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CORPORATE PROFILE

First Mid-Illinois Bancshares, Inc. is the parent company of First Mid-Illinois Bank & Trust, N.A.; Mid-Illinois Data Services, Inc.; and The Checkley Agency, Inc. The bank was first chartered in 1865 and has since grown into a \$981 million community-focused organization that provides financial services through a network of 28 banking centers in 20 Illinois communities. Our talented team is comprised of 375 men and women who take great pride in First Mid, their work and their ability to serve our customers.

Our mission is to satisfy the broad financial needs of our customers, provide profit for our shareholders, ensure satisfaction for our staff and contribute to the well-being of our communities. We distinguish ourselves by our actions and by our results.

More information about First Mid is available on our website at www.firstmid.com. Our stock is traded in the over-the-counter market under the symbol "FMBH."

STOCKHOLDER INFORMATION

Transfer and Dividend Paying Agent

Stockholders should direct inquiries concerning dividend checks or their stockholder records to:

Regular Mail:
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078

Street Address for Overnight Delivery:
250 Royall Street, Mail Stop 1A
Canton, MA 02021

(312) 360-5377
www.computershare.com/contactus

Primary Market Makers

Ferris, Baker Watts, Inc.
Dublin, Ohio
(866) 313-4803

Howe Barnes Hoefler & Arnett
Chicago, Illinois
(800) 800-4693

Monroe Securities
Chicago, Illinois
(800) 766-5560

Stifel, Nicolaus & Company, Inc.
Dublin, Ohio
(877) 875-9352

Dividend Reinvestment Plan

For information concerning the Company's Dividend Reinvestment Plan, contact:

Regular Mail:
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078

Street Address for Overnight Delivery:
250 Royall Street, Mail Stop 1A
Canton, MA 02021

(312) 360-5377
www.computershare.com/contactus

Annual Meeting of Stockholders

The annual meeting of stockholders will be Wednesday, May 23, 2007, at 4:00 p.m. in the lobby of First Mid-Illinois Bank & Trust, 1515 Charleston Avenue, Mattoon, Illinois.

Form 10-K

A copy of the 2006 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) is also available, free of charge, at www.firstmid.com by clicking on "Investors" and then on "SEC Filings." All periodic and current reports of First Mid-Illinois Bancshares, Inc., can be accessed through this website as soon as reasonably practicable after these materials are filed with the SEC.

FIVE-YEAR FINANCIAL DATA

Dollars in thousands, except per share data

SELECTED INCOME STATEMENT DATA:	2006	2005	2004	2003	2002
Interest income	\$ 55,556	\$ 44,580	\$ 40,024	\$ 38,938	\$ 41,387
Interest expense	24,712	15,687	11,644	11,896	14,661
Net interest income	30,844	28,893	28,380	27,042	26,726
Provision for loan losses	760	1,091	588	1,000	1,075
Net interest income after provision	30,084	27,802	27,792	26,042	25,651
Other income	13,380	12,518	11,639	12,255	10,394
Other expenses	28,423	25,385	25,139	24,530	24,006
Income before income taxes	15,041	14,935	14,292	13,767	12,039
Income taxes	5,032	5,128	4,541	4,674	4,005
Net income	\$ 10,009	\$ 9,807	\$ 9,751	\$ 9,093	\$ 8,034

SELECTED BALANCE SHEET DATA:

ASSETS

Cash and cash equivalents	\$ 21,836	\$ 19,557	\$ 23,554	\$ 24,949	\$ 69,657
Investment securities	185,589	157,253	170,373	178,158	168,317
Loans held for sale	2,234	1,778	2,689	751	7,070
Net loans	715,458	631,707	590,539	547,647	489,071
Other assets	55,442	40,278	39,573	42,476	42,125
Total assets	\$ 980,559	\$ 850,573	\$ 826,728	\$ 793,981	\$ 776,240

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 770,595	\$ 649,069	\$ 650,240	\$ 614,992	\$ 613,452
Borrowings	125,113	122,190	100,045	99,800	88,809
Other liabilities	9,065	6,988	7,289	8,594	7,172
Total liabilities	904,773	778,247	757,574	723,386	709,433
Stockholders' equity	75,786	72,326	69,154	70,595	66,807
Total liabilities and stockholders' equity	\$ 980,559	\$ 850,573	\$ 826,728	\$ 793,981	\$ 776,240

Dividends to common stockholders	\$ 2,251	\$ 2,199	\$ 2,023	\$ 2,047	\$ 1,638
Dividends per common share*	.52	.50	.45	.43	.33
Basic earnings per common share*	2.31	2.22	2.17	1.92	1.60
Diluted earnings per common share*	2.27	2.16	2.13	1.88	1.58
Book value per common share*	17.68	16.47	15.53	15.02	13.97

*Share information has been adjusted to reflect the three-for-two stock split effected July 16, 2004.

