

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: April 17, 2003

Second Bancorp Incorporated

(Exact name of registrant as specified in its charter)

Ohio	0-15624	34-1547453
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
108 Main Avenue S.W., Warren, Ohio		44482-1311
(Address of principal executive offices)		(Zip Code)

Registrant’s telephone number, including area code: 330-841-0123

Item 5. Other Events

On April 17, 2003, the Company issued the following press release:

SECOND BANCORP
REPORTS STRONG FIRST QUARTER

Warren, Ohio, April 17, 2003—SECOND BANCORP INCORPORATED (Nasdaq “SECD”, “SECDP”) reported first quarter 2003 net income of \$8,661,000, up 84.9% from the \$4,683,000 reported for the same period last year. On a diluted basis, earnings per share for the quarter were \$.89 or nearly 90% above the \$.47 reported a year ago. Earnings for the quarter were positively impacted by banking subsidiary Second National Bank’s sale of two banking centers in Jefferson County, Ohio including \$88 million in deposits. That transaction, completed February 7, 2003, produced a \$5.62 million pre-tax gain. Excluding that non-recurring event, earnings for the quarter were \$5,009,000 or \$.52 per diluted share compared to a market consensus estimate of \$.49 per share.

While significantly improved on a GAAP basis, key operating performance ratios for the quarter were mixed in comparison with the same period in 2002. The Company’s return on average assets (ROAA) for the quarter was 1.85% (or 1.07% on an operating basis) compared to 1.11% last year and return on average equity (ROAE) climbed to 25.61% (or 14.81% on an operating basis) from 14.39% a year ago. The Company’s efficiency ratio on an operating basis was marginally improved at 58.98% compared to 59.40% for first quarter 2002 while its net interest margin for the quarter was compressed by persistent and historically low interest rates to 3.33% from 3.72% a year ago.

Excluding the gain on the Jefferson County branch sale, non-interest income for the quarter was \$8.6 million, a strong 67% ahead of results for the same period last year. That improvement was led by a nearly tripling of the Company’s gains on sale of loans primarily reflecting aggressive secondary market activity in mortgages, and service charges on deposit accounts which were

TABLE OF CONTENTS

[Financial Highlights](#)
[Quarterly Data](#)
[Financial Highlights](#)
[Year-to-Date Data](#)
[Consolidated Statements of Income](#)
[Quarterly Data](#)
[Consolidated Statements of Income](#)
[Year-to-Date Data](#)
[Consolidated Balance Sheets](#)
[Consolidated Average Balance Sheets](#)
[For the Quarter Ended](#)
[Consolidated Average Balance Sheets](#)
[For the Year-to-date period ended:](#)
[Financial Highlights — Non-GAAP Operating Results](#)
[Quarterly Data](#)
[Financial Highlights — Non-GAAP Operating Results](#)
[Year-to-Date Data](#)
[SIGNATURES](#)

15.7% higher than a year ago. Earnings attributed to the Company’s mortgage lending line of business were also positively effected by continuing growth in the Company’s \$1.5 billion mortgage servicing portfolio and a recognized net gain of \$700,000 for the quarter on derivative investments economically hedging fluctuations in the value of mortgage servicing rights due to interest rates.

Non-interest expenses for the quarter grew 16% over the same period last year to \$13.67 million led by increased salary and benefit costs associated largely with the Company’s 2002 acquisition of Stouffer-Herzog Insurance Agency, Inc. and increased staffing in our expanding mortgage lending business. That rate of increase in non-interest expenses mirrors the Company’s 13% growth in assets over the same period and is significantly less than the 67% growth in non-interest income.

Credit quality remains a focal point for Second Bancorp. Though non-performing loans continue at elevated levels, they have generally stabilized over the last three quarters in the \$19 to \$20 million range or a quarter-end 1.62% of total loans. Net charge-offs for the quarter fell by \$186,000 to \$2,012,000 but quarter-end “90 day past due and accruing” loans were 16.4% higher than at the end of fourth quarter 2002. The Company’s allowance for loan losses as a percentage of period-end loans was stable at 1.46% compared to 1.51% at year-end 2002.

Commenting on Second Bancorp’s prospects for the remainder of the year, Treasurer David L. Kellerman indicated “We expect the local and national economies to remain sluggish and interest rates to remain at historically low levels into the second half of the year. That kind of environment makes double-digit earnings per share growth goals difficult to achieve. We continue to manage our core businesses with an eye toward minimizing risks associated with slowing economic activity and believe our core wealth management and commercial lending businesses are positioned to become strong contributors to our financial success as the economy returns to a more traditional growth pattern. We currently believe that net income for the calendar year on an operating basis will fall within the range of from \$2.08 to \$2.13 per diluted share compared to the \$1.94 we reported last year.”

