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 **June 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 405, 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 August 12, 2003, there were 46,536,118 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)

	June 30, 2003	December 31, 2002
	(Unaudited)	
Assets		
Cash and due from banks	$ 194,792	$ 195,153
Federal funds sold and other short-term investments	1,122	11,745
Mortgages held for sale	19,866	18,521
Securities available for sale, at market value	2,371,459	2,021,767
Securities held to maturity, at amortized cost	89,955	69,832
Loans, net of unearned discount	3,498,992	3,406,846
Reserve for loan losses	(49,124)	(47,929)
Net loans	3,449,868	3,358,917
Premises, furniture and equipment	81,632	81,627
Accrued interest receivable	30,644	31,005
Investment in corporate owned life insurance	143,884	141,362
Goodwill	34,806	16,397
Other intangible assets	892	-
Other assets	36,731	34,207
Total assets	$ 6,455,651	$ 5,980,533
Liabilities		
Demand deposits	$ 858,040	$ 789,392
Savings deposits	507,794	475,366
NOW accounts	859,165	717,542
Money market deposits	665,489	525,621
Time deposits	1,636,915	1,665,033
Total deposits	4,527,403	4,172,954
Borrowed funds	1,312,510	1,237,408
Accrued interest payable	6,142	8,503
Payable for securities purchased	34,893	4,229
Other liabilities	66,699	65,486
Total liabilities	5,947,647	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: June 30, 2003 – 46,534 shares December 31, 2002 – 47,206 shares	569	569
Additional paid-in capital	69,924	71,020
Retained earnings	623,848	594,192
Accumulated other comprehensive income, net of tax	44,566	39,365
Treasury stock, at cost: June 30, 2003 – 10,393 shares December 31, 2002 – 9,721 shares	(230,903)	(213,193)
Total stockholders' equity	508,004	491,953
Total liabilities and stockholders' equity	$ 6,455,651	$ 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 June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Interest Income				
Loans	$ 50,719	$ 56,719	$ 101,915	$ 113,656
Securities available for sale	21,608	26,099	43,888	51,764
Securities held to maturity	921	1,254	1,761	2,433
Federal funds sold and other short-term investments	277	169	526	331
Total interest income	73,525	84,241	148,090	168,184
Interest Expense				
Deposits	14,208	21,241	29,377	43,857
Borrowed funds	6,673	6,704	13,928	13,784
Total interest expense	20,881	27,945	43,305	57,641
Net interest income	52,644	56,296	104,785	110,543
Provision for loan losses	2,540	3,100	5,070	8,155
Net interest income after provision for loan losses	50,104	53,196	99,715	102,388
Noninterest Income				
Service charges on deposit accounts	7,078	6,219	13,359	11,975
Trust and investment management fees	2,768	2,551	5,321	5,259
Other service charges, commissions, and fees	5,368	4,458	9,913	8,751
Corporate owned life insurance income	1,226	1,739	2,522	3,437
Security gains, net	3,335	24	3,401	24
Other income	1,440	1,391	4,463	3,078
Total noninterest income	21,215	16,382	38,979	32,524
Noninterest Expense				
Salaries and wages	16,295	15,322	31,594	30,448
Retirement and other employee benefits	5,118	4,895	9,831	9,328
Occupancy expense of premises	3,633	3,598	7,312	7,113
Equipment expense	1,893	1,972	3,805	3,854
Technology and related costs	2,514	2,551	4,845	5,017
Professional services	1,905	1,663	3,388	3,389
Advertising and promotions	994	1,234	2,800	2,203
Other expenses	5,602	7,379	11,217	12,898
Total noninterest expense	37,954	38,614	74,792	74,250
Income before income tax expense	33,365	30,964	63,902	60,662
Income tax expense	8,718	8,030	16,525	15,657
Net income	$ 24,647	$ 22,934	$ 47,377	$ 45,005
Per Share Data				
Basic earnings per share	$ 0.53	$ 0.47	$ 1.01	$ 0.93
Diluted earnings per share	$ 0.53	$ 0.47	$ 1.01	$ 0.92
Cash dividends per share	$ 0.19	$ 0.17	$ 0.38	$ 0.34
Weighted average shares outstanding	46,583	48,403	46,779	48,524
Weighted average diluted shares outstanding	46,871	48,774	47,049	48,909

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	-	-	45,005	-	-	45,005
Other comprehensive income, net of tax:						
Unrealized gains on securities, net of reclassification adjustment	-	-	-	20,257	-	20,257
Unrealized gains on hedging activities	-	-	-	565	-	565
Total comprehensive income						65,827
Dividends ($.34 per share)	-	-	(16,472)	-	-	(16,472)
Purchase of treasury stock	-	-	-	-	(25,372)	(25,372)
Treasury stock issued to (purchased for) benefit plans	-	8	-	-	29	37
Exercise of stock options	-	(3,532)	-	-	9,412	5,880
Fair market value adjustment to treasury stock held in grantor trust	-	4	-	-	(9)	(5)
Balance at June 30, 2002	$ 569	$ 71,441	$ 566,133	$ 26,087	$ (187,068)	$ 477,162
Balance at December 31, 2002	$ 569	$ 71,020	$ 594,192	$ 39,365	$ (213,193)	491,953
Comprehensive Income:						
Net income	-	-	47,377	-	-	47,377
Other comprehensive income, net of tax:						
Unrealized gains on securities, net of reclassification adjustment	-	-	-	4,937	-	4,937
Unrealized gains on hedging activities	-	-	-	264	-	264
Total comprehensive income						52,578
Dividends declared ($.38 per share)	-	-	(17,721)	-	-	(17,721)
Purchase of treasury stock	-	-	-	-	(20,857)	(20,857)
Treasury stock issued to (purchased for) benefit plans	-	(4)	-	-	(76)	(80)
Exercise of stock options	-	(1,092)	-	-	3,223	2,131
Balance at June 30, 2003	$ 569	$ 69,924	$ 623,848	$ 44,566	$ (230,903)	$ 508,004

See notes to consolidated financial statements.

FIRST MIDWEST BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)
(Unaudited)

	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Operating Activities		
Net income	$ 47,377	$ 45,005
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	5,070	8,155
Depreciation of premises, furniture, and equipment	4,161	4,336
Net amortization of premium on securities	9,006	3,179
Net (gains) on securities	(3,401)	(24)
Net (gains) on sales of other real estate owned	(112)	(106)
Net (gains) losses on sales of premises, furniture, and equipment	(477)	145
Tax benefits from employee exercises of nonqualified stock options	441	910
Net (increase) in deferred income taxes	(620)	(199)
Net amortization of other intangible assets	-	558
Originations and purchases of mortgage loans held for sale	(222,370)	(103,865)
Proceeds from sales of mortgage loans held for sale	221,025	109,186
Net (increase) in corporate owned life insurance	(2,522)	(3,007)
Net decrease (increase) in accrued interest receivable	361	(720)
Net (decrease) in accrued interest payable	(2,361)	(2,451)
Net (increase) in other assets	(5,718)	(653)
Net increase in other liabilities	31,925	11,301
Net cash provided by operating activities	81,785	71,750
Investing Activities		
Securities available for sale:		
Proceeds from maturities, repayments, and calls	582,204	270,098
Proceeds from sales	44,099	254,435
Purchases	(972,219)	(693,139)
Securities held to maturity:		
Proceeds from maturities, repayments, and calls	13,275	12,683
Purchases	(34,684)	(16,975)
Net (increase) in loans	(97,517)	(32,626)
Proceeds from sales of other real estate owned	2,528	3,523
Proceeds from sales of premises, furniture, and equipment	1,136	1,311
Purchases of premises, furniture, and equipment	(4,825)	(9,272)
Purchase of bank branch, net of cash	(19,301)	-
Net cash (used) by investing activities	(485,304)	(209,962)
Financing Activities		
Net increase in deposit accounts	354,449	30,919
Net increase in borrowed funds	75,102	173,500
Purchase of treasury stock	(20,857)	(25,372)
Proceeds from issuance of treasury stock	-	8
Cash dividends paid	(17,849)	(16,567)
Exercise of stock options	1,690	4,970
Net cash provided by financing activities	392,535	167,458
Net (decrease) increase in cash and cash equivalents	(10,984)	29,246
Cash and cash equivalents at beginning of period	206,898	160,156
Cash and cash equivalents at end of period	$ 195,914	$ 189,402

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 of America 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 of America 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 six months ended June 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 10 "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 Principals 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 June 30, 2003 is located in Note 9 "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. The recognition and measurement provisions of FIN 46 were effective for newly created VIEs formed after January 31, 2003 and for existing VIEs on the first interim or annual reporting period beginning after June 15, 2003. Since First Midwest does not have an interest in any VIEs, the adoption of FIN 46 had no impact on its 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 the Company does not have any financial instruments with characteristics of both liabilities and equity subject to the specialized accounting guidance in SFAS No. 150.

3. GOODWILL AND OTHER INTANGIBLE ASSETS

First Midwest adopted SFAS No. 142, "Goodwill and Other Intangible Assets" and SFAS No. 147, "Acquisition of Certain Financial Institutions, effective January 1, 2002. These pronouncements provide that intangible assets with finite lives be amortized and that goodwill and other intangible assets with indefinite lives would not be amortized, but rather tested at least annually for impairment. Upon adoption of SFAS No. 142, First Midwest discontinued the amortization of goodwill and evaluates goodwill for impairment annually.