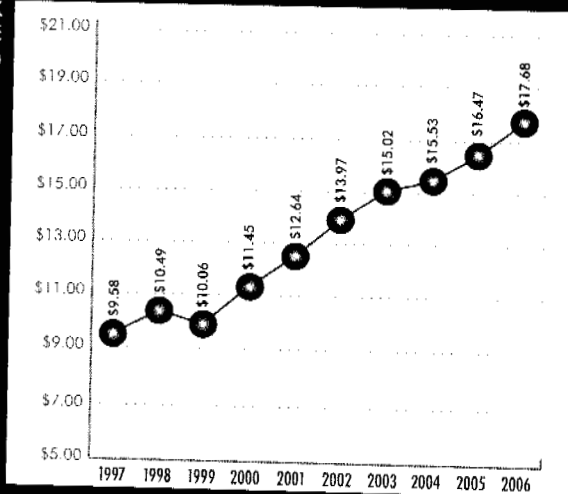
Message from the Chairman

A few years ago I wrote that rather than simply carrying out our business strategy, our **people** were our strategy. I felt strongly about that notion then and, as the years have passed, feel even more strongly about it now. In today's competitive environment, customers have a multitude of options to choose from in the financial services industry. A customer can conduct business on-line, by phone, through the mail, through an ATM or in-person. However, one thing I believe to be true is while all of these delivery channels are important, there are certain times customers still value having a qualified professional assist them in finding solutions to their financial needs.

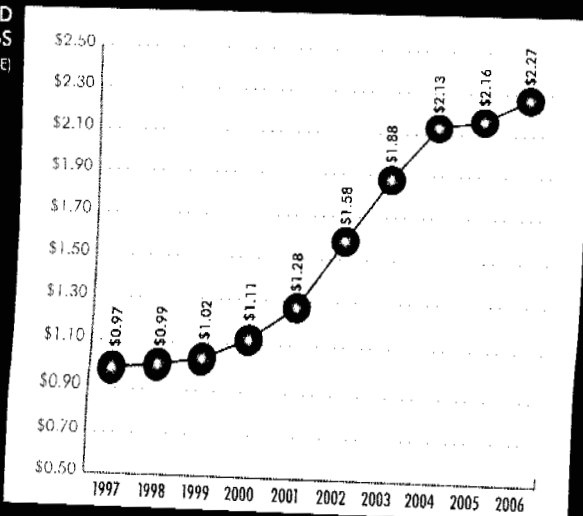
Over the past several years, we have added more experienced, knowledgeable, client-focused professionals to our staff. We have built a team to assist our customers as they go through the various stages of their lives. We have aligned our team around our three lines of business (community banking, wealth management and insurance). Training efforts have increased to expand the knowledge base of our staff regarding the products and services available in each line of business.

We have expanded our efforts in ensuring staff from each line work jointly to meet our customer's needs. Henry Ford once wrote "Coming together is a beginning. Keeping together is progress. Working

BOOK VALUE
(PER SHARE)



DILUTED EARNINGS
(PER SHARE)



CORPORATE OFFICERS:

Standing, l to r: Mandy Lewis, Marketing; Tim Spitz, Retail Banking;
Kelly Downs, Human Resources

Sitting, William B. ...

together is success." I believe that teamwork is what separates great companies from good companies.

This past year our teamwork resulted in the strong financial results that the company achieved in 2006. These results include growing our financial assets and our customer base, increasing revenues in each of our three business lines (banking, wealth management, and insurance) and increasing market share in our fastest growing communities. In addition, all of this was accomplished during one of the more challenging and competitive interest rate environments the banking sector has experienced in many years.