Second Bancorp previously announced a 5.6% increase in its quarterly dividend to \$.19 per share (an annualized \$.76) payable April 30, 2003 to shareholders of record April 15, 2003. That action maintains Second Bancorp’s record of having increased its dividend in each of the seventeen years since its incorporation.

This announcement contains forward-looking statements that involve risk and uncertainties, including changes in general economic and financial market conditions and the Company’s ability to execute its business plans. Although management believes the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially.

Second Bancorp is a \$1.9 billion financial holding company providing a full range of commercial and consumer banking, wealth management, insurance and investment products and services to communities in an eight county area of Northeastern Ohio through subsidiaries Second National Bank and Stouffer-Herzog Insurance Agency, Inc. Additional information about Second Bancorp can be found on the Web at www.secondbancorp.com.

CONTACT: Christopher Stanitz, Executive Vice President and Secretary, at 330.841.0234 (phone), 330.841.0489 (fax), or cstanitz@secondnationalbank.com.

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Second Bancorp Incorporated and Subsidiaries					
Financial Highlights					
Quarterly Data					
(Dollars in thousands, except per share data)					
	March 2003	Dec. 2002	Sept. 2002	June 2002	March 2002
Earnings:					
Net interest income	\$ 14,083	\$ 13,946	\$ 13,954	\$ 14,403	\$ 14,157
Provision for loan losses	2,173	2,350	1,573	1,303	933
Non-interest income	14,211	7,314	6,329	4,053	5,157
Security gains (losses)	51	(67)	832	0	(173)
Trading account losses	0	0	0	0	(20)
Non-interest expense	13,673	14,575	11,841	11,283	11,797
Federal income taxes	3,838	840	2,165	1,517	1,708
Net income	\$ 8,661	\$ 3,428	\$ 5,536	\$ 4,353	\$ 4,683
Per share:					
Basic earnings	0.90	0.35	0.56	0.44	0.47
Diluted earnings	0.89	0.34	0.55	0.43	0.47
Common dividends	0.19	0.18	0.18	0.18	0.18
Book value	14.36	13.91	14.14	13.71	12.96
Tangible book value	11.95	11.69	11.99	11.85	11.11
Market value	22.15	26.50	26.73	27.30	24.25
Weighted average shares outstanding:					
Basic	9,621,709	9,835,995	9,876,844	9,958,928	9,944,671
Diluted	9,715,561	9,967,373	9,993,241	10,087,003	10,054,758
Period end balance sheet:					
Assets	\$1,909,027	\$1,894,775	\$1,825,235	\$ 1,719,744	\$ 1,684,848
Securities	539,309	523,669	535,174	448,736	411,897
Total loans	1,215,481	1,167,791	1,153,581	1,092,398	1,114,314
Allowance for loan losses	17,756	17,595	17,443	16,810	16,884
Deposits	1,121,866	1,195,112	1,181,281	1,146,451	1,131,199
Total shareholders' equity	136,369	135,780	139,682	136,293	128,853
Tier I capital	137,595	138,000	139,983	141,011	139,474
Tier I ratio	10.5%	10.8%	10.7%	11.9%	11.3%
Total capital	154,010	153,925	156,401	155,799	154,854
Total capital ratio	11.7%	12.1%	11.9%	13.2%	12.6%
Total risk-adjusted assets	1,311,849	1,272,335	1,312,414	1,181,029	1,228,918
Tier I leverage ratio	7.5%	7.7%	8.4%	8.4%	8.3%
Average balance sheet:					
Assets	\$1,869,524	\$1,825,714	\$1,770,928	\$ 1,727,642	\$ 1,691,123
Earning assets	1,750,900	1,712,604	1,657,438	1,618,286	1,581,704
Loans	1,177,617	1,171,162	1,108,133	1,097,302	1,109,990
Deposits	1,135,681	1,180,609	1,173,188	1,153,065	1,129,829
Shareholders' equity	135,254	137,229	136,494	132,734	130,152
Key ratios: (%)					
Return on average assets (ROA)	1.85	0.75	1.25	1.01	1.11
Return on average shareholders' equity (ROE)	25.61	9.99	16.22	13.12	14.39
Net interest margin	3.33	3.38	3.49	3.69	3.72
Net overhead	(0.12)	1.70	1.33	1.79	1.68
Efficiency ratio	47.48	66.94	56.94	59.49	59.40
Credit quality:					
Non-accrual loans	\$ 12,709	\$ 13,123	\$ 12,756	\$ 6,287	\$ 5,313
Restructured loans	374	378	259	197	0
90 day past due and accruing	6,623	5,692	6,995	6,011	6,257
Non-performing loans	19,706	19,193	20,010	12,495	11,570
Other real estate owned	1,270	1,371	1,593	1,644	1,423
Non-performing assets	\$ 20,976	\$ 20,564	\$ 21,603	\$ 14,139	\$ 12,993
Charge-offs	\$ 2,213	\$ 2,558	\$ 1,116	\$ 1,625	\$ 1,285
Recoveries	201	360	176	248	541
Net charge-offs	\$ 2,012	\$ 2,198	\$ 940	\$ 1,377	\$ 744