The changes in the carrying amount of goodwill for the three and six months ended June 30, 2003 are as follows:

	Quarters Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Balance at beginning of period	$ 16,397	$ 16,397	$ 16,397	$ 16,397
Addition related to branch acquisition	18,409	-	18,409	-
Balance at end of period	$ 34,806	$ 16,397	$ 34,806	$ 16,397

First Midwest has finite lived intangible assets capitalized on its Consolidated Statements of Condition in the form of core deposit premiums and other identified intangibles. These intangible assets will be amortized over their estimated useful lives of 11.8 years in accordance with SFAS No. 142. A summary of First Midwest's finite lived intangible assets follows:

	June 30, 2003	December 31, 2002	June 30, 2002
Core Deposit Premium			
Gross carrying amount	$ 892	$ -	$ 5,359
Less: accumulated amortization	-	-	4,716
Net carrying amount	$ 892	$ -	$ 643
Other Identified Intangibles			
Gross carrying amount	$ -	$ -	$ 423
Less: accumulated amortization	-	-	311
Net carrying amount	$ -	$ -	$ 112

	June 30, 2003	December 31, 2002	June 30, 2002
Total Finite Lived Intangibles			
Gross carrying amount	$ 892	$ -	$ 5,782
Less: accumulated amortization	-	-	5,027
Net carrying amount	$ 892	$ -	$ 755

There was no amortization expense of other intangible assets for the three and six months ended June 30, 2003. For the same 2002 periods, amortization expense was $383 and $558, respectively. Amortization expense on other intangible assets is expected to total $38 in 2003 and $76 per year in 2004 through 2007.

On June 13, 2003, First Midwest completed the acquisition of a retail branch office with approximately $103 million in deposits from The 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, resulted in the recognition of $18,409 and $892 in goodwill and core deposit premium, respectively.

4. SECURITIES

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

	June 30, 2003				December 31, 2002			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Securities Available for Sale								
U.S. Agency	$ 100,000	$ -	$ -	$ 100,000	$ 200,527	$ 1,231	$ (1)	$ 201,757
Collateralized mortgage obligations	1,220,584	6,279	(5,273)	1,221,590	854,251	14,793	(1,964)	867,080
Other mortgage backed	203,287	7,566	(62)	210,791	272,546	10,208	(94)	282,660
State and municipal	698,862	70,441	(36)	769,267	529,608	43,976	(56)	573,528
Other	75,037	24	(5,250)	69,811	99,241	351	(2,850)	96,742
Total	$ 2,297,770	$ 84,310	$ (10,621)	$ 2,371,459	$ 1,956,173	$ 70,559	$ (4,965)	$ 2,021,767

	June 30, 2003				December 31, 2002			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Securities Held to Maturity								
U.S. Treasury	$ 1,310	$ -	$ -	$ 1,310	$ 1,705	$ 9	$ -	$ 1,714
U.S. Agency	125	-	-	125	126	1	-	127
State and municipal	88,520	141	-	88,661	68,001	145	-	68,146
Total	$ 89,955	$ 141	$ -	$ 90,096	$ 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 8 on page 12 of this Form 10-Q.

5. LOANS

Total loans, net of deferred loan fees and other discounts of $2,137 and $2,046 at June 30, 2003 and December 31, 2002, respectively, were as follows:

	June 30, 2003	December 31, 2002
Commercial and industrial	$ 990,423	$ 897,845
Agricultural	83,182	91,381
Consumer	891,033	914,820
Real estate – 1 - 4 family	129,428	138,302
Real estate – commercial	1,023,487	1,019,989
Real estate – construction	381,439	344,509
Total loans, net of unearned discount	$ 3,498,992	$ 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 LOAN LOSSES AND IMPAIRED LOANS

Reserve For Loan Losses

A summary of the transactions in the reserve for loan losses for the quarters and six months ended June 30, 2003 and 2002 are summarized below:

	Quarters Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Balance at beginning of period	$ 48,020	$ 47,774	$ 47,929	$ 47,745
Loans charged-off	(2,460)	(4,006)	(5,399)	(9,871)
Recoveries of loans previously charged-off	1,024	950	1,524	1,789
Net loans charged-off	(1,436)	(3,056)	(3,875)	(8,082)
Provision for loan losses	2,540	3,100	5,070	8,155
Balance at end of period	$ 49,124	$ 47,818	$ 49,124	$ 47,818

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:

	June 30, 2003	December 31, 2002
Impaired Loans:		
Requiring valuation reserve	$ 10,115	$ 1,587
Not requiring valuation reserve [1]	4,325	7,736
Total impaired loans	$ 14,440	$ 9,323
Valuation reserve related to impaired loans [2]	$ 3,020	$ 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 $12,197 and $11,723 for the six months ended June 30, 2003 and 2002, respectively. Interest income recognized on impaired loans for the six months ended June 30, 2003 and 2002 was $117 and $39, respectively.

7. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per share for the quarters and six months ended June 30, 2003 and 2002:

	Quarters Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Basic Earnings per Share:				
Net income	$ 24,647	$ 22,934	$ 47,377	$ 45,005
Average common shares outstanding	46,583	48,403	46,779	48,524
Basic earnings per share	$ 0.53	$ 0.47	$ 1.01	$ 0.93
Diluted Earnings per Share:				
Net income	$ 24,647	$ 22,934	$ 47,377	$ 45,005
Average common shares outstanding	46,583	48,403	46,779	48,524
Dilutive effect of stock options	288	371	270	385
Diluted average common shares outstanding	46,871	48,774	47,049	48,909
Diluted earnings per share	$ 0.53	$ 0.47	$ 1.01	$ 0.92

8. 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 gains on certain derivatives. The related before and after tax amounts are as follows:

	Quarters Ended June 30, 2003	Quarters Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Unrealized holding gains on available for sale securities arising during the period:				
Unrealized net gains	$ 5,701	$ 44,526	$ 11,496	$ 33,167
Related tax expense	2,224	17,365	4,485	12,935
Net	3,477	27,161	7,011	20,232
Less: Reclassification adjustment for net gains (loses) realized for the period:				
Realized net gains (losses) on sales of available for sale securities	3,335	(41)	3,401	(41)
Related tax expense (benefit)	1,301	(16)	1,327	(16)
Net	2,034	(25)	2,074	(25)
Net unrealized holding gains on available for sale securities	1,443	27,186	4,937	20,257
Unrealized holding (losses) on derivatives used in cash flow hedging relationships arising during the period:				
Unrealized net (losses)	(279)	(734)	(224)	(406)
Related tax (benefit)	(110)	(286)	(88)	(157)
Net	(169)	(448)	(136)	(249)
Less: Amounts reclassified to interest expense:				
Realized net (losses) on cash flow hedges	(87)	(784)	(656)	(1,334)
Related tax (benefit)	(34)	(306)	(256)	(520)
Net	(53)	(478)	(400)	(814)
Net unrealized holding (losses) gains on derivatives used in cash flow hedging relationships	(116)	30	264	565
Total other comprehensive income	$ 1,327	$ 27,216	$ 5,201	$ 20,822

Activity in accumulated other comprehensive income (loss), net of tax, for the six months ended June 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	20,257	565	20,822
Balance, June 30, 2002	$ 27,342	$ (1,255)	26,087
Balance, December 31, 2002	$ 40,013	$ (648)	$ 39,365
Current period change	4,937	264	5,201
Balance, June 30, 2003	$ 44,950	$ (384)	$ 44,566

9. 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 June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income, as reported	$ 24,647	$ 22,934	$ 47,377	$ 45,005
Less: pro forma expense related to options, net of tax	417	764	819	1,306
Pro forma net income	$ 24,230	$ 22,170	$ 46,558	$ 43,699
Basic Earnings Per Share:				
As reported	$ 0.53	$ 0.47	$ 1.01	$ 0.93
Pro forma	$ 0.52	$ 0.46	$ 1.00	$ 0.90
Diluted Earnings Per Share:				
As reported	$ 0.53	$ 0.47	$ 1.01	$ 0.92
Pro forma	$ 0.52	$ 0.45	$ 0.99	$ 0.89

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 and, inasmuch as changes in the subjective input 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.

10. COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITES

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 June 30, 2003 and December 31, 2002 were as follows.

	June 30, 2003	December 31, 2002
Commitments to extend credit:		
Home equity lines	$ 210,673	$ 195,091
All other commitments	947,028	882,350
Letters of credit:		
Standby	86,314	85,375
Commercial	204	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 June 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 $239. 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 June 30, 2003, standby letters of credit had a remaining weighted-average term of approximately 13 months, with remaining actual lives ranging from less than 1 to 5.5 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 June 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 June 30, 2003.

11. SUPPLEMENTARY CASH FLOW INFORMATION

Supplemental disclosures to the Consolidated Statements of Cash Flows for the six months ended June 30, 2003 and 2002 are as follows:

	Six Months Ended June 30,	
	2003	2002
Income taxes paid	$ 15,697	$ 10,938
Interest paid to depositors and creditors	45,484	69,092
Noncash transfers of loans to foreclosed real estate	1,496	4,369
Noncash transfers to securities available for sale from securities held to maturity	36,863	35,581
Dividends declared but unpaid	8,854	8,208

12. SUBSEQUENT EVENT

First Midwest entered into an agreement on July 17, 2003 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 $15,000, fixed assets of approximately $800, and deposits of approximately $73,000. 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 $5,200.

