

mb. my bank

MB Financial, Inc. 800 W. Madison Street, Chicago, Illinois 60607

mb

Who we are and what we do

MB Financial, Inc. is the Chicago-based holding company for MB Financial Bank. We have a proud tradition of providing relationship-driven financial solutions to privately-held, middle-market businesses as well as to small businesses and individuals who work and live in the communities we serve.

We work hard to create the right blend of products and services to meet the financial needs of our clients. Customized solutions help commercial customers manage and grow their companies; small businesses to thrive; individuals to grow, manage and preserve their wealth; and communities to foster economic health. We are also among a small number of banks that works closely with leasing companies providing debt, equity and bridge financing. Through LaSalle Solutions, a subsidiary of MB Financial Bank, we offer flexible equipment financing and asset management programs, primarily in the technology arena.

Relationship banking has been core to our success for nearly 100 years. Our experienced banking professionals deliver financial

solutions that fulfill customer requirements. We make banking better, simpler and easier. Whether it's through our 70-plus banking centers located throughout Chicagoland (many open seven days a week), the Telephone Banking Center, Internet Banking or our Phone Access Line, MB customers have the flexibility to bank when, where and how they find it convenient.

Our goal is to be the premier commercial, consumer and relationship bank serving Chicagoland. And, our fundamental values of integrity, high performance, customer focus, mutual respect, open communication and enthusiastic service continue to define, sustain and guide our efforts.

As of December 31, 2007:
Assets: \$7.8 billion
Loans: \$5.6 billion
Deposits: \$5.5 billion
Equity: \$862.4 million

The logo consists of the lowercase letters 'mb' in a white, serif font, centered within a solid red square.

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“As a bank that’s locally based and managed, we’re able to maintain a true partnership with customers, which is rare in today’s banking environment.”

Mitch Feiger, President and CEO, MB Financial, Inc.

We remain committed to setting the standard for the highest level of service to privately-held, middle-market businesses and individuals who live and work in the communities we serve.

Despite a challenging market, our performance continued to be strong. We invested in our core businesses, added well-seasoned bankers experienced in working closely with business owners, widened our reach into several new communities and never stopped providing fast, responsive, dedicated service.

We made considerable progress over the past year delivering quality products because we have a great staff and the right attitude. Over 1,200 employees share a common understanding of what's important to our customers and of the significant role each plays in supporting those relationships. They are fully engaged and enthusiastic.

The passion and creativity of our staff is amazing. When you add their entrepreneurial spirit and ambition to the support, guidance and leadership of our Board of Directors, we were able to provide strong customer support during the year. That's why it was with great sorrow that we said goodbye to Director and former Vice Chairman of the Board Ken Skopec. His counsel to customers and the Chicago financial community was invaluable. He was a good friend and will be missed. He will not be forgotten.

Concentration of our resources

The Chicago banking market continued to shift, consolidate and restructure revealing a significant gap in service – an excellent opportunity for our growth and expansion.

With that in mind, we focused resources in the Chicago marketplace this year and sold our subsidiary, Union Bank, based in Oklahoma City. In addition, our Wealth Management Group repositioned Vision Investment Services, a subsidiary of MB Financial Bank, by selling its third-party brokerage relationships and outsourcing certain back-office functions. This expanded product delivery to customers helped improve technology and efficiency gains through system automation.

A well-seasoned approach

From the time we opened in 1911 at the corner of Madison and Halsted in Chicago, we have always focused on building relationships with our customers and the community. Customers depend on quick decisions, loyalty through changing business cycles and our ability to offer ideas that support their business and individual goals. Our commercial bankers serve as customer advocates and are smart, entrepreneurial and passionate about providing unrivaled, personalized service. Most importantly, they are empowered to be flexible and responsive. In fact, our commercial bankers average nearly 20 years of experience in banking and finance. And, they're backed by talented teams of support professionals who work to leverage our organization-wide capabilities and technology. Together, they give customers a reason to say, "Wow."

Customer feedback confirms the critical role we play in their success. They value our experience, entrepreneurial drive, local decision making, access to senior management, and perhaps most importantly, our strong commitment to relationship banking.