Allowance for loan losses as a percent of period-end loans (%)	1.46	1.51	1.51	1.54	1.52
Net charge-offs (annualized) as a percent of average loans (%)	0.68	0.75	0.34	0.50	0.27
Non-performing loans as a percent of loans	1.62	1.64	1.73	1.14	1.04
Non-performing assets as a percent of assets	1.10	1.09	1.18	0.82	0.77

Second Bancorp Incorporated and Subsidiaries Financial Highlights Year-to-Date Data (Dollars in thousands, except per share data)					
	March 2003	Dec. 2002	Sept. 2002	June 2002	March 2002
Earnings:					
Net interest income	\$ 14,083	\$ 56,460	\$ 42,514	\$ 28,560	\$ 14,157
Provision for loan losses	2,173	6,159	3,809	2,236	933
Non-interest income	14,211	22,853	15,539	9,210	5,157
Security gains (losses)	51	592	659	(173)	(173)
Trading account losses	0	(20)	(20)	(20)	(20)
Non-interest expense	13,673	49,496	34,921	23,080	11,797
Federal income taxes	3,838	6,230	5,390	3,225	1,708
Net income	\$ 8,661	\$ 18,000	\$ 14,572	\$ 9,036	\$ 4,683
Per share:					
Basic earnings	0.90	1.82	1.47	0.91	0.47
Diluted earnings	0.89	1.79	1.45	0.90	0.47
Common dividends	0.19	0.72	0.54	0.36	0.18
Book value	14.36	13.91	14.14	13.71	12.96
Tangible book value	11.95	11.69	11.99	11.85	11.11
Market value	22.15	26.50	26.73	27.30	24.25
Weighted average shares outstanding:					
Basic	9,621,709	9,905,832	9,929,276	9,948,346	9,944,671
Diluted	9,715,561	10,040,001	10,051,077	10,071,366	10,054,758
Period end balance sheet:					
Assets	\$1,909,027	\$ 1,894,775	\$ 1,825,235	\$ 1,719,744	\$ 1,684,848
Securities	539,309	523,669	535,174	448,736	411,897
Total loans	1,215,481	1,167,791	1,153,581	1,092,398	1,114,314
Allowance for loan losses	17,756	17,595	17,443	16,810	16,884
Deposits	1,121,866	1,195,112	1,181,281	1,146,451	1,131,199
Total shareholders' equity	136,369	135,780	139,682	136,293	128,853
Tier I capital	137,595	138,000	139,983	141,011	139,474
Tier I ratio	10.5%	10.8%	10.7%	11.9%	11.3%
Total capital	154,010	153,925	156,401	155,799	154,854
Total capital ratio	11.7%	12.1%	11.9%	13.2%	12.6%
Total risk-adjusted assets	1,311,849	1,272,335	1,312,414	1,181,029	1,228,918
Tier I leverage ratio	7.5%	7.7%	8.4%	8.4%	8.3%
Average balance sheet:					
Assets	\$1,869,524	\$ 1,754,156	\$ 1,730,190	\$ 1,709,483	\$ 1,691,123
Earning assets	1,750,900	1,642,907	1,619,420	1,600,096	1,581,704
Loans	1,177,617	1,121,777	1,105,135	1,103,611	1,109,990
Deposits	1,135,681	1,159,350	1,152,186	1,141,511	1,129,829
Shareholders' equity	135,254	134,178	133,150	131,450	130,152
Key ratios: (%)					
Return on average assets (ROA)	1.85	1.03	0.84	0.53	0.28
Return on average shareholders' equity (ROE)	25.61	13.42	10.94	6.87	3.60
Net interest margin	3.33	3.56	3.63	3.70	3.72
Net overhead	(0.12)	1.62	1.60	1.73	1.68
Efficiency ratio	47.48	60.81	58.57	59.44	59.40
Credit quality:					
Non-accrual loans	\$ 12,709	\$ 13,123	\$ 12,756	\$ 6,287	\$ 5,313
Restructured loans	374	378	259	197	0
90 day past due and accruing	6,623	5,692	6,995	6,011	6,257
Non-performing loans	19,706	19,193	20,010	12,495	11,570
Other real estate owned	1,270	1,371	1,593	1,644	1,423
Non-performing assets	\$ 20,976	\$ 20,564	\$ 21,603	\$ 14,139	\$ 12,993
Charge-offs	\$ 2,213	\$ 6,584	\$ 4,026	\$ 2,910	\$ 1,285
Recoveries	201	1,325	965	789	541
Net charge-offs	\$ 2,012	\$ 5,259	\$ 3,061	\$ 2,121	\$ 744