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 six months ended June 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 six months ended June 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 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 or its Affiliates;
- 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 the quarter ended June 30, 2003 increased to $24,647, or $.53 per diluted share, as compared to $22,934, or $.47 per diluted share, for the same period in 2002, representing an increase of 12.8% on a per diluted share basis. Performance for second quarter 2003 resulted in annualized return on average stockholders' equity and assets of 19.4% and 1.59%, respectively, as compared to returns of 19.6% and 1.57% for the same quarter in 2002. The current quarter earnings included $3.3 million in security gains. On an after tax basis, the security gains increased second quarter 2003 performance by approximately $2.2 million, or $.04 per diluted share.

For the first six months of 2003, net income increased to a record $47,377, or $1.01 per diluted share, as compared to 2002's $45,005, or $.92 per diluted share, representing an increase of 9.8% on a per diluted share basis. Performance for the first six months of 2003 resulted in an annualized return on average equity of 18.9% as compared to 19.5% for the same 2002 period and an annualized return on average assets of 1.56% in each of the six month periods ended June 30, 2003 and June 30, 2002.

Book value per share as of June 30, 2003 was $10.92, as compared to $9.91 as of June 30, 2002, an increase of $1.01 per share, or 10.2%. The increase in book value per share was related to the improvement in the market value of the available for sale securities portfolio, resulting in an increase in stockholders' equity of $18,479 as of June 30, 2003, as compared to the year earlier level. Further, the increase in total stockholders' equity to $508,004 at June 30, 2003 from $477,162 at June 30, 2002 contributed to the reduction in return on average equity for second quarter 2003.

Net interest income totaled $52,644 for second quarter 2003, declining 6.5%, as compared to $56,296 for second quarter 2002. Net interest margin declined 42 basis points to 4.01% at June 30, 2003, as compared to 4.43% at June 30, 2002, while on a linked-quarter basis, net interest margin decreased 5 basis points from 4.06% at March 31, 2003. A similar decrease occurred during the first six months of 2003, as net interest income declined 5.2% to $104,785, as compared to $110,543 for the six months ended June 30, 2002.

Net loan charge-offs for second quarter 2003 improved to .17% of average loans, as compared to .36% for second quarter 2002 and .49% for fourth quarter 2002. The provision for loan losses of $2,540 recorded during second quarter 2003 exceeded the current quarter's net loan charge-offs by $1,104 resulting in a ratio of the reserve for loan losses to total loans of 1.40% at June 30, 2003.

Total noninterest income for second quarter 2003 was $21,215 and was $38,979 for the six months ended June 30, 2003, an increase of 29.5% and 19.8%, respectively, from the same periods in 2002. Excluding net securities gains of $3,335 and $24 for the quarters ended June 30, 2003 and June 30, 2002, respectively, and $3,401 and $24 for the six months ended June 30, 2003 and June 30, 2002, respectively, noninterest income increased 9.3% and 9.5% from the quarter and six months ended June 30, 2002, respectively. Total noninterest expense decreased by 1.7% for second quarter 2003,as compared to second quarter 2002 and increased 0.7% for the six months ended June 30, 2003 as compared to the same 2002 period.

Branch Acquisition

On June 13, 2003, First Midwest Bank purchased from Northern Trust Company a retail branch located at Higgins Road, Chicago (the "O'Hare Branch") with approximately $103 million in deposits. The acquisition resulted in the recording of goodwill and other intangible assets of $18,409 and $892, respectively. The acquisition is expected to have a slightly positive impact on current year operating performance.

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 June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net interest income	$ 52,644	$ 56,296	$ 104,785	$ 110,543
Tax equivalent adjustment	4,400	3,557	8,322	7,070
Tax equivalent net interest income	$ 57,044	$ 59,853	$ 113,107	$ 117,613

Net interest income on a tax equivalent basis totaled $57,044 for second quarter 2003, decreasing 4.7%, or $2,809, from second quarter 2002 of $59,853. 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 $9,873, exceeding the reduction in interest expense paid on interest-bearing liabilities of $7,064. Net interest margin for second quarter 2003 decreased 42 basis points to 4.01%, as compared to 4.43% for the same period in 2002, and down 5 basis points from 4.06% on a linked-quarter basis. Margin contraction resulted from the repricing of earning assets in the low interest rate environment and the acceleration of cash flows due to refinance related prepayments on mortgage-backed securities.

The $9,873 reduction in tax equivalent interest income for second quarter 2003, as compared to second quarter 2002, was due primarily to the decline in the yield received on interest-earning assets. For second quarter 2003, the yield on earning assets was 5.47%, reflecting a 103 basis point reduction from 6.50% for second 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 second quarter 2003 fell by 85 basis points to 5.87% as compared to second quarter 2002. Net interest income for second quarter 2003 also declined due to accelerated pre-payments of mortgage-backed securities. Although average volume in the securities portfolio increased $193,085 from second quarter 2002, new investments and reinvested cash flows are priced at lower yields. The yield on average available for sale securities for second quarter 2003 decreased by 128 basis points to 4.82% from second quarter 2002 of 6.10%. Average earning assets for the second quarter of 2003 increased 5.4% to $5,694,313 as compared to $5,403,899 for second quarter 2002, largely driven by increases in the securities and loan portfolios.

The decrease in interest expense of $7,064 for second quarter 2003 was primarily attributable to the decline in the average cost of interest-bearing liabilities to 1.73% for second quarter 2003 as compared to 2.43% for second quarter 2002. Average interest rates paid declined by 70 basis points as the result of lower interest rates, the repricing dynamics of maturing time deposits and borrowed funds, and the shift of deposits from higher priced time deposits to less expensive core transactional deposits.

As presented in the Net Interest Margin Trend by Quarter schedule on the bottom of page 19, second quarter 2003 net interest margin of 4.01% was 5 basis points lower than first quarter 2003 net interest margin of 4.06%. This decline was due to the decline in yield on interest-earning assets of 22 basis points to 5.47% offset by the decline of 19 basis points on rates being paid on interest-bearing liabilities to 1.73%. Over the last four quarters, the decline in yield on interest-earning assets was greater than the decline in rates paid on interest-bearing liabilities. This decline resulted from a greater volume of fixed rate loan and security cash flows repricing than liabilities repricing in the lower interest rate environment and increasing mortgage prepayments causing a shortening in the expected duration of and a decrease in the yield on mortgage-backed securities.

First Midwest expects interest rates to remain low through the remainder of 2003 followed by an increase in rates in 2004. Acknowledging the 40 year lows in interest rates, First Midwest continues to evaluate reinvestment strategies that would use some part of its $2.3 billion available-for-sale securities portfolio to reduce its exposure to rising interest rates and help stabilize future net interest income performance. Possible strategies include First Midwest selling certain higher coupon securities believed to perform negatively as interest rates rise and investing the proceeds along with normal cash flows into shorter duration assets. In addition, First Midwest could extend the duration of its liabilities by promoting longer duration deposit products and extending wholesale borrowing maturities. The combination of continued low interest rates in 2003 and the pursuit of these strategies are likely to maintain pressure on interest margins in both the third and fourth quarters of 2003.

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 June 30, 2003 and June 30, 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 $4,400 and $3,557 for the quarters ended June 30, 2003 and 2002, respectively.

Quarters Ended June 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	$ 14,253	$ 8,460	$ 5,793	1.26%	2.36%	(1.10)%	$ 45	$ 50	$ (5)	$ (15)	$ 10	$ (5)
Mortgages held for sale	16,476	7,186	9,290	5.63%	6.62%	(0.99)%	232	119	113	128	(15)	113
Securities available for sale ..	2,114,559	1,930,629	183,930	4.82%	6.10%	(1.28)%	25,460	29,465	(4,005)	3,294	(7,299)	(4,005)
Securities held to maturity ...	84,908	75,753	9,155	6.46%	7.14%	(0.68)%	1,371	1,352	19	91	(72)	19
Loans net of unearned discount..............................	3,464,117	3,381,871	82,246	5.87%	6.72%	(0.85)%	50,817	56,812	(5,995)	1,424	(7,419)	(5,995)
Total interest-earning assets..	$ 5,694,313	$ 5,403,899	$ 290,414	5.47%	6.50%	(1.03)%	$ 77,925	$ 87,798	$ (9,873)	$ 4,922	$ (14,795)	$ (9,873)
Savings deposits....................	$ 499,735	$ 457,947	$ 41,788	0.50%	1.00%	(0.50)%	$ 622	$ 1,140	$ (518)	$ 116	$ (634)	$ (518)
NOW accounts	781,923	707,566	74,357	0.86%	1.40%	(0.54)%	1,680	2,483	(803)	299	(1,102)	(803)
Money market deposits	588,490	556,484	32,006	1.24%	2.01%	(0.77)%	1,830	2,790	(960)	171	(1,131)	(960)
Time deposits	1,631,118	1,779,640	(148,522)	2.47%	3.33%	(0.86)%	10,076	14,828	(4,752)	(1,159)	(3,593)	(4,752)
Borrowed funds.....................	1,332,278	1,094,120	238,158	2.00%	2.45%	(0.45)%	6,673	6,704	(31)	(192)	161	(31)
Total interest-bearing liabilities	$ 4,833,544	$ 4,595,757	$ 237,787	1.73%	2.43%	(0.70)%	$ 20,881	$ 27,945	$ (7,064)	$ (765)	$ (6,299)	$ (7,064)
Net interest margin / income				4.01%	4.43%	(0.42)%	$ 57,044	$ 59,853	$ (2,809)	$ 5,687	$ (8,496)	$ (2,809)

	2003		2002			
Net Interest Margin Trend By Quarter	2nd	1st	4th	3rd	2nd	1st
Yield on interest-earning assets	5.47%	5.69%	5.95%	6.28%	6.50%	6.55%
Rates paid on interest-bearing liabilities....	1.73%	1.92%	2.19%	2.37%	2.43%	2.62%
Net interest margin.................................	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 six months ended June 30, 2003 and June 30, 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 $8,322 and $7,070 for the six months ended June 30, 2003 and 2002, respectively.

