV - MISCELLANEOUS

4.1 Continuance of Loan Agreement. Except as specifically amended by this Amendment, the Loan Agreement and all other documents, instruments and materials executed and delivered pursuant to the Loan Agreement shall remain in full force and effect.

4.2 References. Whenever the Loan Agreement is referred to in the Loan Agreement, the Line of Credit Note or any of the other documents, instruments or materials executed and delivered heretofore or hereafter pursuant to the Loan Agreement, it shall be deemed to be referred to as amended by this Amendment.

4.3 Expenses and Attorney's Fees. The Company shall pay all fees and expenses incurred by M&I, including the reasonable fees of counsel, in connection with the preparation of this Amendment and the consummation of the transactions contemplated by this Amendment, and the protection or enforcement of the rights of M&I under this Amendment.

4.4 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.5 Governing Law. This Amendment and the other documents issued pursuant to this Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

4.6 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

4.7 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.8 Effectiveness. This amendment shall be effective as of the date first written above upon receipt by M&I of the following:

(a) this Amendment executed by the Company and M&I;

(b) the substitute Line of credit Note referenced above executed by the Company; and

(c) such additional supporting documents and materials as M&I may reasonably request.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to Loan Agreement as of the date first written above.

FIRST MIDWEST BANCORP, INC.

By: /s/ DONALD J. SWISTOWICZ
Name: Donald J. Swistowicz
Title: Exec VP/CFO

M&I MARSHALL & ILSLEY BANK

By: /s/ JOHN J. KADLAC
Title: Vice President

Attest:
/s/ DALE R. MAYER
Title: Vice President

THIRD AMENDMENT TO LOAN AGREEMENT

THIS THIRD AMENDMENT TO LOAN AGREEMENT is made as of April 29, 2001 by and between **FIRST MIDWEST BANCORP, INC.** (the "Company") and **M&I MARSHALL & ILSLEY BANK** ("M&I").

NOW, THEREFORE, IN CONSIDERATION of mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, it is hereby agreed as follows:

ARTICLE I - DEFINITIONS

1.1 Amendment. "Amendment" shall mean this Third Amendment to Loan Agreement.

1.2 Loan Agreement. "Loan Agreement" shall mean the Loan Agreement between M&I and the Company, dated as of October 16, 1998, as amended by a First Amendment to Loan Agreement dated as of May 1, 1999, and a Second Amendment to Loan Agreement dated as of April 30, 2000, together with the Exhibits and Schedules attached thereto.

1.3 Other Terms. Unless otherwise defined herein, the other capitalized terms used in this Amendment shall have the definitions in the Loan Agreement.

ARTICLE II - AMENDMENTS

The Loan Agreement is deemed amended as of the date hereof as follows:

2.1 Section 1.1 - Definitions. The definition of "Line of Credit Termination Date" contained in Section 1.1 of the Loan Agreement is hereby amended by deleting "April 29, 2001" from clause (a) of such definition and inserting "April 28, 2002" in its place.

2.2 Section 6.13 – Non-Performing Loans/Total Loans. Section 6.13 of the Loan Agreement is hereby amended by deleting "3.0%" contained in the first sentence of such Section and inserting "2.5%" in its place.

2.3 Section 6.15 – Return on Average Assets. Section 6.15 of the Loan Agreement is hereby amended by deleting "0.75%" from such Section and inserting "0.90%" in its place.

2.4 Line of Credit Note. The Company shall execute and deliver to M&I a substitute Line of Credit Note in the original principal amount of $50,000,000 dated as of the date hereof, maturing on April 28, 2002 and otherwise in substantially the form of Exhibit C to the Loan Agreement. Such Line of Credit Note shall evidence the Line of Credit Loans and shall constitute the Line of Credit Note issued pursuant to the Loan Agreement.