Expansion of ways to access funds and services

No matter how customers prefer to access information, we find new ways to make it easier to manage their money – and their lives. This year, we continued to enhance our relationships by adding new solutions that make customer banking experiences better, simpler and easier.

In 2007, we filled gaps in our banking center network. We opened new banking centers in Highland Park, Lombard, Oak Lawn and Oak Park and entered into a partnership with Walt's Food Centers. Our partnership with Walt's provided the avenue to enter into new communities including Crete, Frankfort, Homewood and Dyer, Indiana giving our south suburban customers the opportunity to bank while they picked up a few groceries.

In 2008, we will roll out updated Internet-based banking platforms for both our business and personal customers. By the end of the second quarter, we'll have converted our online

banking users to our premier treasury management product, MB Web Express, which offers a long list of beneficial enhancements including current day, real-time balance reporting, robust transaction imaging, and stronger security features. In addition, we will unveil a new, state-of-the-art personal Internet Banking platform called ibankmb.com that will rival those found at the very best banks in the country.

We understand that part of our role is to be there when needed most. That's why we have policies and procedures in place to protect people, assets, business operations and our community in the event of a disaster. We continued this year to assess and test our disaster recovery plan, which outlines how we respond to a disaster and the resumption of critical banking operations.

Surrounding ourselves with good people

We continually improve the way we operate by rethinking what we do and how we do it. We added experienced professionals to our team enhancing our high performance culture. We understand that our employees are our most significant investment. We hire quality employees who strive for excellence and provide them with one of the strongest benefits and compensation packages around. In fact, eligible full- and part-time employees have access to MegaBenefits including an Employee Sabbatical, Forgivable Home Loan, Employee Wellness Fund and Back-Up Childcare.

We encourage continued professional development at every level. For example, our private bankers are earning Certified Financial Planner designations through Northwestern University. In addition, all employees have an opportunity to realize their potential through offerings from MB University (MBU), a complete learning experience designed to cultivate professional and personal development through classroom and hands-on training. MBU includes an on-site bachelor's degree program in partnership with Dominican University, and a Future Leaders Program to help grow our next generation of talented professionals.

Making the world just a little bit better

Some say that success is directly related to what you do for others. We see our responsibilities to include reaching into the neighborhoods we serve to make positive contributions through community development, mortgage lending, financial education and volunteerism. Our success is directly correlated with the communities we serve.

We worked closely with our partners in 2007 – non-profit community groups and private developers – to help build nearly 1,000 units of affordable housing for lower-income families. We also put dollars to work in capital-starved markets by committing millions in community development loans and direct investments through MB Financial Community Development Corporation. Our reach didn't stop there. MB Financial Bank and MB Financial Charitable Foundation contributed over \$500 thousand to over 200 locally-focused community organizations this past year.

Giving back is more than just making financial contributions; it's about doing the right things without ever expecting anything in return. Last year, nearly 400 employees donated their time and effort in support of area non-profit organizations including those sponsored by our employee-managed MB Spirit Committee. We are taking measures to reduce the impact we have on the environment and started our employee-driven Green Team in 2008.

Creating value

While our efforts in 2007 have helped maintain our position as a stable and focused company, there is no question that more work is ahead. We are committed to our customer relationship strategy, consistent in our efforts to serve our communities and determined to inspire more people to call MB "my bank."



Mitch Feiger, President and Chief Executive Officer, MB Financial, Inc.



Ron Santo, Vice President, MB Financial, Inc.,

Chairman and Group President, MB Financial Bank; **Tom Panos**, President and Chief Commercial Banking Officer, MB Financial Bank

“Our relationship with MB is like a family business partnership. It’s not the same feeling as it is with the ‘big’ banks.”

Ely Lionheart, Chairman of the Board, QST Industries, Inc.



Ely Lionheart, Chairman of the Board, QST Industries, Inc.