Six Months Ended June 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	$ 10,358	$ 6,572	$ 3,786	1.26%	2.19%	(0.93)%	$ 65	$ 72	$ (7)	$ (29)	$ 22	$ (7)
Mortgages held for sale	16,134	7,426	8,708	5.71%	6.98%	(1.27)%	461	259	202	239	(37)	202
Securities available for sale	2,065,940	1,916,385	149,555	4.95%	6.10%	(1.15)%	51,182	58,474	(7,292)	5,171	(12,463)	(7,292)
Securities held to maturity	78,958	72,077	6,881	6.56%	7.22%	(0.66)%	2,588	2,601	(13)	(358)	345	(13)
Loans net of unearned discount	3,436,407	3,371,183	65,224	5.94%	6.75%	(0.81)%	102,116	113,848	(11,732)	2,254	(13,986)	(11,732)
Total interest-earning assets	$ 5,607,797	$ 5,373,643	$ 234,154	5.58%	6.52%	(0.94)%	$ 156,412	$ 175,254	$ (18,842)	$ 7,277	$ (26,119)	$ (18,842)
Savings deposits	$ 489,840	$ 445,769	$ 44,071	0.50%	0.99%	(0.49)%	$ 1,213	$ 2,207	$ (994)	$ 245	$ (1,239)	$ (994)
NOW accounts	754,394	696,636	57,758	0.88%	1.61%	(0.73)%	3,330	5,612	(2,282)	512	(2,794)	(2,282)
Money market deposits	561,929	563,312	(1,383)	1.35%	1.99%	(0.64)%	3,805	5,610	(1,805)	(14)	(1,791)	(1,805)
Time deposits	1,628,814	1,758,235	(129,421)	2.58%	3.46%	(0.88)%	21,029	30,428	(9,399)	(2,112)	(7,287)	(9,399)
Borrowed funds	1,314,709	1,104,160	210,549	2.12%	2.50%	(0.38)%	13,928	13,784	144	700	(556)	144
Total interest-bearing liabilities	$ 4,749,686	$ 4,568,112	$ 181,574	1.82%	2.52%	(0.70)%	$ 43,305	$ 57,641	$ (14,336)	$ (669)	$ (13,667)	$ (14,336)
Net interest margin / income				4.03%	4.38%	(0.35)%	$ 113,107	$ 117,613	$ (4,506)	$ 7,946	$ (12,452)	$ (4,506)

Securities Portfolio

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

	June 30, 2003	December 31, 2002	% Change
By type:			
U.S. Treasury	$ 1,310	$ 1,705	(23.2)
U.S. Agency	100,125	201,883	(50.4)
Collateralized mortgage obligations	1,221,590	867,080	40.9
Other mortgage-backed securities	210,791	282,660	(25.4)
State and municipal	857,787	641,529	33.7
Other	69,811	96,742	(27.8)
Total	$ 2,461,414	$ 2,091,599	17.7
By classification:			
Available for sale	$ 2,371,459	$ 2,021,767	17.3
Held to maturity	89,955	69,832	28.8
Total	$ 2,461,414	$ 2,091,599	17.7

As of June 30, 2003, the carrying value of the securities portfolio totaled $2,461,414, up 17.7% from December 31, 2002. As a result of continued low interest rates, First Midwest pursued certain security deployment strategies over the course of the first six months of 2003 to both balance portfolio performance and to mitigate exposure to rising interest rates.

Collateralized mortgage obligations increased 40.9%, or $354,510, as First Midwest sought to offset the expected impact of increasing cash flows in third quarter 2003 by purchasing certain shorter-duration, lower-yielding instruments. State and municipal securities increased 33.7%, or $216,258, as First Midwest took advantage of unusually high rates offered on municipal securities relative to Treasury yields during the first quarter of 2003 and proceeds from security sales during second quarter 2003. The 50.4% decline in U.S. agency securities primarily resulted from calls and maturities in the portfolio. The decline of 25.4% in other mortgage-backed securities resulted from principal paydowns, which were used to partially fund the purchase of municipal securities. The overall increase in carrying value can be attributed to security purchases, reinvestment of security proceeds into both shorter-term and longer-term investments, and unrealized appreciation in the market value of the available-for-sale securities portfolio.

Second quarter 2003 income reflects the sale of $37.9 million of longer-duration, higher-yield securities, primarily $25.8 million of corporate trust preferred securities for a gain of $3,335. The proceeds from the sale were reinvested in similar duration, lower yielding municipal securities.

As of June 30, 2003, the net unrealized appreciation in the market value of the available-for-sale securities portfolio had increased to $73,689, up $8,095 from $65,594 at December 31, 2002. The market value of the portfolio increased in spite of a relatively unchanged yield curve, primarily due to an unrealized gain in municipal securities partially offset by slight declines in collateralized mortgage obligations and other mortgage-backed securities.

First Midwest's investment in long-term municipal securities increased the effective duration of the portfolio to 2.28% as of June 30, 2003 from 1.23% as of December 31, 2002 and the weighted average maturity of the portfolio to 3.24 years as of June 30, 2003 from 2.94 years as of December 31, 2002. Duration, in this context, 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.

For further discussion of the securities portfolio and related impact of unrealized appreciation thereon, see Notes 4 and 8 on pages 9 and 12, respectively, of this Form 10-Q.

Loan Portfolio

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

	June 30, 2003	December 31, 2002	% Change
Commercial and industrial	$ 990,423	$ 897,845	10.3
Agricultural	83,182	91,381	(9.0)
Consumer	891,033	914,820	(2.6)
Real estate – 1 - 4 family	129,428	138,302	(6.4)
Real estate – commercial	1,023,487	1,019,989	0.3
Real estate – construction	381,439	344,509	10.7
Total net loans	$ 3,498,992	$ 3,406,846	2.7
Total net loans excluding real estate – 1 - 4 family	$ 3,369,564	$ 3,268,544	3.1

Total loans at June 30, 2003 increased 2.7% from December 31, 2002, as 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 10.3% to $990,423 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 $23,787 was primarily attributable to a decline in automobile loans contained within the indirect portfolio, which has been heavily impacted by lower industry sales and automobile manufacturers offering zero percent financing. This decrease was partially offset by growth in the home equity loan portfolio. The 10.7% 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 $8,874 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 June 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 it is well balanced in terms of credit exposure to any single borrower, industry, or market segment.

Funding Sources

The following table provides a comparison of average core funding sources for the quarters ended June 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				
	June 30 2003	% of Total	December 31, 2002	% of Total	% Change
Demand deposits	$ 794,815	14.1	$ 777,895	14.3	2.2
Savings deposits	499,735	8.9	466,508	8.6	7.1
NOW accounts	781,923	13.9	742,713	13.7	5.3
Money market deposits	588,490	10.4	535,429	9.9	9.9
Core transactional deposit	2,664,963	47.3	2,522,545	46.5	5.6
Time deposits	1,631,118	29.0	1,690,614	31.1	(3.5)
Total deposits	4,296,081	76.3	4,213,159	77.6	2.0
Securities sold under agreements to repurchase	580,829	10.3	435,122	8.0	33.5
Federal funds purchased	226,449	4.0	207,416	3.8	9.2
Federal Home Loan Bank advances	525,000	9.4	575,000	10.6	(8.7)
Total borrowed funds	1,332,278	23.7	1,217,538	22.4	9.4
Total funding sources	$ 5,628,359	100.0	$ 5,430,697	100.0	3.6

Total average deposits for second quarter 2003 increased 2.0% from the quarter ended December 31, 2002 as a result of a seasonal increase in public deposits and, to a much lesser extent, the June 2003 acquisition of the O'Hare Branch, with approximately $103,000 in deposits. Reflecting customer liquidity preferences, targeted pricing, and an increase in public fund deposits, average core transactional balances increased 5.6% from fourth quarter 2002. For these same periods, average time deposits decreased by 3.5% as a result of the aforementioned customer liquidity preferences offset by increases in public deposits. 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 into third quarter 2003.

Total average borrowed funds for second quarter 2003 increased 9.4%, or $114,740, 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. Given the low level of interest rates, First Midwest is analyzing strategies to retire certain higher-costing, shorter-maturity Federal Home Loan advances and subsequently re-extend borrowings at lower interest rates. As of June 30, 2003, Federal Home Loan advances had a weighted average yield and approximate maturity of 2.96% and 1.6 years, respectively, as compared to 3.72% and approximately 1.7 years, respectively, as of December 31, 2002.

