

MB FINANCIAL INC /MD
Form 8-K
March 12, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) **March 12, 2003**

MB FINANCIAL, INC.

(Exact name of Registrant as specified in its Charter)

Maryland

0-24566-01
(Commission File No.)

36-4460265

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(State or other jurisdiction
of incorporation)

(IRS Employer
Identification No.)

801 West Madison Street, Chicago, Illinois
(Address of principal executive offices)

60607
(Zip Code)

Registrant's telephone number, including area code: **(773) 645-7866**

N/A

(Former name or former address, if changed since last report)

Item 9. Regulation FD Disclosure

Forward-Looking Statements

When used in this Current Report on Form 8-K and in other filings by MB Financial, Inc. (the Company) with the Securities and Exchange Commission, in press releases or other public shareholder communications, or in oral statements made with the approval of an authorized executive officer, the words or phrases believe, will likely result, are expected to, will continue, is anticipated, estimate, project, plan, expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. These statements may relate to the Company's future financial performance, strategic plans or objectives, revenues or earnings projections, or other financial items. By their nature, these statements are subject to numerous uncertainties that could cause actual results to differ materially from those anticipated in the statements.

Important factors that could cause actual results to differ materially from the results anticipated or projected include, but are not limited to, the following: (1) expected cost savings and synergies from the Company's merger and acquisition activities, including its recently completed acquisition of South Holland Bancorp, Inc. might not be realized within the expected time frames; (2) the credit risks of lending activities, including changes in the level and direction of loan delinquencies and write-offs; (3) changes in management's estimate of the adequacy of the allowance for loan losses; (4) changes in management's valuation of the Company's interest only receivables; (5) competitive pressures among depository institutions; (6) interest rate movements and their impact on customer behavior and the Company's net interest margin; (7) the impact of repricing and competitors' pricing initiatives on loan and deposit products; (8) the Company's ability to adapt successfully to technological changes to meet customers' needs and developments in the market place; (9) the Company's ability to realize the residual values of its operating, direct finance, and leveraged leases; (10) the Company's ability to access cost-effective funding; (11) changes in financial markets; (12) changes in economic conditions in general and in the Chicago metropolitan area in particular; (13) new legislation or regulatory changes; (14) changes in accounting principles, policies or guidelines; and (15) future acquisitions of other depository institutions or lines of business.

The Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date on which the forward-looking statement is made.

Set forth below is material prepared for presentation to investors.

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**Investor Presentation
March 13 and 14, 2003**

Mitchell Feiger, President & CEO
Jill E. York, Vice President & CFO

NASDAQ: MBFI

Forward Looking Statements

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MB Financial Summary Statistics

As of February 28, 2003

Offices		44
Bank subsidiaries		3
Assets	\$	4.3 billion
Loans	\$	2.8 billion
Deposits	\$	3.4 billion
Trust assets under management	\$	1.2 billion

MB Financial Summary Statistics

2002 Statistics:

Net income	\$	46.4 million
Return on equity		14.6%
Return on assets		1.3%
Efficiency ratio		53.5%
Fully diluted EPS	\$	2.58
Fully diluted EPS 2003 IBES estimate	\$	2.94 (+13.9%)

Market information:

Stock price March 6, 2003	\$	35.00
Market capitalization	\$	620.0 million
P/E (TTM)		13.6
P/E forward (2003)		11.9

Chicago Area Map

[MAP]

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Key Strategies

Dual growth sources

Core businesses are growing rapidly

Commercial Banking

Lease Banking

Wealth Management

Mergers and acquisitions provide us with additional opportunities to enhance Company performance and growth

Commercial Banking

Well developed Commercial Banking business including:

Middle-market business financing

Cash management

Real estate investor, construction, developer financing

Long-term health care financing

Korean banking

**Commercial and Commercial Real Estate
Loans Outstanding**

[GRAPH]

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Lease Banking

Full complement of services for the leasing industry:

Discounted lease lending

Bridge and working capital loans

Equity investments in lease residuals

Cash management needs

Lease origination through LaSalle Systems Leasing subsidiary

Lease Loans Outstanding

[GRAPH]

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Lease Financing Revenue

[GRAPH]

*Includes revenues from LaSalle Systems Leasing (\$2.5 million excluding LaSalle)

Loan Mix

[GRAPH]

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Wealth Management

Rapidly expanding business and capabilities:

Trust/Asset Management

Significant investments made in personnel in 2002

Added \$279 million in assets under management with South Holland

Expanding number and percentage of discretionary accounts

Investment Services

Also investing in personnel here

Now own Vision Investment Services (brokerage subsidiary)

Expanding capabilities

Insurance

Wealth Management Revenue

[GRAPH]

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Composition of Trust Assets

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Retail Banking

Consumer and small business

Deposit and credit services

Focusing on growing core deposits

Introduced new free checking product

Recently implemented courtesy overdraft feature

More emphasis on our ATM business

Well developed expertise in mortgage originations/securitizations

Retail Deposit Fees

[GRAPH]