Dave Duxbury, Group Regional President, MB Commercial Banking

There aren't too many relationships that last nearly 100 years. But QST Industries, Inc. and MB have been doing business together since we opened our doors in 1911. And both have grown significantly over the years. In fact, QST is now manufacturing and distributing apparel construction components in 17 countries. "The QST and MB relationship has been a consistent, respectful relationship – no matter what the business cycle has been," says Dave. "If they need something, we figure out the answers and make it happen." Ely agrees. "We've always felt that senior management works with us to meet our needs. It's a warm, special relationship, it feels like we're being taken care of," he says.



Dave Bossy, Chairman, and **Mike Firsell**, President, Mid-America Development Partners, LLC



Christina Frank, First Vice President, MB Commercial Real Estate

“Mike really has a complete understanding of MB because he worked with us before changing his career to real estate development – that makes for a very unique partnership between Dave, Mike and the bank,” says Christina. “Our business is about creation and we have a vision of where we’re going,” says Dave. “MB understands those plans and we’ve been able to work together to find solutions.”

“As we’ve grown as a company in volume and requirements, the bank has grown with us. There’s just a lot less red tape and more customer satisfaction at MB.”

Mike Firsell, President, Mid-America Development Partners, LLC

“MB understands what it means to be community-based. That understanding has not only helped us – but has pushed us to the next level.”

Charles Bandoian, CFO, Access Community Health Network



Charles Bandoian, CFO, and **Donna Thompson**, CEO, Access Community Health Network



Jim Houston, Senior Vice President, MB Commercial Banking

“Trust is the foundation for long-term relationships,” says Jim. “We work closely with Access to help them achieve their goals.” It’s our focus on customer relationships that helps them make confident and informed decisions. “MB’s strength, ideas, ability to accommodate every situation and their customer service add value to who we are and what we do,” adds Charles.

“We were building our business, hit a bottleneck and turned to MB. They’ve worked with us ever since to run a good, solid business.”

Tom Pecora, President, Champion Packaging, Inc.



Tom Pecora, President, Champion Packaging, Inc.



Tom Watts, Senior Vice President, MB Commercial Banking

We take the time to understand our customers and their plans for the future. “We’ve worked with Tom as a financial adviser by providing ideas, suggestions and support for growth and expansion. Because we know Tom and his business so well, we have a better ability to work through the challenges and opportunities his business faces every day,” says Tom Watts. And that relationship means something. “I get calls from competitors every week but I’m not going anywhere,” notes Tom Pecora. “I’m staying right here. MB takes care of us.”



Jeff Kahn, President, Whiting Corporation



Tom Marvinac, Group Regional President, MB Commercial Banking

"Jeff knows that he can call me and I'll see him at any time," notes Tom. "That's the kind of relationship we have." We are locally-operated and locally-focused and that gives customers access to the quick decisions, solutions, products and quality services they need to help them be successful. We respond quickly to requests for financing – far faster than most banks. "MB understands that in heavy manufacturing there are cyclical ups and downs and not every year is going to be great," adds Jeff. "Whatever our needs might be – we can depend on them to work with us and do what they say they're going to do."

“MB is large enough to meet our needs yet they’re nimble and able to take action quickly. I can pick up the phone, call my MB banker and get a decision in minutes.”

Jeff Kahn, President, Whiting Corporation

MB Financial, Inc. and Subsidiaries Consolidated Balance Sheets

(Amounts in thousands, except share and per share data)