Noninterest Income

Noninterest income increased by 29.5%, or $4,833, to $21,215 for the quarter ended June 30, 2003, as compared to $16,382 for the same period in 2002. Second quarter 2003 included a gain of $3,335 realized from the sale of $37.9 million of long-duration, higher-yielding securities. Excluding the net securities gains of $3,335 and $24 for the quarters ended June 30, 2003 and 2002, respectively, noninterest income was $17,880 for second quarter 2003, reflecting an increase of $1,522, or 9.3%, as compared to second quarter 2002. Improvements occurred in all major categories except corporate owned life insurance. For the first six months of 2003, noninterest income increased 19.8%, or $6,455, to $38,979, as compared to $32,524 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 six months ended June 30, 2003 and June 30, 2002.

	Quarters Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Change	2003	2002	% Change
Service charges on deposit accounts	$ 7,078	$ 6,219	13.8	$ 13,359	$ 11,975	11.6
Trust and investment management fees	2,768	2,551	8.5	5,321	5,259	1.2
Other service charges, commissions, and fees	5,368	4,458	20.4	9,913	8,751	13.3
Corporate owned life insurance	1,226	1,739	(29.5)	2,522	3,437	(26.6)
Security gains, net	3,335	24	N/M	3,401	24	N/M
Other income	1,440	1,391	3.5	4,463	3,078	45.0
Total noninterest income	$ 21,215	$ 16,382	29.5	$ 38,979	32,524	19.8
Total noninterest income excluding security gains	$ 17,880	$ 16,358	9.3	$ 35,578	$ 32,500	9.5

N/M – not meaningful

Service charges on deposit accounts in the second quarter 2003 improved by $859 to $7,078 as compared to second quarter 2002, primarily as the result of $692 in higher volumes of items drawn on customer accounts with insufficient funds. Higher service charges on business checking accounts also contributed to the increase.

Trust and investment management fees increased 8.5%, or $217, to $2,768 for second quarter 2003 compared to second quarter 2002. Trust fees, which are significantly influenced by the market value of assets under management, continue to be affected by changes in the equity markets. Assets under management at June 30, 2003 totaled $2.1 billion, up $163.9 million, or 8.4%, from June 30, 2002.

Other service charges, commissions, and fees grew by $910 for second quarter 2003 as compared to second quarter 2002. Current quarter revenue growth was primarily driven by increases in commissions on mortgage loan originations incident to greater volumes of refinance activities. Further contributing to the increase were higher investment product sales and debit card income reflecting growth in sales and card usage. Partially offsetting the increase in other service charges, commissions, and fees was a reduction of non-yield loan fees.

The recent settlement of an antitrust lawsuit between Visa USA, Inc. and retail merchants concerning the amount of fees charged to process signature-based debit card transactions is expected to reduce, by approximately 30%, the amount of interchange income that First Midwest receives on the debit cards that it issues. Rate reductions that are effective August 1, 2003 are estimated to decrease revenues by $550 in the second half of 2003. Beginning January 1, 2004, merchants may also refuse to accept signature-based debit card transactions, which will likely 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. For the six months ended June 30, 2003 and full year 2002, First Midwest recorded $1,952 and $3,328, respectively, in debit card interchange fees.

First Midwest's investment in corporate owned life insurance provided $1,226 in income for second quarter 2003 decreasing $513, or 29.5% from second quarter 2002. The 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.

Noninterest Expense

Total noninterest expense decreased by 1.7%, or $660, to $37,954 for the quarter ended June 30, 2003, as compared to $38,614 for the same period in 2002. For the six months ended June 30, 2003, noninterest expense increased .7%, or $542, to $74,792, as compared to $74,250 for the same period in 2002.

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

	Quarters Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Change	2003	2002	% Change
Salaries and wages	$ 16,295	$ 15,322	6.4	$ 31,594	$ 30,448	3.8
Retirement and other employee benefits	5,118	4,895	4.6	9,831	9,328	5.4
Occupancy expense	3,633	3,598	1.0	7,312	7,113	2.8
Equipment expense	1,893	1,972	(4.0)	3,805	3,854	(1.3)
Technology and related costs	2,514	2,551	(1.5)	4,845	5,017	(3.4)
Professional services	1,905	1,663	14.6	3,388	3,389	0.0
Advertising and promotions	994	1,234	(19.4)	2,800	2,203	27.1
Other expenses	5,602	7,379	(24.1)	11,217	12,898	(13.0)
Total noninterest expense	$ 37,954	$ 38,614	(1.7)	$ 74,792	$ 74,250	0.7
Efficiency ratio	49.8%	49.2%	0.6	49.5%	48.2%	1.3

Salaries and wages increased $973, or 6.4%, to $16,295 for the quarter ended June 30, 2003 as compared to the year ago like period of $15,322. The current period increase is attributable to general merit increases effective January 1, 2003, higher incentive compensation and greater sales commissions associated with increased mortgage and investment product sales. Retirement and other employee benefits increased 4.6% for the second quarter 2003 as compared to second quarter 2002 and is due to increased pension and profit sharing costs, offset in part by lower employee healthcare insurance costs.

Occupancy expense increased by $35 during second quarter 2003 to $3,633, as compared to second quarter 2002 and is reflective of increases in property taxes and rental expense. The 4.0% decrease in equipment expense in second quarter 2003 from second quarter 2002 levels is primarily related to a reduction in depreciation expense, as the level of existing furniture and equipment reaching full depreciation is greater than new acquisitions.

Technology and related costs decreased by $37 during second quarter 2003 to $2,514, as compared to second quarter 2002's $2,551, due to lower mainframe costs and cost savings achieved from the change in provider of voice and data circuit services in the second half 2002.

Professional services increased by $242, or 14.6%, to $1,905 for second quarter 2003 compared to $1,663 for second quarter 2002. The current year increase was primarily due to an increase in loan remediation and other loan related expenses as well as higher personnel recruitment expense.

Advertising and promotions expense decreased $240 for second quarter 2003 as compared to second quarter 2002 due to a reduction in print and newspaper advertising costs.

Other expenses decreased $1,777, or 24.1%, for second quarter 2003 compared to second quarter 2002 principally due to decreases in other real estate expense and intangible amortization of core deposits, with the balance of the variance spread over various miscellaneous expense categories, including telephone and courier expense.

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 six months ended June 30, 2003, the efficiency ratio was 49.8% and 49.5%, respectively as compared to 49.2% and 48.2% for the same periods in 2002, respectively. The increase resulted primarily from the impact of lower top line revenue performance due to lower levels of net interest income.

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 $8,718 for the quarter ended June 30, 2003, increasing $688 from $8,030 for second quarter 2002 and reflects effective income tax rates of 26.1% and 25.9%, respectively.

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 represents property acquired as the result of borrower defaults on loans. Foreclosed real estate is valued at the lower of the loan balance or estimated fair value, less estimated selling costs, at the time of foreclosure. 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		
	June 30	March 31	December 31	September 30	June 30
Nonaccrual loans	$ 9,423	$ 13,596	$ 12,525	$ 9,988	$ 11,879
Restructured loans	7,328	-	-	-	-
Total nonperforming loans	16,751	13,596	12,525	9,988	11,879
Foreclosed real estate	4,576	4,044	5,496	2,972	4,582
Total nonperforming assets	$ 21,327	$ 17,640	$ 18,021	$ 12,960	$ 16,461
Loans 90 days past due and still accruing interest	$ 5,723	$ 7,497	$ 3,307	$ 9,820	$ 3,564
Nonperforming loans to total loans	0.48%	0.40%	0.37%	0.29%	0.35%
Nonperforming assets to total loans plus foreclosed real estate	0.61%	0.51%	0.53%	0.38%	0.48%
Reserve for loan losses to loans	1.40%	1.40%	1.41%	1.41%	1.41%
Reserve for loan losses to nonperforming loans	293%	353%	383%	480%	403%
Provision for loan losses	$ 2,540	$ 2,530	$ 4,235	$ 3,020	$ 3,100
Net loans charged-off	$ 1,436	$ 2,439	$ 4,225	$ 2,919	$ 3,056
Net loans charged-off to average loans	0.17%	0.29%	0.49%	0.34%	0.36%

Nonperforming loans at June 30, 2003 totaled $16,751, representing .48% of loans, up from .40%, on a linked-quarter basis and up from .35% for the same quarter in 2002, respectively. Included in nonperforming loans at June 30, 2003 are $7,328 of restructured loans, representing two credits that were renegotiated to current market terms during second quarter 2003. Of this total, $4,174 was reflected in the loans past due 90 days and still accruing category at March 31, 2003 and continues to accrue interest at June 30, 2003. The remaining $3,154 in restructured loans continues to record cash payments received as reductions to principal only.

Nonaccrual loans, totaling $9,423 at June 30, 2003 are comprised of commercial, industrial and agricultural loans (60%), real estate loans (26%) and consumer loans (14%). Foreclosed real estate, totaling $4,576 at June 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 commencing on page 10 of this Form 10-Q.

