

MB FINANCIAL INC /MD
Form 8-K
February 23, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

**Date of Report (Date of earliest event reported):
February 23, 2004**

MB FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Maryland

0-24566-01

36-4460265

Date of Report (Date of earliest event reported): February 23, 2004

(State or other jurisdiction
of incorporation)

(Commission File No.)

(IRS Employer
Identification No.)

801 West Madison Street, Chicago, Illinois 60607

(Address of principal executive offices) (Zip Code)

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

Item 9. Regulation FD Disclosure

Forward-Looking Statements

When used in this presentation and in filings with the Securities and Exchange Commission, in other 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, plans, or similar 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 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 First SecurityFed transaction might not be realized within the expected time frames, and costs or difficulties relating to integration matters might be greater than expected; (2) the requisite stockholder and regulatory approvals for the First SecurityFed transaction might not be obtained; (3) the credit risks of lending activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses; (4) competitive pressures among depository institutions; (5) interest rate movements and their impact on customer behavior and net interest margin; (6) the impact of repricing and competitors pricing initiatives on loan and deposit products; (7) the ability to adapt successfully to technological changes to meet customers needs and developments in the market place; (8) MB Financial's ability to realize the residual values of its direct finance, leveraged, and operating leases; (9) the ability to access cost-effective funding; (10) changes in financial markets; (11) changes in economic conditions in general and in the Chicago metropolitan area in particular; (12) the costs, effects and outcomes of litigation; (13) new legislation or regulatory changes, including but not limited to changes in federal and/or state tax laws or interpretations thereof by taxing authorities; (14) changes in accounting principles, policies or guidelines; and (15) future acquisitions by MB Financial of other depository institutions or lines of business.

MB Financial 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 at an industry conference.

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**Midwest 2004
Super-Community Bank Conference
February 24, 2004**

Mitchell Feiger, President & CEO

Jill E. York, Vice President & CFO

NASDAQ: MBFI

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MB Financial Snapshot

As of December 31, 2003

Offices		41
Bank subsidiaries		2
Assets	\$	4.4 billion
Loans	\$	2.8 billion
Deposits	\$	3.4 billion
Trust assets under management	\$	1.4 billion

2003 Statistics:

Net income		million
	\$	53.4(+15.1%)
Cash return on tangible equity		18.8%
Return on equity		14.8%
Return on assets		1.3%
Efficiency ratio		55.7%
Fully diluted EPS	\$	1.96 (+14.0%)
Fully diluted EPS 2004 IBES estimate	\$	2.27 (+15.8%)

Market information:

Stock price February 17, 2004	\$	36.76
Market capitalization	\$	983.3 million
P/E (TTM)		18.8
P/E forward (2004 based on IBES estimate)		16.2

Chicago Area Branch Map

[GRAPHIC]

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Key Strategies

Dual growth sources

Core businesses are growing rapidly

Commercial Banking

Wealth Management

Retail Banking

Mergers and acquisitions supplement core business growth

Balanced revenue and profit streams from our business lines

Decreasing dependence on net interest related revenues

Expanding fee businesses

Remaining focused on current business segments

Commercial Banking

Well developed Commercial Banking business including:

Middle-market business financing

Lease banking

Treasury management

Capital markets products (swaps, floors, caps)

Real estate investor, construction, developer financing

Target market is companies with revenues ranging from \$5-50 million

Loans are granular typical size is \$3-6 million

Focus is on relationship banking

We are adding senior lenders focused on growing the business

**Commercial Banking
Loans Outstanding**

**+17%
CAGR**

[CHART]

*Includes commercial loans collateralized by assignment of lease payments.

Wealth Management

Rapidly expanding business and capabilities:

Private Banking

High touch/high service approach

Staff are deep generalists (loans, deposits, trust and asset management services, estate and financial planning)

Trust/Asset Management

High touch/high service approach

Asset management side uses an open architecture format

Objective advice

Superior returns

Vision Investment Services

High quality provider

Provides brokerage services through MB and other community banks

Rapidly growing

Works closely with Retail

Overall

Relationship focused

Team approach

Focused on what's best for the client

Significant growth potential Commercial side holds strong potential for referrals and new business

Wealth Management Revenue

49%
CAGR

[CHART]

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Retail Banking

Consumer and small business

Deposit and credit services

Sales/service culture

Focused on growing core transaction accounts

Free Checking

Top Rate NOW

Bank @ Work

Gateway to other services Brokerage platform, Trust/Asset Management, Private Banking

Efficient expertise in mortgage platform low cost; can scale quickly to react to volume changes