Years Ended December 31	2007	2006
Assets		
Cash and due from banks	\$ 141,248	\$ 142,207
Interest bearing deposits with banks	9,093	5,086
Total cash and cash equivalents	150,341	147,293
Investment securities available for sale	1,241,385	1,628,348
Loans (net of allowance for loan losses of \$65,103 at December 31, 2007 and \$58,983 at December 31, 2006)	5,550,524	4,912,511
Assets held for sale	–	393,608
Lease investments, net	97,321	80,258
Premises and equipment, net	183,722	194,618
Cash surrender value of life insurance	116,690	114,134
Goodwill, net	379,047	379,047
Other intangibles, net	25,352	28,856
Other assets	90,321	99,625
Total assets	\$ 7,834,703	\$ 7,978,298
Liabilities and Stockholders’ Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 875,491	\$ 924,371
Interest bearing	4,638,292	4,656,182
Total deposits	5,513,783	5,580,553
Short-term borrowings	977,721	688,504
Long-term borrowings	208,865	245,880
Junior subordinated notes issued to capital trusts	159,016	179,162
Liabilities held for sale	–	361,008
Accrued expenses and other liabilities	112,949	76,239
Total liabilities	6,972,334	7,131,346
Stockholders’ Equity:		
Common stock, (\$0.01 par value; authorized 43,000,000 shares at December 31, 2007 and 40,000,000 at December 31, 2006; issued 37,401,023 shares at December 31, 2007 and 37,332,328 at December 31, 2006)	374	373
Additional paid-in capital	441,201	439,502
Retained earnings	505,260	437,353
Accumulated other comprehensive income (loss)	7,597	(7,602)
Less: 2,785,573 and 666,120 shares of treasury stock, at cost, at December 31, 2007 and December 31, 2006, respectively	(92,063)	(22,674)
Total stockholders’ equity	862,369	846,952
Total liabilities and stockholders’ equity	\$ 7,834,703	\$ 7,978,298

MB Financial, Inc. and Subsidiaries Consolidated Statements of Income,

(Amounts in thousands, except share and per share data)

Years Ended December 31	2007	2006	2005
Interest income:			
Loans	\$ 393,016	\$ 310,194	\$ 221,847
Investment securities available for sale:			
Taxable	49,675	51,836	42,689
Nontaxable	13,862	11,255	9,507
Federal funds sold	449	774	178
Other interest bearing accounts	264	312	301
Total interest income	457,266	374,371	274,522
Interest expense:			
Deposits	185,649	141,108	76,607
Short-term borrowings	37,354	27,944	19,206
Long-term borrowings and junior subordinated notes	21,957	17,140	9,876
Total interest expense	244,960	186,192	105,689
Net interest income	212,306	188,179	168,833
Provision for loan losses	19,313	10,100	8,150
Net interest income after provision for loan losses	192,993	178,079	160,683
Other income:			
Loan service fees	6,258	5,400	5,031
Deposit service fees	23,918	19,445	18,602
Lease financing, net	15,847	13,369	14,232
Brokerage fees	9,581	9,318	7,853
Asset management and trust fees	10,447	6,916	5,840
Net (loss) on sale of securities available for sale	(3,744)	(445)	(2,077)
Increase in cash surrender value of life insurance	5,003	3,964	3,656
Net gain on sale of assets	10,097	860	20
Merchant card processing	16,347	6,848	2,251
Other operating income	6,150	5,646	4,672
Total other income	99,904	71,321	60,080
Other expenses:			
Salaries and employee benefits	112,047	88,907	72,372
Occupancy and equipment expense	28,915	24,462	22,396
Computer services expense	7,469	6,281	5,117
Advertising and marketing expense	5,030	4,597	5,454
Professional and legal expense	4,555	2,027	2,871
Brokerage fee expense	4,024	4,986	3,857
Telecommunication expense	2,808	2,617	3,288
Other intangibles amortization expense	3,504	1,971	993
Merchant card processing	14,046	6,210	2,035
Charitable contributions	4,686	695	654
Other operating expenses	19,752	16,322	14,474
Total other expenses	206,836	159,075	133,511
Income before income taxes and discontinued operations	86,061	90,325	87,252
Income taxes	24,036	27,269	26,607
Income from continuing operations	62,025	63,056	60,645
Discontinued operations:			
Income from discontinued operations before income taxes	50,475	6,213	6,281
Income taxes	18,637	2,155	2,172
Income from discontinued operations	31,838	4,058	4,109
Net income	\$ 93,863	\$ 67,114	\$ 64,754
Common share data:			
Basic earnings per common share from continuing operations	\$ 1.73	\$ 2.02	\$ 2.13
Basic earnings per common share from discontinued operations	\$ 0.88	\$ 0.13	\$ 0.14
Basic earnings per common share	\$ 2.61	\$ 2.15	\$ 2.27
Diluted earnings per common share from continuing operations	\$ 1.70	\$ 1.99	\$ 2.10
Diluted earnings per common share from discontinued operations	\$ 0.88	\$ 0.13	\$ 0.14
Diluted earnings per common share	\$ 2.58	\$ 2.12	\$ 2.24
Weighted average common shares outstanding	35,919,900	31,156,887	28,480,909
Diluted weighted average common shares outstanding	36,439,561	31,687,220	28,895,042

Directors and Executive Officers

MB Financial, Inc.