Reserve for Loan Losses

Transactions in the reserve for loan losses during the quarters and six months ended June 30, 2003 and 2002 are summarized in the following table:

	Quarters Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Balance at beginning of period	$ 48,020	$ 47,774	$ 47,929	$ 47,745
Loans charged-off	(2,460)	(4,006)	(5,399)	(9,871)
Recoveries of loans previously charged-off	1,024	950	1,524	1,789
Net loans charged-off	(1,436)	(3,056)	(3,875)	(8,082)
Provision for loan losses	2,540	3,100	5,070	8,155
Balance at end of period	$ 49,124	$ 47,818	$ 49,124	$ 47,818

Loan charge-offs, net of recoveries, for second quarter 2003 were .17% of average loans, improving from .36% for second 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 provisions for loan losses exceeded net charge-offs for second quarter 2003, resulting in the ratio of the reserve for loan losses to total loans at quarter-end being maintained at 1.40% and approximating the level at year-end 2002. The reserve for loan losses at June 30, 2003 represented 293% of nonperforming loans, as compared to 403% at the end of 2002's second quarter and 383% at year-end 2002. Management believes that the reserve for loan losses of $49,124 is adequate to absorb credit losses inherent in the loan portfolio at June 30, 2003.

The provision for loan losses in any given period is dependent upon many factors, including loan growth, 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. First Midwest maintains a reserve for loan losses to absorb probable losses inherent in the loan portfolio. 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. 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.

Loans selected for review to determine whether specific reserves are required include loans over a specified dollar limit, 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 six months ended June 30, 2003, First Midwest had not substantially changed any aspect of its overall methodology in determination of the provision for loan losses. There have been no material changes in assumptions or estimation techniques as compared to prior periods that impacted the determination of the current period provision.

The distribution of the loan portfolio is presented in Note 5 located on page 10 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 June 30, 2003 was $508,023 as compared to $491,953 at December 31, 2002. Equity as a percentage of assets was 7.9% at June 30, 2003, compared to 8.2% at December 31, 2002. Book value per common share increased to $10.92 at the end of second quarter 2003, up from $10.42 at the end of 2002.

Capital Measurements

First Midwest and its sole bank subsidiary, First Midwest Bank (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 June 30, 2003:						
Total capital (to risk-weighted assets):						
First Midwest Bancorp, Inc	$ 473,788	10.38%	$ 365,034	8.00%	$ 456,293	10.00%
First Midwest Bank	458,603	10.06	364,587	8.00	455,734	10.00
Tier 1 capital (to risk-weighted assets):						
First Midwest Bancorp, Inc	424,664	9.31	182,517	4.00	273,776	6.00
First Midwest Bank	409,479	8.99	182,293	4.00	274,440	6.00
Tier 1 leverage (to average assets):						
First Midwest Bancorp, Inc	424,664	6.99	182,306	3.00	303,844	5.00
First Midwest Bank	409,479	6.75	181,870	3.00	303,116	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

The dividend payout is reviewed regularly by management and the Board of Directors. Dividends of $.19 per common share were declared in the second quarter of 2003, up 12% from the quarterly dividend per share declared in the second quarter 2002 of $.17. The dividend payout ratio, which represents the percentage of earnings per share declared to shareholders as dividends, was 35.8% and 36.2% for the second quarters of 2003 and 2002, respectively. The 2003 annualized indicated dividend of $.76 represents an annual dividend yield of 2.6% as of June 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 million 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. Subject to ongoing capital, investment, and acquisition considerations, management intends to continue share repurchases throughout 2003.

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

	Six Months Ended June 30, 2003	Years Ended December 31, 2002	2001	2000
Shares purchased	790	1,866	2,604	607
Cost	$ 20,857	$ 52,117	$ 64,582	$ 12,195

As of June 30, 2003, First Midwest had 1,611 shares remaining to be repurchased under the current share repurchase authorization.

Common Stock Information

As of June 30, 2003, First Midwest's market capitalization was approximately $1.3 billion. First Midwest's common stock is traded on the NASDAQ Market System under the symbol "FMBI." Stock price information for First Midwest's common stock is presented in the following table.

	2003		2002		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
NASDAQ: FMBI					
High	$ 29.87	$ 28.12	$ 28.79	$ 30.13	$ 32.16
Low	$ 25.55	$ 24.89	$ 23.80	$ 23.34	$ 26.24
Quarter-end	$ 28.81	$ 25.81	$ 26.71	$ 26.86	$ 27.78

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 both a 12 and 24-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 June 30, 2003 and December 31, 2002 is as follows.

	Graduated Change in Rates[1]		Immediate Change in Rates			
	-200 [2]	+200	-200 [2]	+200	-300 [2]	+300
June 30, 2003	-6.4%	+1.8%	-10.6%	+3.7%	-10.6%	+5.0%
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 June 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 June 30, 2003, First Midwest's interest rate sensitivity profile 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 June 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 June 30, 2003, an immediate 200 basis point increase in market rates would negatively impact First Midwest's economic value of equity by 4.8%, as compared to 6.8% at December 31, 2002. An immediate 200 basis point decrease in market rates, as adjusted to allow for already low level of interest rates, would positively impact the economic value of equity by 2.6% at June 30, 2003 as compared to 3.8% at December 31, 2002.

Overall, First Midwest's current net interest income sensitivity is greater in a rising rate environment as compared to December 31, 2002. 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 believes it prudent to evaluate and consider balance sheet strategies designed to reduce longer term exposure to rising rates. Such strategies would generally favor reduction in the duration of asset exposures and extension of liability exposures.

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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

First Midwest, at its Annual Shareholders Meeting held on May 20, 2003, elected Directors to serve until year 2006. The number of shares voted is presented in the table below.

	Number of Shares Voted [1]		
	For	Withheld	Against
Bruce S. Chelberg	40,769,111	750,041	N/A
Joseph W. England	40,773,551	745,601	N/A
Patrick J. McDonnell	40,758,951	760,201	N/A
Robert P. O'Meara	40,317,689	1,201,463	N/A

[1] Represents 89.1% of shares outstanding. Each of the four directors received votes in favor of at least 97.1% of shares voted.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - See Exhibit Index located on page 34.

(b) Reports on Form 8-K

(1) First Midwest filed a Current Report on Form 8-K, dated April 23, 2003, announcing its earnings results for the quarter ended March 31, 2003.

(2) First Midwest filed a Current Report on Form 8-K, dated May 21, 2003, to make available the slide presentation presented at its Annual Shareholders meeting held on May 20, 2003.

(3) First Midwest filed a Current Report on Form 8-K, dated June 11, 2003, to make available the slide presentation presented at the McDonald Investments 2003 Bank Conference.

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: August 13, 2003

* Duly authorized to sign on behalf of the Registrant.

EXHIBIT INDEX

Exhibit Number	Description of Documents	Sequential Page #
3	Restated Bylaws of the Company	35
10	Amendment to the Amended and Restated Non-employee Directors' 1997 Stock Option Plan	47
10.1	Form of Letter Agreement for Nonqualified Stock Options Grant executed between the Company and the directors of the Company pursuant to the Company's Non-Employee Directors' 1997 Stock Options Plan	48
15	Acknowledgment of Ernst & Young LLP	51
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	52
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99	Independent Accountant's Review Report	55

Exhibit 3

FIRST MIDWEST BANCORP, INC.

AMENDED AND RESTATED BY-LAWS

(ADOPTED BY THE BOARD OF DIRECTORS MAY 20, 2003)

ARTICLE 1

OFFICES

Section 1.1 Registered Office. The registered office shall be established and maintained at the office of United States Corporation Company, in the City of Dover, in the County of Kent, in the State of Delaware, and said United States Corporation Company shall be the registered agent of First Midwest Bancorp, Inc. (the "Corporation") in charge thereof.

Section 1.2 Other Offices. The Corporation may have other offices, either within or outside of the State of Delaware, at such place or places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE 2

MEETINGS OF THE STOCKHOLDERS

Section 2.1 Place of Meetings. All meetings of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2.2 Annual Meeting of Stockholders. The annual meeting of stockholders for the election of directors and for such other business as may be stated in the notice of the meeting shall be held, in each year at such time and date as the Board of Directors, by resolution, shall determine and as stated in the notice of the meeting. In the event the Board of Directors fails to so determine the time and date of meeting, the annual meeting of stockholders shall be held at 9:00 a.m. on the third Wednesday in April. If the date of the annual meeting shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. At each annual meeting the stockholders entitled to vote shall elect a Board of Directors and they may transact such other corporate business as shall be stated in the notice of the meeting.

Section 2.3 Other Meetings. Meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting.

Section 2.4 Voting. Each stockholder entitled to vote in accordance with the terms of the Restated Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") and in accordance with the provisions of these By-Laws shall be entitled to that number of votes, in person or by proxy, for each share of stock entitled to vote held by such stockholder as shall be granted to such share pursuant to the Certificate of Incorporation, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. All questions shall be decided by majority vote of the quorum, except as otherwise provided by the Certificate of Incorporation or the laws of the State of Delaware. Unless otherwise permitted by law or the Certificate of Incorporation, all elections of directors shall be by written ballot. The Board of Directors in its discretion may require that the vote upon any question before the meeting shall be by ballot. The requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission as provided in Section 211(e) of the Delaware General Corporation Law, as amended from time to time (the "DGCL").

Section 2.5 List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.6 Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.7 Special Meetings. Special meetings of the stockholders for any purpose or purposes may be called only as prescribed in the Certificate of Incorporation.