2.5 Miscellaneous Amendments. The Loan Agreement and all other documents, instruments and material executed and delivered heretofore or hereafter pursuant to the Loan Agreement are deemed hereby to be amended so that any reference therein to the Loan Agreement shall be a reference to such documents as amended by or pursuant to this Amendment.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to M&I that:

3.1 Loan Agreement. All of the representations and warranties made by the Company in the Loan Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Loan Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution, delivery and performance of this Amendment and the Line of Credit Note and compliance with the terms of the Loan Agreement as amended and the Line of credit Note have been duly authorized by all necessary corporate action by the Company. This Amendment and the Line of Credit Note constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

3.3 Absence of Conflicting Obligations. The making, execution, and delivery of this Amendment and the Line of Credit Note, and compliance with the terms of the Loan Agreement as amended and the Line of Credit Note, do not violate any presently existing provision of law or the certificate of incorporation or bylaws of the Company or any Subsidiary or any agreement to which the Company or any subsidiary is a party or by which any of them are bound.

ARTICLE IV - MISCELLANEOUS

4.1 Continuance of Loan Agreement. Except as specifically amended by this Amendment, the Loan Agreement and all other documents, instruments and materials executed and delivered pursuant to the Loan Agreement shall remain in full force and effect.

4.2 References. Whenever the Loan Agreement is referred to in the Loan Agreement, the Line of Credit Note or any of the other documents, instruments or materials executed and delivered heretofore or hereafter pursuant to the Loan Agreement, it shall be deemed to be referred to as amended by this Amendment.

4.3 Expenses and Attorney’s Fees. The Company shall pay all fees and expenses incurred by M&I, including the reasonable fees of counsel, in connection with the preparation of this Amendment and the consummation of the transactions contemplated by this Amendment, and the protection or enforcement of the rights of M&I under this Amendment.

4.4 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.5 Governing Law. This Amendment and the other documents issued pursuant to this Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

4.6 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

4.7 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.8 Effectiveness. This amendment shall be effective as of the date first written above upon receipt by M&I of the following:

(a) this Amendment executed by the Company and M&I;

(b) the substitute Line of credit Note referenced above executed by the Company; and

(d) such additional supporting documents and materials as M&I may reasonably request.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Loan Agreement as of the date first written above.

FIRST MIDWEST BANCORP, INC.

By: /s/ DONALD J. SWISTOWICZ
Name: Donald J. Swistowicz
Title: Exec. V.P.

M&I MARSHALL & ILSLEY BANK

By: /s/ JOHN J. KADLAC
Name John J. Kadlac
Title: Vice President

Attest: /s/ BRENDAN MORAN
Name: Brendan Moran
Title: Correspondent Officer

FOURTH AMENDMENT TO LOAN AGREEMENT

THIS FOURTH AMENDMENT TO LOAN AGREEMENT is made as of April 28, 2002 by and between **FIRST MIDWEST BANCORP, INC.** (the "Company") and **M&I MARSHALL & ILSLEY BANK** ("M&I").

NOW, THEREFORE, IN CONSIDERATION of mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, it is hereby agreed as follows:

ARTICLE I - DEFINITIONS

1.1 Amendment. "Amendment" shall mean this Fourth Amendment to Loan Agreement.

1.2 Loan Agreement. "Loan Agreement" shall mean the Loan Agreement between M&I and the Company, dated as of October 16, 1998, as amended by a First Amendment to Loan Agreement dated as of May 1, 1999, a Second Amendment to Loan Agreement dated as of April 30, 2000, and a Third Amendment to Loan Agreement dated as of April 29, 2001, together with the Exhibits and Schedules attached thereto.

1.3 Other Terms. Unless otherwise defined herein, the other capitalized terms used in this Amendment shall have the definitions in the Loan Agreement.

ARTICLE II - AMENDMENTS

The Loan Agreement is deemed amended as of the date hereof as follows:

2.1 Section 1.1 - Definitions. The definition of "Line of Credit Termination Date" contained in Section 1.1 of the Loan Agreement is hereby amended by deleting "April 28,2002" from clause (a) of such definition and inserting "April 27, 2003" in its place.

2.2 Section 2.11 – Fees.

> Customer agrees to pay the following nonrefundable fees as a condition of access to credit under this Agreement: Commitment fee in an amount equal to 1/16% per year on the average daily unused portion of the "Line of Credit Commitment" from the date of this Agreement until the Termination Date specified in Section 1.1, payable at the time interest is payable under Section 2.2 on the same day of each consecutive quarter. (This non-usage fee will be deleted if M&I obtains the cash letter business of the Company in the future.)