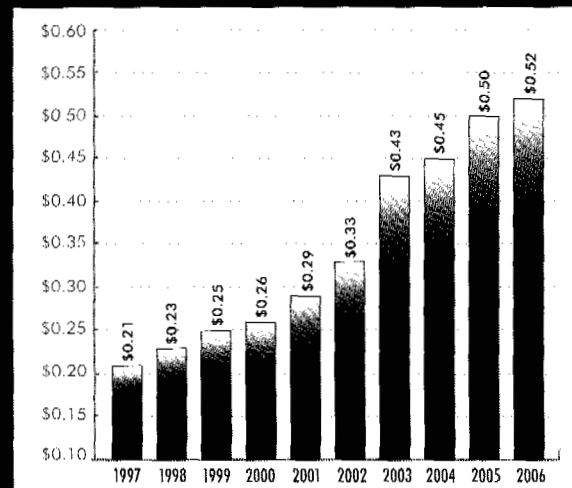
Our financial results were strong with net income increasing to \$10,009,000 and diluted earnings per share growing to \$2.27. These amounts compare well to 2005 net income of \$9,807,000 and diluted earnings per share of \$2.16. Our financial performance allowed us to increase our common share dividends to \$.52 per share in 2006 from \$.50 per share in 2005.

Net interest income, trust revenue, brokerage commissions, insurance commissions and service charge revenue all had meaningful increases in 2006 and helped lead to our growth in earnings. Also contributing to our growth during the year was our acquisition of

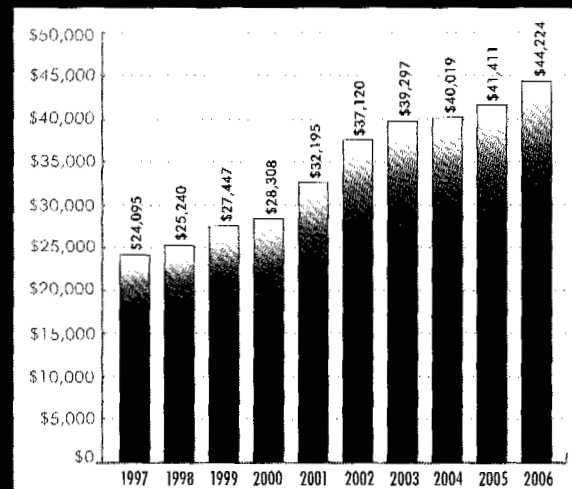


CORPORATE OFFICERS:

Standing, l to r: Chris Slabach, Auditing; Christie Wright, Shareholder Relations; Sherry Schuette, Information Systems
 Seated, l to r: Mike Taylor, CFO; Laurel Allenbaugh, Operations



DIVIDENDS
(PER SHARE)

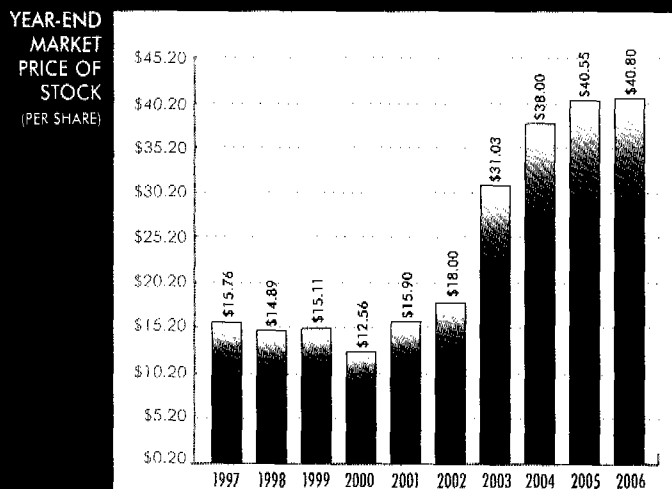
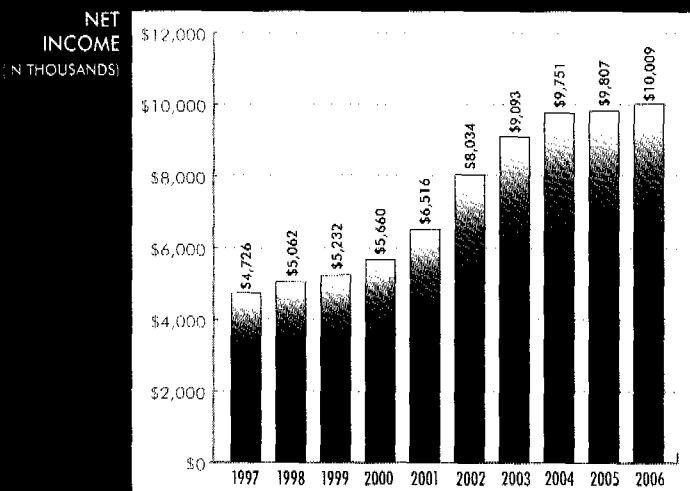