Allowance for loan losses as a percent of period-end loans (%)	1.46	1.51	1.51	1.54	1.52
Net charge-offs (annualized) as a percent of average loans (%)	0.68	0.47	0.37	0.38	0.27
Non-performing loans as a percent of loans	1.62	1.64	1.73	1.14	1.04
Non-performing assets as a percent of assets	1.10	1.09	1.18	0.82	0.77

Second Bancorp Incorporated and Subsidiaries
Consolidated Statements of Income
Quarterly Data
(Dollars in thousands, except per share data)

	March 2003	Dec. 2002	Sept. 2002	June 2002	March 2002
INTEREST INCOME					
Loans (including fees):					
Taxable	\$ 18,605	\$ 19,637	\$ 19,598	\$ 19,965	\$ 20,471
Exempt from federal income taxes	211	219	227	233	243
Securities:					
Taxable	6,234	5,566	5,963	5,797	5,322
Exempt from federal income taxes	728	735	722	715	774
Federal funds sold and other temp. investments	123	154	324	394	213
Total interest income	25,901	26,311	26,834	27,104	27,023
INTEREST EXPENSE					
Deposits	5,779	6,771	7,526	7,429	7,674
Federal funds purchased and securities sold under agreements to repurchase	581	700	597	636	566
Note Payable	63	28	10	0	0
Other borrowed funds	3	14	10	2	16
Federal Home Loan Bank advances	4,659	4,119	4,003	3,901	3,877
Corporation-obligated mandatorily redeemable capital securities of subsidiary trust	733	733	734	733	733
Total interest expense	11,818	12,365	12,880	12,701	12,866
Net interest income	14,083	13,946	13,954	14,403	14,157
Provision for loan losses	2,173	2,350	1,573	1,303	933
Net interest income after provision for loan losses	11,910	11,596	12,381	13,100	13,224
NON-INTEREST INCOME					
Service charges on deposit accounts	1,527	1,587	1,505	1,411	1,320
Trust fees	609	637	596	696	786
Gain on sale of loans	4,342	5,462	2,421	1,709	1,544
Trading account losses	0	0	0	0	(20)
Security gains (losses)	51	(67)	832	0	(173)
Gain on sale of banking centers	5,619	0	0	0	0
Other operating income	2,114	(372)	1,807	237	1,507
Total non-interest income	14,262	7,247	7,161	4,053	4,964
NON-INTEREST EXPENSE					
Salaries and employee benefits	7,604	7,217	6,494	6,325	6,309
Net occupancy	1,199	1,099	1,119	1,125	1,137
Equipment	1,039	742	931	1,023	1,202
Professional services	767	648	563	443	485
Assessment on deposits and other taxes	392	354	384	330	329
Amortization of intangible assets	118	144	110	111	110
Merger costs	0	10	124	0	0
Banking center reconfiguration	0	2,096	0	0	0
Other operating expenses	2,554	2,265	2,116	1,926	2,225
Total non-interest expense	13,673	14,575	11,841	11,283	11,797
Income before federal income taxes	12,499	4,268	7,701	5,870	6,391
Income tax expense	3,838	840	2,165	1,517	1,708
Income before accounting change	\$ 8,661	\$ 3,428	\$ 5,536	\$ 4,353	\$ 4,683
NET INCOME PER COMMON SHARE:					
Basic	\$ 0.90	\$ 0.35	\$ 0.56	\$ 0.44	\$ 0.47
Diluted	\$ 0.89	\$ 0.34	\$ 0.55	\$ 0.43	\$ 0.47
Weighted average common shares outstanding:					
Basic	9,621,709	9,835,995	9,876,844	9,958,928	9,944,671
Diluted	9,715,561	9,967,373	9,993,241	10,087,003	10,054,758
Note: Fully taxable equivalent adjustment	\$ 506	\$ 514	\$ 511	\$ 510	\$ 548

Second Bancorp Incorporated and Subsidiaries
Consolidated Statements of Income
Year-to-Date Data (Dollars in thousands, except per share data)