2.3 Line of Credit Note. The Company shall execute and deliver to M&I a substitute Line of Credit Note in the original principal amount of $50,000,000 dated as of the date hereof, maturing on April 27, 2003 and otherwise in substantially the form of Exhibit C to the Loan Agreement. Such Line of Credit Note shall evidence the Line of Credit Loans and shall constitute the Line of Credit Note issued pursuant to the Loan Agreement.

2.4 Miscellaneous Amendments. The Loan Agreement and all other documents, instruments and material executed and delivered heretofore or hereafter pursuant to the Loan Agreement are deemed hereby to be amended so that any reference therein to the Loan Agreement shall be a reference to such documents as amended by or pursuant to this Amendment.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to M&I that:

3.1 Loan Agreement. All of the representations and warranties made by the company in the Loan Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Loan Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution, delivery and performance of this Amendment and the Line of Credit Note and compliance with the terms of the Loan Agreement as amended and the Line of Credit Note have been duly authorized by all necessary corporate action by the Company. This Amendment and the Line of Credit Note constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

3.3 Absence of Conflicting Obligations. The making, execution, and delivery of this Amendment and the Line of Credit Note, and compliance with the terms of the Loan Agreement as amended and the Line of Credit Note, do not violate any presently existing provision of law or the certificate of incorporation or bylaws of the Company or any subsidiary or any agreement to which the Company or any subsidiary is a party or by which any of them are bound.

ARTICLE IV - MISCELLANEOUS

4.1 Continuance of Loan Agreement. Except as specifically amended by this Amendment, the Loan Agreement and all other documents, instruments and materials executed and delivered pursuant to the Loan Agreement shall remain in full force and effect.

4.2 References. Whenever the Loan Agreement is referred to in the Loan Agreement, the Line of Credit Note or any of the other documents, instruments or materials executed and delivered heretofore or hereafter pursuant to the Loan Agreement, it shall be deemed to be referred to as amended by this Amendment.

4.3 Expenses and Attorney’s Fees. The Company shall pay all fees and expenses incurred by M&I, including the reasonable fees of counsel, in connection with the preparation of this Amendment and the consummation of the transactions contemplated by this Amendment, and the protection or enforcement of the rights of M&I under this Amendment.

4.4 Survival All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.5 Governing Law. This Amendment and the other documents issued pursuant to this Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

4.6 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

4.7 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.8 Effectiveness. This amendment shall be effective as of the date first written above upon receipt by M&I of the following:

(a) this Amendment executed by the Company and M&I;
(b) the substitute Line of Credit Note referenced above executed by the Company; and
(c) such additional supporting documents and materials as M&I may reasonably request.

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment to Loan Agreement as of the date first written above.

FIRST MIDWEST BANCORP, INC.

By: /s/ DONALD J. SWISTOWICZ

Name: Donald J. Swistowicz

Title: Exec VP - CFO

M&I MARSHALL & ILSLEY BANK

By: /s/ JOHN J. KADLAC

Name: John J. Kadlac

Title: Vice President

FIFTH AMENDMENT TO LOAN AGREEMENT

THIS FIFTH AMENDMENT TO LOAN AGREEMENT is made as of April 28, 2003 by and between **FIRST MIDWEST BANCORP, INC.** ("the Company") and **M&I MARSHALL & ILSLEY BANK** ("M&I").

NOW, THEREFORE, IN CONSIDERATION of mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, it is hereby agreed as follows:

ARTICLE I - DEFINITIONS

1.1 **Amendment.** "Amendment" shall mean this Fifth Amendment to Loan Agreement.

1.2 **Loan Agreement.** "Loan Agreement" shall mean the Loan Agreement between M&I and the Company, dated as of October 16, 1998, and subsequently amended, together with the Exhibits and Schedules attached thereto.