TOTAL REVENUE
(IN THOUSANDS)

Peoples State Bank of Mansfield. This event took a great deal of teamwork from both Peoples State Bank and First Mid employees. Through a great deal of hard work and dedication, we were able to add three new locations and more convenience to our banking center network. The 2006 consolidated financial statements include the results of Peoples since the acquisition date of May 1, 2006.

Net interest income is our largest source of revenue and increased by \$1.9 million to \$30,844,000 in 2006. This increase is the result of growth coming from the Peoples acquisition as well as organic growth. Loan

balances increased to \$724 million at year-end as compared to \$638 million on December 31, 2005, with \$56 million in loan balances added from the Peoples acquisition in addition to growth in commercial real estate loans. Deposit balances at year-end were \$771 million compared to \$649 million on December 31, 2005, with \$108 million added from the Peoples acquisition. The growth occurred during a period of intense competition for loans and deposits and a challenging interest rate environment. Short-term interest rates remain higher than intermediate and long-term rates. This has led to greater funding costs for many financial institutions and to a contraction of the net



TRUST & WEALTH MANAGEMENT OFFICERS:

Seated: Gary Kuhns

Standing, l to r: David Robinson; Steve Repogle

interest margin. Our net interest margin for 2006 was 3.51% as compared to 3.70% for 2005.

Non-interest income increased to \$13,380,000 in 2006 from \$12,518,000 in 2005. Service charge income grew as did trust revenues. In total, trust assets ended the year at \$432 million with another \$81 million of customer assets in our retail brokerage area. This compares to \$402 million and \$75 million respectively at the end of 2005. Brokerage revenues and insurance commissions also increased during 2006. Revenue from our mortgage banking activities declined by \$348,000 as home

refinancings slowed due to increasing long-term interest rates.

Non-interest expense increased to \$28,423,000 compared with \$25,385,000 in 2005. This increase is primarily attributed to the costs of the Peoples acquisition and ongoing operational costs from adding the three locations in Mansfield, Mahomet and Weldon. In addition, we began expensing stock options in 2006 per new accounting standards. This accounting change resulted in additional compensation expense of \$178,000 being recorded in 2006. In previous years, this amount has been shown only in the footnotes of the financial statements.

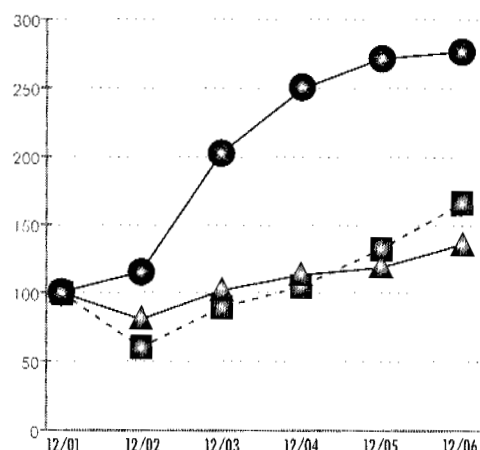


CHECKLEY INSURANCE OFFICERS:

Standing: Mike Slaughter
Seated: Bob Jones, President of The Checkley Agency, Inc.

The following Common Stock price performance graph compares the cumulative total stockholder return on a \$100 investment in the Company's Common Stock to the cumulative total return of the S&P 500 Index and the Nasdaq Bank Stock Index for the period from December 31, 2001 through December 31, 2006. The amounts shown assume the reinvestment of dividends.

● FIRST MID-ILLINOIS BANCSHARES, INC.
▲ S & P 500
■ NASDAQ BANK



*\$100 invested on 12/31/01 in stock or index-including reinvestments of dividends. Fiscal year ending December 31.