Section 2.8 Notice of Meetings. Except as otherwise required by law, written notice, stating the place, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and entitled to vote at the meeting as provided in Section 211 of the DGCL, and the general nature of the business to be considered, shall be given to each stockholder entitled to vote thereat at his address as it appears on the records of the Corporation, or by a single written notice to such stockholders who share a single address as provided in Section 233 of the DGCL, not less than ten nor more than sixty days before the date of the meeting. Written notice shall be effective if given by a form of electronic transmission as provided in Section 232 of the DGCL.

ARTICLE 3

DIRECTORS

Section 3.1 Number. The number of directors that shall constitute the whole Board of Directors shall be determined as prescribed in the Certificate of Incorporation. Directors need not be stockholders.

Section 3.2 Vacancies. Vacancies (including those created by any increase in the authorized number of directors) may be filled in the manner prescribed by the Certificate of Incorporation. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3.3 Resignations. Any director, member of a committee or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Chief Executive Officer or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 3.4 Removal. Any director or directors may be removed in the manner prescribed by the Certificate of Incorporation.

Section 3.5 Powers. The Board of Directors shall exercise all of the powers of the Corporation except such as are by law, by the Certificate of Incorporation or by these By-Laws conferred upon or reserved to stockholders.

Section 3.6 Chairman of the Board. The Board of Directors shall elect one of its members to be the Chairman of the Board of Directors. The Chairman of the Board of Directors shall lead the Board of Directors in fulfilling its responsibilities as set forth in these By-Laws and perform all other duties and exercise all other powers which are or from time to time may be delegated to the Chairman by the Board of Directors.

Section 3.7 Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

The first meeting of each newly elected Board of Directors for the purpose of organization and the transaction of any business which may come before the meeting may be held immediately after the annual meeting of the stockholders, if a quorum be present, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting. In the event such meeting is not held immediately after the annual meeting of the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.
Regular meetings of the directors may be held without notice at such places and times as shall be determined from time to time by resolution of the directors.

Special meetings of the board may be called by or at the request of the Chairman of the Board, the Chief Executive Officer or such number of directors as shall constitute at least one-third of the whole Board of Directors on at least two days' notice to each director, either personally or by mail or by telegram.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors, or in the absence of the Chairman, by the Chief Executive Officer, or in the absence of the Chief Executive Officer, by the President or such other person or persons as the Board of Directors may designate or the members present may select.

Section 3.8 Quorum. A majority of the directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, by the Certificate of Incorporation or by these By-Laws. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned.

Section 3.9 Compensation. The Board of Directors, by the affirmative vote of a majority of the directors then in office and irrespective of any personal interest of any of its members, shall have the authority to establish reasonable compensation of directors for services to the Corporation as directors, officers and otherwise. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors or a committee thereof.

Section 3.10 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the board or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 3.11 Meetings by Conference Telephone. Members of the Board of Directors, or any committee designated by such Board, may participate in a meeting of such board or committee by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting.

Section 3.12 Committees of the Board. There shall be such committees as the Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate, each committee to consist of one or more directors of the Corporation and a majority of its members shall constitute a quorum. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of the committee. In the absence or disqualification of any member of a committee, the members thereof present at any meeting and not disqualified from voting, whether or not he or they then constitute a quorum, may unanimously appoint another member of the Board of Directors to act at such meeting in place of any such absent or disqualified member.

Section 3.13 Powers, Procedures and Quorum of Committees. To the extent provided in the resolution of the Board of Directors creating such committee and permissible under the laws of the State of Delaware, each committee shall have and may exercise, except as otherwise limited by law, all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that, notwithstanding the foregoing, no committee shall have the power or authority to authorize the purchase or redemption by the Corporation of its own shares of capital stock. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

ARTICLE 4

OFFICERS

Section 4.1 Officers. The officers of the Corporation shall be a Chief Executive Officer, a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries and Assistant Treasurers, as the Board of Directors may deem proper. The officers shall be elected at the first meeting of the Board of Directors after each annual meeting. None of the officers of the Corporation need be directors.

Section 4.2 Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4.3 Salaries. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors or a committee thereof.

Section 4.4 Tenure and Removal. The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors in office. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 4.5 Chief Executive Officer. The Chief Executive Officer shall have active and general supervision and management over the business and affairs of the Corporation and shall have all the powers that usually attach or pertain to such office. The Chief Executive Officer shall preside, in the absence of the Chairman of the Board of Directors, at all meetings of the Board of Directors.

Section 4.6 President. In the absence of the Chief Executive Officer or in the event of his inability or refusal to act, the President shall perform the duties of the chief executive officer of the Corporation and shall have all the powers that usually attach or pertain to such office. The President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 4.7 Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 4.8 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. He shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositary as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the President, taking proper vouchers for such disbursements. He shall render to the Chief Executive Officer and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond for the faithful discharge of his duties in such amount and with such surety as the board shall prescribe.

Section 4.9 Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 4.10 Secretary. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these By-Laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chief Executive Officer, or by the directors, or stockholders, upon whose requisition the meeting is called as provided in these By-Laws. He shall record all the proceedings of the meetings of the Corporation and of the directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the directors or the Chief Executive Officer. He shall have the custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the directors or the Chief Executive Officer, and attest the same

Section 4.11 Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE 5

PROVISIONS REGARDING STOCK OF CORPORATION

Section 5.1 Certificates of Stock. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the Chairman of the Board of Directors, the Chief Executive Officer, the President or a Vice President, and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. Where a certificate is countersigned (1) by a transfer agent other than the Corporation or its employee, or (2) by a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 5.2 Lost Certificate. A new certificate of stock may be issued in the place of any certificate theretofore issued by the Corporation, alleged to have been lost or destroyed, and the directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the Corporation a bond, in such sum as they may direct, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any certificate or the issuance of any such new certificate.

Section 5.3 Transfer of Shares. The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the directors may designate, by whom they shall be cancelled, and new certificates shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer, if when the certificates are presented for transfer both the transferor and the transferee request the Corporation to do so.

Section 5.4 Stockholders Record Date. In order that the Corporation may determine the stockholder entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

If no record date is fixed:

(1) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(2) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5.5 **Registered Stockholders**. The Corporation shall be entitled to treat the record holder of any shares of stock of the Corporation as the owner thereof for all purposes, including all rights deriving from such shares, and shall not be bound to recognize any equitable or other claim to, or interest in, such shares or rights deriving from such shares, on the part of any other person, including, but without limiting the generality thereof, a purchaser, assignee or transferee of such shares or rights deriving from such shares, unless and until such purchaser, assignee, transferee or other person becomes the record holder of such shares, whether or not the Corporation shall have either actual or constructive notice of the interest of such purchaser, assignee, transferee or other person. Any such purchaser, assignee, transferee or other person shall not be entitled to receive notice of the meetings of stockholders; to vote at such meetings; to examine a complete list of the stockholders entitled to vote at meetings; or to own, enjoy, and exercise any other property or rights deriving from such shares against the Corporation, until such purchaser, assignee, transferee or other person has become the record holder of such shares.

Section 5.6 **Dividends**. Subject to the provisions of the Certificate of Incorporation and any resolution of the Board of Directors providing for the issue of any preferred stock adopted pursuant thereto, the Board of Directors may, out of funds legally available therefore at any regular or special meeting, declare dividends upon the capital stock of the Corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the Corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the Corporation.

ARTICLE 6

INDEMNIFICATION

Section 6.1 To the extent permitted by Delaware law from time to time in effect and subject to the provisions of Section 6.4 of this Article and subject to the limits of applicable Federal law and regulation, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 6.2 To the extent permitted by Delaware law from time to time in effect and subject to the provisions of Section 6.4 of this Article and subject to the limits of applicable Federal law and regulation, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 6.3 To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 6.1 and 6.2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 6.4 Any indemnification under Section 6.1 and 6.2 of this Article (unless ordered by a court) shall be made by the Corporation only upon a determination in the specific case that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections 6.1 and 6.2. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, (2) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, (3) if such quorum is not obtainable, or, even if obtainable and a quorum of disinterested directors so directs, by independent legal counsel (compensated by the Corporation) in a written opinion, or (4) by the stockholders.

Section 6.5 Expenses (including attorneys' fees) incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding, or threat thereof, shall be paid or reimbursed by the Corporation promptly upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article.

Section 6.6 The indemnification and advancement of expenses provided by the other Sections of this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of stockholders, disinterested directors, or otherwise, both as to action in this official capacity and as to action in another capacity while holding such office.

Section 6.7 The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article or of the DGCL.

Section 6.8 For purposes of this Article references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees and agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Section 6.9 For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article.

Section 6.10 The indemnification and advancement of expenses provided by this Article shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 7

GENERAL PROVISIONS

Section 7.1 Seal. The corporate seal shall be circular in form and shall contain the name of the Corporation and the words "CORPORATE SEAL DELAWARE". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7.2 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 7.3 Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 7.4 Notice. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these By-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 7.5 Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these By-Laws, a written waiver thereof, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE 8

AMENDMENTS

Section 8.1 By-Law Amendments. The Board of Directors, by resolution adopted by the affirmative vote of at least a majority of all members thereof, shall have concurrent power with the stockholders to adopt, amend or repeal the By-Laws of the Corporation; provided, however, that the By-Laws of the Corporation shall not be adopted, amended or repealed by the stockholders except by the affirmative vote of the holders of at least 67% of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class (it being understood that, for purposes of this Section 8.1, each share of such capital stock shall have the number of votes granted to it pursuant to the Certificate of Incorporation), and such affirmative vote shall be required notwithstanding the fact that a lesser percentage may be specified by law or in any agreement with any national securities exchange or otherwise.