	March 2003	Dec. 2002	Sept. 2002	June 2002	March 2002
INTEREST INCOME					
Loans (including fees):					
Taxable	\$ 18,605	\$ 79,671	\$ 60,034	\$ 40,436	\$ 20,471
Exempt from federal income taxes	211	922	703	476	243
Securities:					
Taxable	6,234	22,648	17,082	11,119	5,322
Exempt from federal income taxes	728	2,946	2,211	1,489	774
Federal funds sold and other temp. investments	123	1,085	931	607	213
Total interest income	25,901	107,272	80,961	54,127	27,023
INTEREST EXPENSE					
Deposits	5,779	29,400	22,629	15,103	7,674
Federal funds purchased and securities sold under agreements to repurchase	581	2,499	1,799	1,202	566
Note Payable	63	38	10	0	0
Other borrowed funds	3	42	28	18	16
Federal Home Loan Bank advances	4,659	15,900	11,781	7,778	3,877
Corporation-obligated mandatorily redeemable capital securities of subsidiary trust	733	2,933	2,200	1,466	733
Total interest expense	11,818	50,812	38,447	25,567	12,866
Net interest income	14,083	56,460	42,514	28,560	14,157
Provision for loan losses	2,173	6,159	3,809	2,236	933
Net interest income after provision for loan losses	11,910	50,301	38,705	26,324	13,224
NON-INTEREST INCOME					
Service charges on deposit accounts	1,527	5,823	4,236	2,731	1,320
Trust fees	609	2,715	2,078	1,482	786
Gain on sale of loans	4,342	11,136	5,674	3,253	1,544
Trading account losses	0	(20)	(20)	(20)	(20)
Security gains (losses)	51	592	659	(173)	(173)
Gain on sale of banking centers	5,619	0	0	0	0
Other operating income	2,114	3,179	3,551	1,744	1,507
Total non-interest income	14,262	23,425	16,178	9,017	4,964
NON-INTEREST EXPENSE					
Salaries and employee benefits	7,604	26,345	19,128	12,634	6,309
Net occupancy	1,199	4,480	3,381	2,262	1,137
Equipment	1,039	3,898	3,156	2,225	1,202
Professional services	767	2,139	1,491	928	485
Assessment on deposits and other taxes	392	1,397	1,043	659	329
Amortization of intangible assets	118	475	331	221	110
Merger costs	0	134	124	0	0
Banking center reconfiguration	0	2,096	0	0	0
Other operating expenses	2,554	8,532	6,267	4,151	2,225
Total non-interest expense	13,673	49,496	34,921	23,080	11,797
Income before federal income taxes	12,499	24,230	19,962	12,261	6,391
Income tax expense	3,838	6,230	5,390	3,225	1,708
Net income	\$ 8,661	\$ 18,000	\$ 14,572	\$ 9,036	\$ 4,683
NET INCOME PER COMMON SHARE:					
Basic	\$ 0.90	\$ 1.82	\$ 1.47	\$ 0.91	\$ 0.47
Diluted	\$ 0.89	\$ 1.79	\$ 1.45	\$ 0.90	\$ 0.47
Weighted average common shares outstanding:					
Basic	9,621,709	9,905,832	9,929,276	9,948,346	9,944,671
Diluted	9,715,561	10,040,001	10,051,077	10,071,366	10,054,758
Note: Fully taxable equivalent adjustment	\$ 506	\$ 2,083	\$ 1,569	\$ 1,058	\$ 548