Board of Directors
Thomas H. Harvey, Chairman of the Board; and
Environment Program Director,
William and Flora Hewlett Foundation
David P. Bolger, Chief Operating Officer,
Chicago 2016
Robert S. Engelman, Jr., Private Investor
Mitchell Feiger, President and Chief Executive Officer
Charles J. Gries, Partner, Charles J. Gries & Co., LLP, CPA
James N. Hallene, Vice Chairman; and
Principal, Capital Concepts, LLC
Patrick Henry, Chairman of the Board, Verado Energy, Inc.
Richard J. Holmstrom, Partner, Menlo Equities, LLC
Karen J. May, Executive Vice President,
Global Human Resources, Kraft Foods, Inc.
Ronald D. Santo, Vice President; Chairman and
Group President, MB Financial Bank

Executive Officers
Mitchell Feiger, President and
Chief Executive Officer, MB Financial, Inc.
Rosemarie Bouman, Executive Vice President and
Chief Administrative Officer, MB Financial Bank
Burton J. Field, Vice President, MB Financial, Inc.;
President, Lease Banking, MB Financial Bank
Thomas P. FitzGibbon, Jr., Executive Vice President,
MB Financial Bank; President, MB Financial
Community Development Corporation;
President, MB Financial Charitable Foundation
Larry J. Kallembach, Executive Vice President and
Chief Information Officer, MB Financial Bank
Thomas D. Panos, President and
Chief Commercial Banking Officer, MB Financial Bank
Susan Peterson, Executive Vice President and
Chief Retail Banking Officer, MB Financial Bank
Ronald D. Santo, Vice President, MB Financial, Inc.;
Chairman of the Board and Group President,
MB Financial Bank
Brian Wildman, Executive Vice President,
Wealth Management, MB Financial Bank
Jill E. York, Vice President and Chief Financial Officer,
MB Financial, Inc.; Executive Vice President and
Chief Financial Officer, MB Financial Bank

MB Financial Bank

Board of Directors
Ronald D. Santo, Chairman of the Board and
Group President, Commercial Banking
Rosemarie Bouman, Executive Vice President and
Chief Administrative Officer
Alfred Feiger, Retired MB Financial, Inc. Director
Mitchell Feiger, President, and Chief Executive Officer,
MB Financial, Inc.
Burton J. Field, President, Lease Banking
Thomas P. FitzGibbon, Jr., Executive Vice President
Lawrence E. Gilford, Retired MB Financial, Inc. Director
Richard I. Gilford, Retired MB Financial, Inc. Director
Larry J. Kallembach, Executive Vice President and
Chief Information Officer
Julian Kulas, Attorney
James Mann, Senior Vice President
Paul Nadzikewycz, Real Estate Investor
Thomas D. Panos, President and
Chief Commercial Banking Officer
Susan Peterson, Executive Vice President and
Chief Retail Banking Officer
Nancy L. Philip, President, P.S. Advertising, Inc.
Hipolito (Paul) Roldan, President and Chief Executive Officer,
Hispanic Housing Development Corporation
Jason B. Selch, Senior Equity Analyst,
Equity Group Investments, LLC
Brian Wildman, Executive Vice President, Wealth Management
Jill E. York, Executive Vice President and
Chief Financial Officer

Services

MB offers a full suite of products and services that helps make banking better, simpler and easier.