	Cumulative Total Returns					
	12/01	12/02	12/03	12/04	12/05	12/06
●	\$100.00	\$115.31	\$202.10	\$250.65	\$270.78	\$275.95
▲	\$100.00	\$77.90	\$100.24	\$111.15	\$116.61	\$135.03
■	\$100.00	\$59.14	\$89.11	\$103.85	\$130.57	\$166.05

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COMPARISON
OF 5 YEAR
CUMULATIVE
TOTAL
RETURN*

Credit quality remains of high importance to banks and is an area where we invest significant energies. Our 2006 provision for loan losses amounted to \$760,000 as compared to \$1,091,000 for 2005. Net charge-offs were \$937,000 in 2006 as compared to \$1,064,000 in 2005. Our net charge-offs continue to be below that of peer banks and reasonable given the size of our loan portfolio. Total non-performing assets were \$5.1 million on December 31, 2006, as compared to \$3.9 million on December 31, 2005, with the increase primarily due to the payment history for one commercial real estate borrower with whom we believe we are adequately collateralized.

During 2006, we repurchased 173,000 shares of our own stock in the open market and through privately negotiated transactions. Over the years, this program has proven to be an effective way of increasing value and ensuring liquidity for our shareholders. Any shareholder who wishes to utilize this service should contact Christie L. Wright at (217) 258-0493.

At First Mid, we have worked hard to obtain and retain the trust and confidence of our shareholders, our customers, our communities and our employees. Together, we continue to build an outstanding organization. Throughout this annual report, you will see



NORTHERN REGION OFFICERS:

Standing, l to r: Yvonne Sjoken, Mahomet; Mitch Swim, Champaign
Seated, l to r: Eric McRae, Regional President; Mike Krueger, Champaign

METRO EAST REGION OFFICERS:

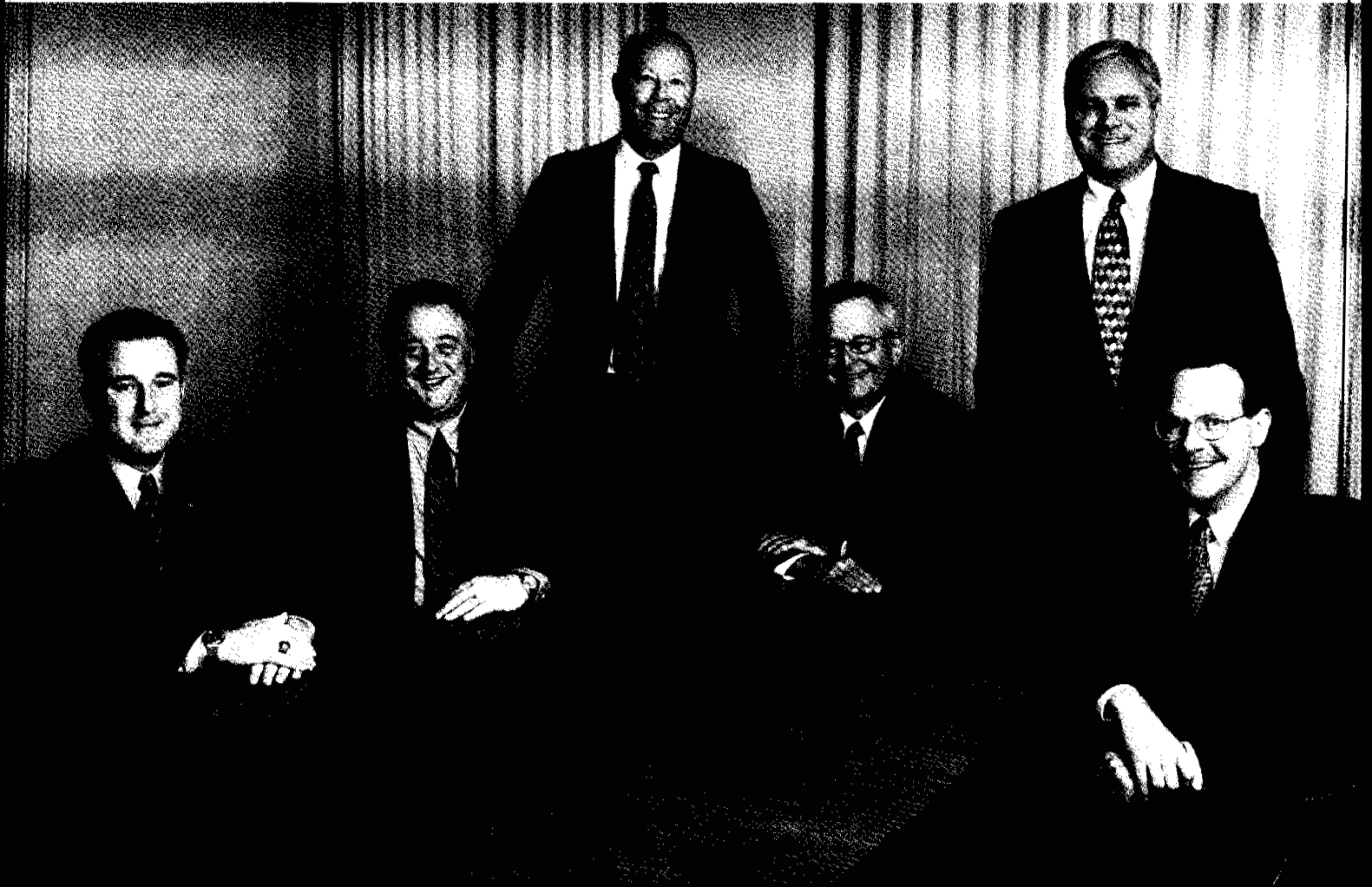
Standing, l to r: Gordon Smith, Regional President; Patti Wilson, Maryville
Seated: Bill Wagner, Highland