<div> <div>Second Bancorp Incorporated and Subsidiaries</div> <div>Consolidated Balance Sheets</div> <div>(Dollars in thousands)</div> </div>						
	March 31	December 31	Sept. 30	June 30	March 31	
	2003	2002	2002	2002	2002	
ASSETS						
Cash and due from banks	\$ 43,334	\$ 60,822	\$ 40,815	\$ 36,230	\$ 36,397	
Federal funds sold and other temp. investments	29,523	61,449	15,033	64,194	42,631	
Securities available-for-sale (at market value)	539,309	523,669	535,174	448,736	411,897	
Loans:						
Commercial	558,499	542,693	520,175	485,652	500,604	
Consumer	325,819	322,840	325,088	333,178	317,858	
Real estate	331,163	302,258	308,318	273,568	295,852	
Total loans	1,215,481	1,167,791	1,153,581	1,092,398	1,114,314	
Less allowance for loan losses	17,756	17,595	17,443	16,810	16,884	
Net loans	1,197,725	1,150,196	1,136,138	1,075,588	1,097,430	
Premises and equipment	16,125	16,632	16,333	16,592	16,737	
Accrued interest receivable	9,414	8,762	9,582	8,724	9,596	
Goodwill and intangible assets	20,343	20,422	20,224	17,636	17,746	
Servicing assets	13,743	12,403	10,961	10,779	10,441	
Other assets	39,511	40,420	40,975	41,265	41,973	
Total assets	\$ 1,909,027	\$ 1,894,775	\$ 1,825,235	\$ 1,719,744	\$ 1,684,848	
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits:						
Demand — non-interest bearing	\$ 155,892	\$ 179,714	\$ 153,341	\$ 145,006	\$ 138,107	
Demand — interest bearing	147,747	103,583	98,359	98,893	99,284	
Savings	363,443	405,437	410,322	394,907	335,460	
Time deposits	454,784	506,378	519,259	507,645	558,348	
Total deposits	1,121,866	1,195,112	1,181,281	1,146,451	1,131,199	
Federal funds purchased and securities sold under agreements to repurchase	206,069	138,796	166,532	119,867	108,951	
Note payable	14,000	7,000	3,000	0	0	
Other borrowed funds	155	3,863	3,788	4,249	724	
Accrued expenses and other liabilities	20,089	17,885	14,583	10,486	12,661	
Federal Home Loan Bank advances	379,971	365,844	285,887	271,930	272,005	
Corporation-obligated mandatorily redeemable capital securities of subsidiary trust	30,508	30,495	30,482	30,468	30,455	
Total liabilities	1,772,658	1,758,995	1,685,553	1,583,451	1,555,995	
Shareholders' equity:						
Common stock, no par value; 30,000,000 shares authorized;	41,745	41,209	40,994	38,822	37,722	
Treasury stock	(33,740)	(27,180)	(23,631)	(19,462)	(17,397)	
Other comprehensive income	6,410	6,656	8,894	7,265	1,424	
Retained earnings	121,954	115,095	113,425	109,668	107,104	
Total shareholders' equity	136,369	135,780	139,682	136,293	128,853	
Total liabilities and shareholders' equity	\$ 1,909,027	\$ 1,894,775	\$ 1,825,235	\$ 1,719,744	\$ 1,684,848	
Miscellaneous data:						
Common shares issued	11,041,083	11,041,263	11,024,693	10,932,360	10,856,360	
Treasury shares	1,542,784	1,279,009	1,147,849	991,589	911,689	
Bank owned life insurance (in other assets)	\$ 33,489	\$ 33,086	\$ 32,677	\$ 32,268	\$ 31,858	
Loans serviced for others	\$ 1,463,926	\$ 1,320,316	\$ 1,121,372	\$ 1,047,988	\$ 936,559	
Goodwill	\$ 16,647	\$ 16,708	\$ 17,344	\$ 14,645	\$ 14,645	
Other intangibles	3,696	3,714	2,880	2,991	3,101	
Total goodwill and intangible assets	\$ 20,343	\$ 20,422	\$ 20,224	\$ 17,636	\$ 17,746	
Mortgage servicing rights (net of allowance)	\$ 13,299	\$ 11,967	\$ 10,516	\$ 10,323	\$ 10,006	
Other servicing assets	444	436	445	456	435	
	\$ 13,743	\$ 12,403	\$ 10,961	\$ 10,779	\$ 10,441	

Valuation allowance for mortgage servicing rights included above	\$ (4,783)	\$ (3,794)	\$ (3,087)	\$ (2,285)	\$ (910)

Second Bancorp Incorporated and Subsidiaries
Consolidated Average Balance Sheets
For the Quarter Ended
(Dollars in Thousands)