Exhibit 10

Amendment to the
First Midwest Bancorp, Inc.
Non-Employee Directors' 1997 Stock Option Plan
(As Amended and Restated February 16, 2000)

The First Midwest Bancorp, Inc. Non-Employee Directors' 1997 Stock Option Plan is hereby further amended by:

1. Adding a new paragraph 2.1(k) to read:

   (k) "*Retirement*" means termination of the Non-Employee Director's Board membership upon the expiration of the Non-Employee Director's term of office (unless such Non-Employee Director has been or is then elected for another term of office), or upon such other circumstances as the Board may in its discretion determine to constitute "Retirement".

2. By amending Section 5.5 in its entirety to read:

   Vesting and Duration of Options. Each Director Option shall vest and become exercisable in full upon the first to occur of (a) (i) the expiration of one year after the Grant Date with respect to the Director Options described in Section 5.1(a), or (ii) six months after the Grant Date with respect to any other Director Options, unless prior thereto the Non-Employee Director has ceased to be a director for any reason other than death or disability or Retirement, (b) the death, disability or Retirement of the Non-Employee Director; or (c) a Change in Control (as provided in Section 6.1 hereof). Once vested, Director Options shall expire upon the first to occur of the date which is (y) three years following termination of the Non-employee director's Board membership for any reason other than death; or (z) one year following the date of the Non-employee director's death; provided, however, in no event may any Director Option be exercised beyond the tenth anniversary of its Grant Date, or such shorter period which may be set forth in the Director Option agreement.

* * * *

The foregoing Amendment to the Non-Employee Directors' 1997 Stock Option Plan, As Amended and Restated Effective February 16, 2000, was duly adopted and approved by the Board of Directors of the Company on May 20, 2003, and shall be effective as of May 20, 2003.

/s/ STEVEN H. SHAPIRO
Steven H. Shapiro, Secretary

Exhibit 10.1

February 19, 2003

«First_Name» «Middle_Name» «Last_Name»
«Address_Line_1»
«Address_Line_2»
«City», «State» «Zip_Code»

RE: Grant of Director Options - Letter Agreement («Option_Date»)

Dear «First_Name»:

I am pleased to confirm to you the grant on «Option_Date» (the "Date of Grant") of a nonqualified stock option (the "Director Option") under the First Midwest Bancorp, Inc. Non-Employee Directors' 1997 Stock Option Plan (the "Directors' Plan"). The Director Option provides you with the opportunity to purchase for «Option_Price» per share up to «Shares_Granted» shares of the Company's Common Stock.

The Director Option is subject to the terms and conditions of the Directors' Plan, including any Amendments thereto, which are incorporated herein by reference, and to the following:

(1) <u>Vesting and Exercisability</u>: In general, the Director Option will become fully vested and exercisable on «Vest_Date_Period_1». In the event of your death or disability, your retirement (as defined below) or of a Change-in-Control as defined in the Company's Omnibus Stock and Incentive Plan, as Amended (the "Omnibus Plan"), the Director Option will become fully vested and exercisable. Retirement means termination of your membership on the First Midwest Bancorp, Inc. Board of Directors at the expiration of your term of office, or under such other circumstances as the Board may determine to constitute retirement.

(2) <u>Expiration</u>: If you cease to be a director for any reason other than death, disability or retirement prior to the date the Director Option becomes fully vested, the Director Option will expire on the date your directorship ends. If the Director Option has become fully vested at the time you cease to be a director, the Director Option will expire on the earlier of the third anniversary of the date you ceased to be a director or the first anniversary of the date of your death. In no event, however, may the Director Option be exercised beyond «Expiration_Date_Period_1».

(3) <u>Procedure for Exercise:</u> Once vested, you may exercise the Director Option at any time by delivering written notice of exercise and payment of the Exercise Price in full either (a) in cash or its equivalent (as described in the Directors' Plan), or (b) by tendering previously-acquired shares of Common Stock having an aggregate fair market value equal to the total Exercise Price that have been owned by you for six (6) months or more, or (c) by a combination of the (a) and (b). You may deliver an affirmation of ownership of Common Stock having the required fair market value in lieu of physically tendering such shares. In the event you have made an election under the Company's Nonqualified Stock Option Gain Deferral Plan, you may only make payment with shares of Common Stock in accordance with clause (b) above. Further information regarding exercise procedures will be provided to you.

(4) Limited Transferability; Beneficiary Designation: The Director Option is personal to you and may not be sold, transferred, pledged, assigned or otherwise alienated, other than as provided herein. The Director Option shall be exercisable during your lifetime only by you. Notwithstanding the foregoing, you may transfer the Director Option to:

(a) your spouse, children or grandchildren ("Immediate Family Members");

(b) a trust or trusts for the exclusive benefit of such Immediate Family Members,

or;

(c) a partnership in which such Immediate Family Members are the only partners,

provided that:

(i) there may be no consideration for any such transfer,

(ii) subsequent transfers of the transferred Director Option shall be prohibited, except to designated beneficiaries; and

(iii) such transfer is evidenced by documents acceptable to the Company and filed with the Corporate Secretary.

Following transfer, the Director Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that for purposes of designating a beneficiary with respect thereto, the transferee shall be entitled to designate the beneficiary. The provisions of this Letter Agreement relating to the period of exerciseability and expiration of the Director Option shall continue to be applied with respect to you and your status as a director, and the Director Option shall be exercisable by the transferee only to the extent, and for the periods, set forth in Paragraphs (1) and (2) above. Transfer of Common Stock purchased by your transferee upon exercise of the Director Option may also be subject to the restrictions and limitations described in Paragraph (5) below.

Kindly designate a beneficiary or beneficiaries with respect to the Director Option by completing and returning the attached Beneficiary Designation Form.

(5) Securities Law Restrictions: You understand and acknowledge that applicable securities laws govern and may restrict your right to offer, sell or otherwise dispose of any Common Stock purchased upon exercise of the Director Option. In addition, because of your status as a director of the Company, prior to exercise of the Director Option or sale of any shares acquired upon exercise, you should consult with the Company's Corporate Secretary with respect to the implications of Section 16(a) [two-day reporting obligation] and (b) [short-swing profit recovery provisions] of the Securities Exchange Act of 1934 on such exercise or sale. Additional information regarding these rules will be provided to you, on request, from the Company's Corporate Secretary.

(6) Reload Provisions: As described more fully in Appendix B, “General Information Regarding Reload Stock Options” of the “Summary Description” of the Directors’ Plan, the Board of Directors of First Midwest Bancorp, Inc. has approved the grant of reload stock options upon certain exercises of the Director Options. Accordingly, a reload stock option will be granted upon any exercise of the Director Option by you while you are a director and upon which you tender previously-owned Common Stock (Common Stock which has been held for at least six (6) months) in payment of the exercise price. A Reload Option Letter Agreement will be issued to you to evidence the grant of a reload stock option.

(7) Continuing Participant Agreement: For purposes of this Director Option, your directorship will not be deemed to have terminated, and instead will be deemed to be continuing, during any period during which you are a party to a Continuing Participant Agreement with the Company; provided such Continuing Participant Agreement was approved by the Board of Directors of the Company.

(8) Tax Consequences: Director Options are in the form of nonqualified stock options which are not intended to fall under the provisions of Internal Revenue Code Section 422. No federal or state income taxes or FICA/Medicare taxes will be withheld by the Company upon exercise. Information regarding the tax consequences of the Director Option will be provided to you.

(9) Miscellaneous: Nothing in this Letter Agreement confers any right on you to continue as a director of the Company. This Letter Agreement will be binding upon, and insure to the benefit of, your and the Company's successors and assigns.

(10) Conformity with Directors' Plan: The Director Option is intended to conform to the Directors' Plan in all respects. Inconsistencies between this Letter Agreement and the Directors' Plan shall be resolved in accordance with the terms of the Directors' Plan. By executing and returning the enclosed Confirmation of Acceptance of this Letter Agreement you agree to be bound by the terms hereof and of the Directors' Plan. Except as otherwise expressly provided herein, all definitions stated in the Directors' Plan shall be applicable to this Letter Agreement.

To confirm your understanding and acceptance of the Director Option granted to you by this Letter Agreement, kindly execute and return to the Company's Corporate Secretary in the enclosed envelope the following documents: (a) the "Confirmation of Acceptance" endorsement, and (b) the Beneficiary Designation Form.

If you have any questions, please do not hesitate to contact the Corporate Controller at (630) 875-7459.

Very truly yours,

First Midwest Bancorp, Inc.

John M. O'Meara
President and Chief Executive Officer
First Midwest Bancorp, Inc.

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 July 22, 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 and June 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

August 13, 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: August 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: August 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 June 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: August 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 June 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: August 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 June 30, 2003, and the related Consolidated Statements of Income for the three-month and six-month periods ended June 30, 2003 and 2002, and the Consolidated Statements of Cash Flows for the six-month periods ended June 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, Shareholders' 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
July 22, 2003