Commercial Banking
Commercial Banking and Financing
Working Capital Loans
Lines of Credit
Equipment Loans
Business Acquisition Loans
Full Leasing Company Product Line
Health Care Financing
Commercial Project Financing
Letters of Credit
ESOP Financing
Industrial Revenue and Development Bond Financing
SBA 504 Program
Commercial Real Estate Financing
Retail, Industrial/Warehouse, Office and
Multi-family Construction Loans
Acquisition and Development Loans for Homebuilders
Acquisition Loans for Asset Repositioning
Bridge Loans and Mini-Perms
Asset-Based Lending
Treasury Management, Internet and Electronic Banking
Institutional Banking
International Banking
Employee Bank@Work

Wealth Management
Personal Trust Services
Investment Management
Custody
Estates
Guardianships
Retirement Plan Services
Public Pensions
Escrow Services
Tax-Deferred Exchanges
Private Banking
Brokerage Services

Personal Banking
Checking
Savings
Money Market
CDs/IRAs
Health Savings Accounts
CDARS
Mortgages
Consumer Loans
Internet Banking
Investment Services
Home Equity Loans
Home Equity Lines of Credit

Locations

Corporate Office 800 W. Madison Street Chicago, Illinois 60607	6443 N. Sheridan Road 1618 W. 18th Street 5100 S. Damen Avenue 3030 E. 92nd Street	Lisle 6444 S. College Road	Warrenville 28W571 Batavia Road
MB Financial Center 6111 N. River Road Rosemont, Illinois 60018	Countryside 600 W. Plainfield Road	Lombard 1145 S. Main Street	Wheaton 212 S. West Street
MB Financial Bank www.mbf financial.com 1.888.i bank mb (1.888.422.6562)	Crete 1100 E. Exchange Avenue	Morton Grove 6201 Dempster Street 9147 Waukegan Road	Indiana
Illinois	Darien 2401 75th Street	Mount Prospect 15 E. Prospect Avenue	Dyer 1218 Sheffield Avenue
Addison 777 Army Trail Boulevard	Dolton 14122 Chicago Road	Naperville 380 W. Diehl Road	Pennsylvania
Aurora 2992 Indian Trail Road	Elmhurst 990 N. York Road	Niles 7557 W. Oakton Avenue	Philadelphia 7918 Bustleton Avenue
Bensenville 1050 Busse Highway	Frankfort 685 N. LaGrange Road	Northbrook 1161 Church Street	Subsidiaries
Bolingbrook 455 S. Weber Road	Glen Ellyn 487 Pennsylvania Avenue	North Riverside 7222 W. Cermak Road	MB Financial Community Development Corporation 6111 N. River Road Rosemont, Illinois 60018 847.653.1996
Broadview 1500 Roosevelt Road	Glenview 2200 N. Waukegan Road 2823 Pfingsten Road	Oak Brook 1400 Sixteenth Street 3824 York Road	LaSalle Solutions www.elasalle.com 6111 N. River Road Rosemont, Illinois 60018 847.823.9600
Burbank 5750 W. 87th Street	Highland Park 581 Elm Place	Oak Lawn 9701 S. Cicero Avenue	Vision Investment Services, Inc. www.investwithvision.com 6111 N. River Road Rosemont, Illinois 60018 847.653.0400
Burr Ridge 8300 S. Madison 7000 County Line Road	Homer Glen 13900 S. Bell Road	Oak Park 6621 W. North Avenue	
Chicago 800 W. Madison Street 1420 W. Madison Street 33 W. Huron Street 2 S. LaSalle Street 303 E. Wacker Drive One E. Wacker Drive One S. Wacker Drive 557 S. State Street 1200 N. Ashland Avenue 936 N. Western Avenue 820 N. Western Avenue 6422 W. Archer Avenue 8300 W. Belmont Avenue 2965 N. Milwaukee Avenue 5670 N. Milwaukee Avenue	Palatine 2251 Plum Grove Road	Park Ridge 1014 Busse Highway	
	Rosemont 6111 N. River Road	Schaumburg 200 W. Higgins Road	
	South Holland 475 E. 162nd Street 16340 South Park Avenue 16145 S. State Street		
	St. Charles 2607 Lincoln Highway		
	Tinley Park 16039 S. Harlem Avenue 16255 S. Harlem Avenue 18299 S. Harlem Avenue		

Our fundamental values of integrity, high performance, customer focus, mutual respect, open communication and enthusiasm make MB a great place to work and to bank.