	<u>March 2003</u>	<u>Dec. 2002</u>	<u>Sept. 2002</u>	<u>June 2002</u>	<u>March 2002</u>
ASSETS					
Cash and demand balances due from banks	\$ 38,392	\$ 35,454	\$ 35,266	\$ 32,510	\$ 35,183
Federal funds sold and other temp. investments	44,849	47,197	80,102	94,687	51,953
Securities:					
Trading	0	0	0	0	123
Available-for-sale	528,434	494,245	469,203	426,297	419,638
Total securities	528,434	494,245	469,203	426,297	419,761
Loans:					
Commercial	551,882	533,996	507,412	510,444	516,807
Consumer	324,729	323,939	319,482	308,804	302,517
Real estate	301,006	313,227	281,239	278,054	290,666
Total loans	1,177,617	1,171,162	1,108,133	1,097,302	1,109,990
Allowance for loan losses	17,566	17,345	16,904	16,830	16,884
Net loans	1,160,051	1,153,817	1,091,229	1,080,472	1,093,106
Premises and equipment	16,508	16,611	16,497	16,849	16,449
Goodwill and intangible assets	20,461	19,676	19,400	18,435	18,544
Servicing assets	13,310	11,832	10,184	10,672	9,369
Other	47,519	46,882	48,609	47,720	37,158
Total assets	\$1,869,524	\$1,825,714	\$1,770,490	\$1,727,642	\$1,681,523
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Demand deposits (non-interest bearing)	\$ 153,223	\$ 156,607	\$ 145,177	\$ 145,418	\$ 139,013
Demand deposits (interest bearing)	117,469	100,240	105,903	98,924	99,765
Savings	382,673	411,109	405,813	370,748	308,104
Time deposits	482,316	512,653	516,295	537,975	582,947
Total deposits	1,135,681	1,180,609	1,173,188	1,153,065	1,129,829
Federal funds purchased and securities sold under agreements to repurchase	164,329	165,504	135,611	128,361	114,128
Note payable	9,733	4,107	1,190	0	0
Borrowed funds	455	1,281	1,757	773	3,112
Accrued expenses and other liabilities	17,863	14,306	13,211	10,269	10,157
Federal Home Loan Bank advances	375,710	291,957	278,568	271,968	273,299
Corporation-obligated mandatorily redeemable capital securities of subsidiary trust	30,499	30,721	30,471	30,472	30,446
Total liabilities	1,734,270	1,688,485	1,633,996	1,594,908	1,560,971
Shareholders' equity:					
Common stock	41,757	41,153	39,522	38,421	37,568
Treasury shares	(30,666)	(25,050)	(21,641)	(18,291)	(17,281)
Other comprehensive income	6,778	7,032	7,951	4,503	4,449
Retained earnings	117,385	114,094	110,662	108,101	105,416
Total shareholders' equity	135,254	137,229	136,494	132,734	130,152
Total liabilities and shareholders' equity	\$1,869,524	\$1,825,714	\$1,770,490	\$1,727,642	\$1,691,123

Second Bancorp Incorporated and Subsidiaries
Consolidated Average Balance Sheets
For the Year-to-date period ended:
(Dollars in Thousands)

	<u>March 2003</u>	<u>Dec. 2002</u>	<u>Sept. 2002</u>	<u>June 2002</u>	<u>March 2002</u>
ASSETS					
Cash and demand balances due from banks	\$ 38,392	\$ 34,606	\$ 34,320	\$ 33,839	\$ 35,183
Federal funds sold	44,849	68,503	75,683	73,438	51,953
Securities:					
Trading	0	40	41	61	123
Available-for-sale	528,434	452,587	438,561	422,986	419,638
Total securities	528,434	452,627	438,602	423,047	419,761
Loans:					
Commercial	551,882	517,185	511,520	513,608	516,807
Consumer	324,729	313,760	310,330	305,678	302,517
Real estate	301,006	290,832	283,285	284,325	290,666
Total loans	1,177,617	1,121,777	1,105,135	1,103,611	1,109,990
Allowance for loan losses	17,566	16,992	16,873	16,857	16,884
Net loans	1,160,051	1,104,785	1,088,262	1,086,754	1,093,106
Premises and equipment	16,508	16,602	16,598	16,650	16,449
Goodwill and intangible assets	20,461	19,018	18,797	18,489	18,544
Servicing assets	13,310	10,520	10,078	10,024	9,369
Other	47,519	47,495	47,702	47,242	46,758
Total assets	\$1,869,524	\$1,754,156	\$1,730,042	\$1,709,483	\$1,691,123
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Demand deposits (non-interest bearing)	\$ 153,223	\$ 146,598	\$ 143,225	\$ 142,233	\$ 139,013
Demand deposits (interest bearing)	117,469	101,222	101,553	99,342	99,765
Savings	382,673	374,313	361,913	339,599	308,104
Time deposits	482,316	537,217	545,495	560,337	582,947
Total deposits	1,135,681	1,159,350	1,152,186	1,141,511	1,129,829
Federal funds purchased and securities sold under agreements to repurchase	164,329	136,041	126,112	121,284	114,128
Note payable	9,733	1,335	401	0	0
Borrowed funds	455	1,726	1,876	1,936	3,112
Accrued expenses and other liabilities	17,863	12,000	11,223	10,213	10,157
Federal Home Loan Bank advances	375,710	278,998	274,631	272,630	273,299
Corporation-obligated mandatorily redeemable capital securities of subsidiary trust	30,499	30,528	30,463	30,459	30,446
Total liabilities	1,734,270	1,619,978	1,596,892	1,578,033	1,560,971
Shareholders' equity:					
Common stock	41,757	39,177	38,511	37,997	37,568
Treasury shares	(30,666)	(20,590)	(19,087)	(17,789)	(17,281)
Net unrealized holding gains	6,778	5,996	5,647	4,476	4,449
Retained earnings	117,385	109,595	108,079	106,766	105,416
Total shareholders' equity	135,254	134,178	133,150	131,450	130,152
Total liabilities and shareholders' equity	\$1,869,524	\$1,754,156	\$1,730,042	\$1,709,483	\$1,691,123