1.3 **Notice Event of Default.** "Notice Event of Default" shall have the meaning assigned to such term in the Loan Agreement, except that paragraph (h) shall be amended to read as follows: "the Company shall own less than 100% of any class of common stock of First Midwest Bank." Such amendment shall be effective as of the date that the Company originally notified M&I that the Company no longer owned 100% of the common stock of First Midwest Mortgage Corporation. M&I hereby waives all rights, remedies and causes of action in connection with such notification.

1.4 **Other Terms.** Unless otherwise defined herein, the other capitalized terms used in this Amendment shall have the definitions in the Loan Agreement.

ARTICLE II - AMENDMENTS

The Loan Agreement is deemed amended as of the date hereof as follows:

2.1 **Section 1.1 - Definitions.** The definition of "Line of Credit Termination Date" contained in Section 1.1 of the Loan Agreement is hereby amended by deleting **"April 27, 2003"** from clause (a) of such definition and inserting **"April 26, 2004"** in its place.

2.2 **Line of Credit Note.** The Company shall execute and deliver to M&I a substitute Line of Credit Note dated April 28, 2003, in the original principal amount of **$50,000,000.00**, maturing on **April 26, 2004** and otherwise in substantially the form of Exhibit C to the Loan Agreement. Such Line of Credit Note shall evidence the Line of Credit Loans and shall constitute the Line of Credit Note issued pursuant to the Loan Agreement.

2.3 **Miscellaneous Amendments.** The Loan Agreement and all other documents, instruments and material executed and delivered heretofore or hereafter pursuant to the Loan Agreement are deemed hereby to be amended so that any reference therein to the Loan Agreement shall be a reference to such documents as amended by or pursuant to this Amendment.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to M&I that:

3.1 **Loan Agreement.** All of the representations and warranties made by the company in the Loan Agreement are true and correct in all material respects on the date of this Amendment. No Default or Event of Default under the Loan Agreement has occurred and is continuing as of the date of this Amendment.

3.2 **Authorization; Enforceability.** The making, execution and delivery of this Amendment and the Line of Credit Note and compliance with the terms of the Loan Agreement as amended and the Line of Credit Note have been duly authorized by all necessary corporate action by the Company. This Amendment and the Line of Credit Note constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to applicable bankruptcy, reorganization, insolvency or similar laws affecting their enforcement of creditor's rights generally.

3.3 **Absence of Conflicting Obligations.** The making, execution, and delivery of this Amendment and the Line of Credit Note, and compliance with the terms of the Loan Agreement as amended and the Line of Credit Note, do not violate any currently existing provision of law or the Restated Certificate of Incorporation or Amended and Restated Bylaws of the Company or any subsidiary or any agreement to which the Company or any subsidiary is a party or by which any of them are bound.

ARTICLE IV - MISCELLANEOUS

4.1 **Continuance of Loan Agreement.** Except as specifically amended by this Amendment, the Loan Agreement and all other documents, instruments and materials executed and delivered pursuant to the Loan Agreement shall remain in full force and effect.

4.2 **References.** Whenever the Loan Agreement is referred to in the Loan Agreement, the Line of Credit Note or any of the other documents, instruments or materials executed and delivered heretofore or hereafter pursuant to the Loan Agreement, it shall be deemed to be referred to as amended by this Amendment.

4.3 **Expenses and Attorney's Fees.** The Company shall pay all fees and expenses incurred by M&I, including the reasonable fees of counsel, in connection with the preparation of this Amendment and the consummation of the transactions contemplated by this Amendment, and the protection or enforcement of the rights of M&I under this Amendment.

4.4 **Survival.** All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.5 **Governing Law.** This Amendment and the other documents issued pursuant to this Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

4.6 **Counterparts.** This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

4.7 **Severability.** Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.8 **Effectiveness.** This Amendment shall be effective as of the date first written above upon receipt by M&I of the following:

(a) this Amendment executed by the Company and M&I;
(b) the substitute Line of Credit Note referenced above executed by the Company; and
(c) such additional supporting documents and materials as M&I may reasonably request

IN WITNESS WHEREOF, the parties hereto have executed this Fifth Amendment to Loan Agreement as of the date first written above.