Upgrading branch locations to maximize growth and profitability

**Bank Holding Companies
Cook County Deposit Market Share**

**As of June 30, 2003
Pending Ownership as of February 17, 2004**

Rank	Institution	Type	Branch Count	Total Deposits in Market (\$000)	Total Market Share (%)
1	J.P. Morgan Chase & Co. (NY (Bank One)	Bank	119	36,949,238	23.73
2	LaSalle Bank Corporation (IL)	Bank	87	23,966,499	15.39
3	Bank of Montreal (Harris)	Bank	68	13,811,017	8.87
4	Citigroup Inc. (NY)	Bank	38	7,546,703	4.85
5	Northern Trust Corp. (IL)	Bank	9	7,220,877	4.64
6	Charter One Financial (OH)	Bank	68	5,015,087	3.22
7	Bank of America Corp. (NC)	Bank	7	3,608,341	2.32
8	Fifth Third Bancorp (OH)	Bank	28	3,322,016	2.13
9	MB Financial Inc. (IL)*	Bank	34	3,144,652	2.02
10	MAF Bancorp Inc. (IL)	Thrift	28	3,077,599	1.98
11	Corus Bankshares Inc. (IL)	Bank	11	2,252,641	1.45
12	FBOP Corp. (IL)	Bank	19	2,008,449	1.29
13	Taylor Capital Group Inc. (IL)	Bank	10	1,971,699	1.27
14	TCF Financial Corp. (MN)	Bank	109	1,897,549	1.22
15	First Midwest Bancorp Inc. (IL)	Bank	15	1,808,512	1.16
16	Wintrust Financial Corp. (IL)	Bank	13	1,568,565	1.01
17	Metropolitan Bank Group Inc. (IL)	Bank	44	1,458,670	0.94
18	U.S. Bancorp (MN)	Bank	21	1,304,944	0.84
19	Parkway Bancorp Inc. (IL)	Bank	14	1,293,476	0.83
20	Popular Inc. (PR)	Bank	16	1,196,972	0.77

* - Includes First SecurityFed Financial, Inc.

Source: SNL Datasource

Mergers and Acquisitions

Supplements our core growth

Allows us to strengthen our Company in key business areas

We have capitalized on good opportunities over the past ten years

**M & A Highlights
2001 to 2004**

	Assets
1990 to 2000 (10 mergers and acquisitions)	\$ 1.9 billion
Acquired FSL Holdings, Inc. April 2001	\$ 222 million
MidCity Financial and MB Financial merge November 2001	MOE
Acquired Lincolnwood Financial Corp. April 2002	\$ 228 million
Acquired LaSalle Systems Leasing August 2002	\$ 92 million
Acquired South Holland Bancorp February 2003	\$ 560 million
Divested Abrams Centre Bancshares May 2003	\$ 98 million
Announced First SecurityFed Financial merger January 2004	\$ 491 million

M & A Success Factors

Integration starts as soon as the deal is signed and is completed rapidly

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	10.3	1.2	4.4%
First SecurityFed	16.8	9.8	1.7	18.8%

* 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).

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%
First SecurityFed*	21%	+3.5%	15%

* For First SecurityFed, second year EPS accretion is projected to be 3.8% and second year cost saves are estimated to be 32%.

**Fully Diluted
Earnings Per Share**

We are rapidly growing earnings

[CHART]

* Including \$19.2 million after tax merger charge.

** All data has been adjusted to reflect 50% stock dividend.

Net Income

Company has consistently grown earnings

Both core business growth and M&A contribute

[CHART]

*Excludes \$19.2 million after tax merger charge.

Net Interest Income

Consistently growing as we expand our business

Similar on loan growth trend

[CHART]

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Net Interest Margin

Margins have been stable through various interest rate environments

Prepayment fees and loan rate floors have protected margins

Company is insulated from parallel shifts in yield curve

[CHART]

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Non-Performing Loans to Total Loans

Credit quality has been

Excellent, stable, predictable

Better than peers with large C&I portfolios

[CHART]

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Net Charge-offs to Average Loans

Charge-offs have been manageable

Portfolio is granular

We avoid big bets on loans

Extensive due diligence is done prior to acquiring loans through acquisition

[CHART]

Allowance to Loans

Appropriate reserves for potential losses

Statistical modeling techniques used to determine appropriate allowance

Default risk is appropriately priced into loans originated

[CHART]

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Other Income

Focus area for growth in Strategic Plan

Diversifying and rapidly growing revenue sources

Wealth Management, Deposit Services and Lease Banking are strong contributors to growth

[CHART]

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Other Income to Total Revenues

Revenue streams are becoming more balanced

Will continue to be a strategic area of focus

[CHART]

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Efficiency Ratio

We are carefully managing expenses

Investments are being made in revenue producing personnel

Uptick in 2003 related to large increase in fee revenue

[CHART]

*Excludes \$19.2 million after tax merger charge.

Cash Return on Tangible Equity

[CHART]

*Excludes \$19.2 million after tax merger charge.

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MBFI Stock Price

[CHART]

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[CHART]

33

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Mitchell Feiger, President & CEO

Jill E. York, Vice President & CFO

NASDAQ: MBFI

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, MB Financial, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 23rd day of February, 2004.

MB FINANCIAL, INC.

By: /s/ Jill E. York

Jill E. York

Vice President and Chief Financial Officer

(Principal Financial and Principal Accounting Officer)