pictures of just a few of the outstanding individuals that are part of the team working together for you. As the business environment becomes more complex and as competition from other financial service providers becomes more intense, it will ultimately be our employees that make the difference – more specifically, what our people know, how committed they are to your Company and to the customers and how passionate they are about excellence in the performance of their jobs.

First Mid is well-positioned with high-quality, motivated personnel at all levels and in all functions of the Organization. We take a great deal of pride in our work. On behalf of management and the Board of Directors, I thank you for your continued support and confidence in First Mid-Illinois Bancshares, Inc.

William S. Rowland

William S. Rowland
Chairman and Chief Executive Officer
First Mid-Illinois Bancshares, Inc.



CENTRAL REGION LENDING OFFICERS:

Standing, l to r: Al Wooleyhan, Effingham Regional President; Bob Weber, Commercial Lending - Mattoon
Seated, l to r: Mark Cox, Ag Lending - Mattoon; Andy Zavarella, Retail Lending - Mattoon;
John Hedges, President of First Mid-Illinois Bank & Trust; Larry Stenger, Sullivan Regional President

Board of Directors

FIRST MID-ILLINOIS BANCSHARES, INC.

Charles A. Adams

President, Howell Paving, Inc.

Kenneth R. Diepholz

Vice President, Ken Diepholz Chevrolet, Inc.

Vice President, Diepholz Auto Group, Effingham, IL

Joseph R. Dively

Senior Vice President,

Consolidated Communications Holdings, Inc.

President, Illinois Telephone Operations

Steven L. Grissom

Administrative Officer,

SKL Investment Group, LLC

Daniel E. Marvin, Jr., Ph.D.

President Emeritus, Eastern Illinois University

Retired Bank Executive

Gary W. Melvin

President and Co-Owner, Rural King Stores

Sara J. Preston

Retired Bank Executive

William S. Rowland

Chairman and Chief Executive Officer,

First Mid-Illinois Bancshares, Inc.

Ray A. Sparks

Private Investor, Sparks Investment Group, LP

**2006-07 BOARD OF DIRECTORS**

Standing, l to r: Sara Preston, Steven Grissom, Joseph Dively, Kenneth Diepholz, Ray Sparks

Seated, l to r: Daniel Marvin, William Rowland, Charles Adams, Gary Melvin

COMMUNITY BANKING DIRECTORS

FIRST MID-ILLINOIS BANK & TRUST

ALTAMONT

Ruth Ann Hoffmeister, Retired
Darrell J. Kuhns, Farmer
Dale A. Laue, Farmer
Gerald L. Quade, Farmer
Donald L. Wendling, Owner, Don's Engraving

ARCOLA

Lynda K. Fishel, former Mayor of Arcola
Fred C. Helmuth, President/CEO, Okaw Buildings, Inc.
Dan C. Miller, Farmer

CHARLESTON

John S. Inyart, Owner/President, Charleston-Mattoon Midas
Michael J. Lanman, President/Co-Owner, Lanman Oil Co., Inc.
Charles R. Maris, M.D., Physician
Sara J. Preston, Retired Bank Executive
L. Stephen Whitley, Retired

EFFINGHAM

C. Ron Greene, CFO, Effingham Truck Sales, Inc.
Jytte Leventhal, Community Leader
Paul O. Wendling, Chairman, Direct Lines, Inc.