FIRST MIDWEST BANCORP, INC.

By: /s/ MICHAEL L. SCUDDER

Name: Michael L. Scudder

Title: EVP & CFO

M&I MARSHALL & ILSLEY BANK

By: /s/ JOHN J. KADLAC	By: ______________
Name: John J. Kadlac	Name: ______________
Title: Vice President	Title: ______________

Exhibit 15

ACKNOWLEDGEMENT OF INDEPENDENT AUDITORS

The Board of Directors
First Midwest Bancorp, Inc.:

We are aware of the incorporation by reference in the following Registration Statements of our report dated October 20, 2003 relating to the unaudited consolidated interim financial statements of First Midwest Bancorp, Inc. that are included in its Form 10-Q for the quarters ended March 31, 2003, June 30, 2003, and September 30, 2003.

- Registration Statement (Form S-3 No. 33-20439) pertaining to the First Midwest Bancorp, Inc. Dividend Reinvestment and Stock Purchase Plan
- Registration Statement (Form S-8 No. 33-25136) pertaining to the First Midwest Bancorp, Inc Savings and Profit Sharing Plan
- Registration Statement (Form S-8 No. 33-42980) pertaining to the First Midwest Bancorp, Inc. 1989 Omnibus Stock and Incentive Plan
- Registration Statement (Form S-8 No. 333-42273) pertaining to the First Midwest Bancorp, Inc. 1989 Omnibus Stock and Incentive Plan
- Registration Statement (Form S-8 No. 333-61090) pertaining to the First Midwest Bancorp, Inc. 1989 Omnibus Stock and Incentive Plan
- Registration Statement (Form S-8 No. 333-50140) pertaining to the First Midwest Bancorp, Inc. Non-employee Director Stock Option Plan
- Registration Statement (Form S-8 No. 333-63095) pertaining to the First Midwest Bancorp, Inc. Non-employee Director Stock Option Plan
- Registration Statement (Form S-8 No. 333-63097) pertaining to the First Midwest Bancorp, Inc. Nonqualified Retirement Plan

/s/ Ernst & Young LLP

Chicago, Illinois

October 20, 2003

Exhibit 31.1

CERTIFICATIONS

I, John M. O'Meara, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Midwest Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2003

/s/ JOHN M. O'MEARA
[Signature]
President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Michael L. Scudder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Midwest Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2003

/s/ MICHAEL L. SCUDDER
[Signature]
Executive Vice President,
Chief Financial Officer and
Principal Accounting Officer

Exhibit 32.1

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, the undersigned officer of First Midwest Bancorp, Inc. (the "Company"), hereby certifies that:

(1) First Midwest's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities and Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of First Midwest.

/s/ JOHN M. O'MEARA
Name: John M. O'Meara
Title: President and Chief Executive Officer

Dated: November 13, 2003

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, the undersigned officer of First Midwest Bancorp, Inc. (the "Company"), hereby certifies that:

(1) First Midwest's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities and Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of First Midwest.

/s/ MICHAEL L. SCUDDER
Name: Michael L. Scudder
Title: Executive Vice President, Chief Financial Officer and Principal Accounting Officer

Dated: November 13, 2003

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99

Independent Accountants' Review Report

The Board of Directors
First Midwest Bancorp, Inc.:

We have reviewed the accompanying Consolidated Statements of Condition of First Midwest Bancorp, Inc. and subsidiaries as of September 30, 2003, and the related Consolidated Statements of Income for the three-month and nine-month periods ended September 30, 2003 and 2002, and the Consolidated Statements of Cash Flows for the nine-month periods ended September 30, 2003 and 2002. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the Consolidated Statement of Condition of First Midwest Bancorp, Inc. as of December 31, 2002, and the related Consolidated Statements of Income, Stockholders' Equity, and Cash Flows for the year then ended (not presented herein) and in our report dated January 21, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying Consolidated Statement of Condition as of December 31, 2002, is fairly stated, in all material respects, in relation to the Consolidated Statement of Condition from which it has been derived.

/s/ Ernst & Young LLP

Chicago, Illinois
October 20, 2003