Second Bancorp Incorporated and Subsidiaries
Financial Highlights — Non-GAAP Operating Results
Quarterly Data
(Dollars in thousands, except per share data)

	March 2003	Dec. 2002	Sept. 2002	June 2002	March 2002
Earnings:					
Net interest income	\$14,083	\$13,946	\$13,954	\$14,403	\$14,157
Provision for loan losses	2,173	2,350	1,573	1,303	933
Non-interest income	8,592	7,314	6,329	4,053	5,157
Security gains (losses)	51	(67)	832	0	(173)
Trading account losses	0	0	0	0	(20)
Non-interest expense	13,673	12,469	11,717	11,283	11,797
Federal income taxes	1,871	1,577	2,208	1,517	1,708
Net income	\$ 5,009	\$ 4,797	\$ 5,617	\$ 4,353	\$ 4,683
Per share:					
Basic earnings	\$ 0.52	\$ 0.49	\$ 0.57	\$ 0.44	\$ 0.47
Diluted earnings	0.52	0.48	0.56	0.43	0.47
Key ratios: (%)					
Return on average assets (ROA)	1.07	1.05	1.27	1.01	1.11
Return on average shareholders' equity (ROE)	14.81	13.98	16.46	13.12	14.39
Net interest margin	3.33	3.38	3.49	3.69	3.72
Net overhead	1.16	1.20	1.30	1.79	1.68
Efficiency ratio	58.98	57.27	56.35	59.49	59.40

Second Bancorp Incorporated and Subsidiaries
Reconciliation of GAAP vs. Non-GAAP Operating Results
Quarterly Data

Net income	\$ 8,661	\$3,428	\$5,536	\$4,353	\$4,683
Adjustments to GAAP to reflect Non-GAAP Operating Basis:					
Add non-recurring costs:					
Sale of banking centers	(5,619)	0	0	0	0
Merger costs	0	10	124	0	0
Banking center reconfiguration	0	2,096	0	0	0
Total adjustments	(5,619)	2,106	124	0	0
Federal income taxes (benefit)	(1,967)	737	43	0	0
Net income	\$ 5,009	\$4,797	\$5,617	\$4,353	\$4,683

Second Bancorp Incorporated and Subsidiaries Financial Highlights — Non-GAAP Operating Results
(Dollars in thousands, except per share data)

	March 2003	Dec. 2002	Sept. 2002	June 2002	March 2002
Earnings:					
Net interest income	\$14,083	\$56,460	\$42,514	\$28,560	\$14,157
Provision for loan losses	2,173	6,159	3,809	2,236	933
Non-interest income	8,592	22,853	15,539	9,210	5,157
Security gains (losses)	51	592	659	(173)	(173)
Trading account losses	0	(20)	(20)	(20)	(20)
Non-interest expense	13,673	47,266	34,797	23,080	11,797
Federal income taxes	1,871	7,011	5,433	3,225	1,708
Net income	\$ 5,009	\$19,449	\$14,653	\$ 9,036	\$ 4,683
Per share:					
Basic earnings	\$ 0.52	\$ 1.96	\$ 1.48	\$ 0.91	\$ 0.47
Diluted earnings	0.52	1.94	1.46	0.90	0.47
Key ratios: (%)					
Return on average assets (ROA)	1.07	1.11	1.13	1.06	1.11
Return on average shareholders' equity (ROE)	14.81	14.49	14.67	13.75	14.39
Net interest margin	3.33	3.56	3.63	3.70	3.72
Net overhead	1.16	1.49	1.59	1.73	1.68
Efficiency ratio	58.98	58.07	58.36	59.44	59.40

Second Bancorp Incorporated and Subsidiaries
Reconciliation of GAAP vs. Non-GAAP Operating Results
Year-to-Date Data

Net income	\$ 8,661	\$18,000	\$14,572	\$9,036	\$4,683
Adjustments to GAAP to reflect Non-GAAP Operating Basis:					
Add non-recurring costs:					
Sale of banking centers	(5,619)	0	0	0	0
Merger costs	0	134	124	0	0
Banking center reconfiguration	0	2,096	0	0	0
Total adjustments	(5,619)	2,230	124	0	0
Federal income taxes (benefit)	(1,967)	781	43	0	0
Net income	\$ 5,009	\$19,449	\$14,653	\$9,036	\$4,683

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 hereunto duly authorized.

Date: April 17, 2003

Second Bancorp Incorporated

/s/ David L. Kellerman

David L. Kellerman, Treasurer