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Bank Holding Companies

Cook County Deposit Market Share

As of June 30, 2002

Rank	Institution	Branch Count	Total Deposits in Market (\$000)	Total Market Share (%)
1	Bank One Corp. (IL)	150	31,901,431	22.08
2	LaSalle Bank Corporation (IL)	130	23,414,497	16.20
3	Bank of Montreal	87	12,673,960	8.77
4	Citigroup Inc. (NY)	44	7,464,552	5.17
5	Northern Trust Corp. (IL)	10	6,967,271	4.82
6	Charter One Financial (OH)	88	5,138,573	3.56
7	MAF Bancorp Inc. (IL)	29	3,412,766	2.36
8	Fifth Third Bancorp (OH)	33	3,171,965	2.20
9	MB Financial Inc. (IL)*	41	3,022,336	2.09
10	Bank of America Corp. (NC)	2	2,847,708	1.97
11	Corus Bankshares Inc. (IL)	14	2,081,046	1.44
12	FBOP Corp. (IL)	21	1,863,269	1.29
13	Taylor Capital Group Inc. (IL)	13	1,821,134	1.26
14	TCF Financial Corp. (MN)	117	1,807,788	1.25
15	U.S. Bancorp (MN)	32	1,328,777	0.92
16	Metropolitan Bank Group, Inc. (IL)	48	1,294,926	0.90
17	Midwest Banc Holdings Inc. (IL)	11	1,243,879	0.86
18	Parkway Bancorp Inc. (IL)	15	1,230,262	0.85
19	First Midwest Bancorp Inc. (IL)	17	1,194,874	0.83
20	Wintrust Financial Corp. (IL)	11	1,102,066	0.76

Source: SNL Datasource 4.0 as of March 6, 2003.

*Includes acquisition of South Holland Bancorp, Inc.

Mergers and Acquisitions

Provides a secondary source of growth for us.

Allows us to strengthen our Company in our key business areas.

We have capitalized on very good opportunities over the past ten years.

M & A Highlights

1999 to 2003

	Assets
Acquired Avondale Financial Corp. February 1999	\$ 484 million
Acquired Damen Financial Corp. July 1999	\$ 207 million
Acquired FSL Holdings, Inc. May 2001	\$ 222 million
MB Financial and MidCity Financial merge November 2001	MOE
Acquired Lincolnwood Financial Corp. April 2002	\$ 240 million
Acquired LaSalle Systems Leasing August 2002	\$ 92 million
Announced divestiture of Abrams Centre Bancshares February 2003	\$ 92 million
Acquired South Holland Bancorp February 2003	\$ 530 million

M & A Success Factors

We get deals done

Integration starts as soon as the deal is signed

Integration is completed as soon as possible (speed)

We deliver promised results

Financial modeling is realistic

Cost savings targets are met

Very experienced M&A management team with proven M&A performance

Disciplined acquisition pricing

Recent Acquisition Pricing

Transaction	P/E	P/E Adj*	P/B	Prem/ Dep
FSL	21.7	9.7	1.2	4.3%
Lincolnwood	14.4	9.7	1.6	6.9%
LaSalle Leasing	10.0	6.3	1.3	N/A
South Holland	18.1	8.5	1.2	3.9%

* P/E Adj is computed as (price - excess equity) / (pre-acquisition core earnings + after-tax cost savings in year one - after tax earnings on excess equity)

Recent Acquisition Pricing

Transaction	IRR	1ST Yr EPS	1ST Yr Cost Saves
FSL	27%	+3.5%	42%
Lincolnwood	27%	+4.5%	50%
LaSalle Leasing	22%	+3.4%	0%
South Holland	22%	+3.5%	21%

Fully Diluted Earnings Per Share

[GRAPH]

**Including \$19.1 million after tax merger charge.

Net Income

[GRAPH]

*Includes \$19.1 million after tax merger charge.

**Net Income Excluding
Merger Charge**

[GRAPH]

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What accounts for the outstanding 2002 performance?

Significant growth in net interest income

Excellent credit quality

Significant growth and diversification of our revenue streams

Minimal increases in operating expenses

**2002 Review
Net Interest Income**

[GRAPH]

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Net Interest Income Sensitivity

**Varying Rate Scenarios
One Year Horizon 12/31/02**

[GRAPH]

Credit Quality 2002

We maintained excellent credit quality in a tough economic environment:

Non-performing assets to total assets	0.60%
Allowance for loan losses to total loans	1.35%
Allowance to non-performing loans	154.00%
Net loan charge-offs to average loans	0.33%

**2002 Review
Other Income**

[GRAPH]

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**All categories of other income
contributed to growth:**

		Increase	
Loan service fees	\$	0.9 million	+22%
Deposit service fees	\$	2.1 million	+23%
Lease financing, net	\$	4.5 million	+206%
Trust and brokerage	\$	1.2 million	+34%
Increase in CSV insurance	\$	1.9 million	+89%
Other	\$	2.2 million	+65%

**2002 Review
Other Expense**

[GRAPH]

*Includes \$22.7 million merger expense. Including merger expense 2002 expenses decreased 16.8%.

**2002 Review
Efficiency Ratio**

[GRAPH]

*Excludes merger charge.

MBFI Stock Price

[GRAPH]

35

**MBFI Stock Price
Compared to NASDAQ Bank Index**

[GRAPH]

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Investor Recap

Dual growth sources

Diversified revenue/profit streams

Experienced management team

Consistently delivers results

Valuable market position in highly desirable market

Significant ownership by directors and management

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**Investor Presentation
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Mitchell Feiger, President & CEO
Jill E. York, Vice President & CFO

NASDAQ: MBFI

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.

MB FINANCIAL, INC.

Date: March 12, 2003

By: /s/ Jill E. York
Jill E. York, Vice President
and Chief Financial Officer
