

MB FINANCIAL INC /MD
Form 8-K
November 30, 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): **November 30, 2004**

MB FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

0-24566-01
(Commission File No.)

36-4460265
(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) 633-0333**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR 240.13e-4(c))
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Item 7.01. 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 our merger and acquisition activities might not be realized within the expected time frames, and costs or difficulties relating to integration matters might be greater than expected; (2) 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; (3) competitive pressures among depository institutions; (4) interest rate movements and their impact on customer behavior and net interest margin; (5) the impact of repricing and competitors' pricing initiatives on loan and deposit products; (6) the ability to adapt successfully to technological changes to meet customers' needs and developments in the market place; (7) MB Financial's ability to realize the residual values of its direct finance, leveraged, and operating leases; (8) the ability to access cost-effective funding; (9) changes in financial markets; (10) changes in economic conditions in general and in the Chicago metropolitan area in particular; (11) the costs, effects and outcomes of litigation; (12) new legislation or regulatory changes, including but not limited to changes in federal and/or state tax laws or interpretations thereof by taxing authorities; (13) changes in accounting principles, policies or guidelines; and (14) 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 are investor presentation materials.

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Investor Presentation

Mitchell Feiger, President and Chief Executive Officer

Jill E. York, Vice President and Chief Financial Officer

December 1-2, 2004

NASDAQ: MBFI

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MB Financial Snapshot

As of September 30, 2004

Offices		43
Bank subsidiaries		2
Assets	\$	5.1 billion
Loans	\$	3.2 billion
Deposits	\$	3.8 billion
Trust assets under management	\$	1.5 billion

2003

Net income	\$	53.4 million	(+15.1)%
Fully diluted EPS	\$	1.96	(+14.0)%
Cash return on tangible equity		18.8%	
Return on equity		14.8%	

YTD 3Q2004

Net income	\$	46.8 million	(+19.6)%
Fully diluted EPS	\$	1.65	(+14.6)%
Cash return on tangible equity		19.9%	
Return on equity		14.9%	

Market information

Stock price - November 26, 2004	\$	42.20	
Market capitalization	\$	1.2 billion	
P/E (TTM)		19.5	
P/E forward (2004 based on IBES estimate)		18.8	

Chicago Area Branch Map

[GRAPHIC]

Key Strategies

Dual growth sources

Core business segments are growing

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

Treasury management

Capital markets products (swaps, floors, caps)

Real estate investor, construction, developer financing

Lease banking

Target market is companies with revenues ranging from \$5 to \$100 million

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

Focus is on relationship banking

Adding and grooming senior lenders focused on growing the business

Chicago metropolitan market is large, diversified, and stable

Commercial Banking - Loans Outstanding

+17%
CAGR

[CHART]

* Includes commercial loans collateralized by assignment of lease payments.

Wealth Management

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

Open architecture asset management format

Objective advice

Superior returns

Vision Investment Services

High quality provider

Provides brokerage services through MB and other banks

Rapidly growing

Works closely with MB Retail Banking

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

46%
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

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, 2004

Pending Ownership as of November 19, 2004

Rank	Institution	Type	Branch Count	Total Deposits in Market (\$000)	Total Market Share (%)
1	JPMorgan Chase & Co. (NY (Bank One))	Bank	151	28,171,866	18.87
2	LaSalle Bank Corporation (IL)	Bank	89	26,063,977	17.46
3	BMO Financial Group (Harris Bank)	Bank	76	14,937,173	10.00
4	Northern Trust Corp. (IL)	Bank	9	6,369,328	4.27
5	Royal Bank of Scotland Group (Charter One)	Bank	82	4,805,561	3.22
6	Citigroup Inc. (NY)	Bank	39	4,421,363	2.96
7	Fifth Third Bancorp (OH)	Bank	40	3,527,520	2.36
8	MAF Bancorp Inc. (IL)	Thrift	33	3,390,467	2.27
9	MB Financial Inc. (IL)	Bank	33	3,174,321	2.13
10	Bank of America Corp. (NC)	Bank	8	3,087,480	2.07
11	Corus Bankshares Inc. (IL)	Bank	14	2,993,795	2.01
12	Wintrust Financial Corp. (IL)	Bank	20	2,392,615	1.60
13	FBOP Corp. (IL)	Bank	21	2,118,074	1.42
14	Taylor Capital Group Inc. (IL)	Bank	11	2,109,047	1.41
15	Metropolitan Bank Group Inc. (IL)	Bank	58	1,905,509	1.28
16	TCF Financial Corp. (MN)	Bank	112	1,896,575	1.27
17	First Midwest Bancorp Inc. (IL)	Bank	17	1,696,963	1.14
18	Parkway Bancorp Inc. (IL)	Bank	14	1,331,845	0.89
19	Popular Inc. (PR)	Bank	17	1,255,821	0.84
20	U.S. Bancorp (MN)	Bank	24	1,205,083	0.81

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
Acquired First SecurityFed Financial May 2004	\$ 567 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	1 st Yr EPS	1 st 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

[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

[CHART]

Net Interest Income Sensitivity
Varying Rate Scenarios

Parallel Shifts in Yield Curve
One Year Horizon 9/30/04

We are asset sensitive

[CHART]

Non-Performing Loans to Total Loans

Credit quality has been

Excellent, stable, predictable

Better than peers with large C&I portfolios

[CHART]

Net Charge-offs to Average Loans

Charge-offs have been manageable

Portfolio is granular

Extensive due diligence prior to acquisitions

[CHART]

Allowance to Loans

Appropriate reserves for potential loan losses

Statistical modeling used to determine appropriate allowance

Default risk is appropriately priced into loans originated

[CHART]

Other Income

Diversifying and growing revenue sources

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

22%
CAGR

[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]

Efficiency Ratio

We are carefully managing expenses

Investments are being made in revenue producing personnel

Extensive investing in new infrastructure

[CHART]

* Excludes \$19.2 million after tax merger charge.

Cash Return on Tangible Equity

[CHART]

* Excludes \$19.2 million after tax merger charge.

MBFI Stock Price

[CHART]

[CHART]

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Investor Presentation

Mitchell Feiger, President and Chief Executive Officer

Jill E. York, Vice President and Chief Financial Officer

December 1-2, 2004

NASDAQ: MBFI

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 30th day of November, 2004.

MB FINANCIAL, INC.

By: /s/ Jill E. York
Jill E. York
Vice President and Chief Financial Officer
(Principal Financial and Principal Accounting Officer)