MADISON COUNTY

David L. Butler, VP, Johnson Properties, Inc.
Stephen G. Eovaldi, Principal, Eovaldi Caciano & Co., P.C.
Brant D. Frey, President, E.F. Express & Frey Transportation, Inc.
Roger L. Fulton, M.D., Physician
Barbara A. Johannes, Retired
Thomas V. Korte, Vice President, The Korte Company
James W. Tischhauser, Farmer

MONTICELLO

Kelly R. Finet, Owner, Kelly's Accounting Service
Ken R. Hermann, Farmer
Thomas H. Walsh, Farmer
Richard L. Wright, Owner, Mackey-Wright Funeral Home

NEOGA

Richard L. Peters, Farmer & Owner/Operator, Peters & Sons Trucking
Roland D. Rentfrow, Farmer & Owner/Operator, Rentfrow Building Supply
David J. Sudkamp, Owner/Operator, Sudkamp Plumbing, Electric & Heating
Rodney J. Williamson, Farmer

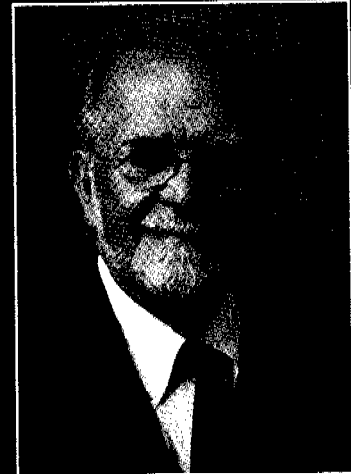
SULLIVAN

Kurt W. VanDeursen, Owner, Ace Hardware of Sullivan
Terry P. Warren, Farmer & Caterer
Ronald D. White, Pharmacist

TUSCOLA

Laverl Byers, Retired
Stanley L. Cross, Retired
Stephen P. Hilgendorf, Co-Owner, F.H. Jones Lumber Co.

THANK YOU



After having served on our Board of Directors since 1966, Richard A. Lumpkin retired during 2006. We thank him for his many years of loyal service and dedication.

BANKING CENTERS

ALTAMONT

101 West Washington
Altamont, Illinois 62411
618-483-5151

ARCOLA

324 South Chestnut
Arcola, Illinois 61910
217-268-5700

CHAMPAIGN

2229 South Neil Street
Champaign, Illinois 61820
217-359-9837

CHARLESTON

500 West Lincoln Avenue
701 Sixth Street
EIU Student Union
Charleston, Illinois 61920
217-345-3977

DECATUR

111 East Main
Decatur, Illinois 62523
217-423-7700

DE LAND

220 North Highway Avenue
De Land, Illinois 61839
217-664-3311

EFFINGHAM

902 North Keller Drive
Effingham, Illinois 62401
217-342-6111

HIGHLAND

12616 State Route 143
1301 Broadway
Highland, Illinois 62249
618-654-1111

MAHOMET

502 East Oak
Mahomet, Illinois 61853
217-586-3450

MANSFIELD

1 Jefferson
Mansfield, Illinois 61854
217-489-2271

MARYVILLE

2930 North Center Street
Maryville, Illinois 62062
618-288-5500

MATTOON

1515 Charleston Avenue
1500 Lafayette Avenue
333 Broadway Avenue East
1504A Lake Land Boulevard
Mattoon, Illinois 61938
217-234-7454

MONTICELLO

100 West Washington
219 West Center Street
Monticello, Illinois 61856
217-762-2111

NEOGA

102 East Sixth Street
Neoga, Illinois 62447
217-895-2226

POCAHONTAS

103 Park Street
Pocahontas, Illinois 62275
618-669-2277

SULLIVAN

200 South Hamilton
IGA Store - 435 South Hamilton
Sullivan, Illinois 61951
217-728-4311



TAYLORVILLE

200 North Main
Taylorville, Illinois 62568
217-824-9855

TUSCOLA

410 South Main Street
Tuscola, Illinois 61953
217-253-3344

URBANA

601 South Vine Street
Urbana, Illinois 61801
217-367-8451

WELDON

490 West Maple
Weldon, Illinois 61882
217-736-2294

