

experience mb financial

2003 Annual Report





MB Financial's focus on creating and maintaining strong banking relationships has resulted in another successful year. We have continued to build on our strengths, add new capabilities and grow steadily according to plan. Our fundamental values of integrity, high performance, customer focus, mutual respect, good communication and enthusiastic service make this a great place to work and a great place to bank.

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Corporate Overview

With \$4.4 billion in assets, \$3.4 billion in deposits and \$375 million in equity as of December 31, 2003, MB Financial, Inc. (NASDAQ: MBFI) has grown substantially over the last several years. We are the Chicago-based holding company for our lead bank, MB Financial Bank in Chicago, and Union Bank in Oklahoma City. In early 2004, we announced an agreement whereby Chicago-based First SecurityFed Financial, Inc., parent of First Security Federal Savings Bank, will merge into MB Financial. MB Financial's total assets are expected to increase to more than \$4.9 billion once the transaction is complete in the second quarter.

Through our subsidiaries, we provide customer-driven financial solutions to entrepreneurial small- and middle-market businesses as well as to individuals who work and live in the communities we serve. Commercial Banking. Retail Banking. Wealth Management. Our competitive advantage is our ability to deliver unparalleled personalized service and our competitive difference is our experience – the collective wisdom of our employees, Board of Directors, customers and shareholders.

MB Financial Bank has been helping our customers grow, manage and protect their assets for more than 90 years. Our philosophy of relationship banking is so deeply-rooted that some of our customers have remained our partners for as long we've been around. With more than \$4.0 billion in assets, our goal is to be this city's premier middle-market bank. We understand that our business is not only about relationships but, just as importantly,

about convenience. Our customers can decide when, how and where they bank with us, whether it's through our 35 banking centers, our growing ATM network or our other access options including Corporate InterConnect, MB Banker, Internet Banking with Online Bill Pay, Phone Access Line (PAL) and the Telephone Banking Center. MB Financial Bank also owns LaSalle Systems Leasing, Inc. and Vision Investment Services, Inc.

For over five decades, Union Bank has been focused on nurturing strong banking relationships that help our customers succeed financially. We are uniquely positioned as one of the lead providers in the Oklahoma City metro area with five banking centers. As the "bank that starts with you," Union Bank provides the same state-of-the-art technology offered by the big banks but packages it with the personalized, individual level of service that only a community-oriented bank can deliver.

In 2003, MB Financial sold Abrams Centre Bancshares, Inc. and its subsidiary, Abrams Centre National Bank. The sale allowed us to concentrate our resources on our core commercial and retail banking operations in Chicago and Oklahoma City.

MB Financial is committed to continued growth – while remaining responsive to our customers' specific financial needs. We know that by doing what's right, focusing on meeting the continuously-changing needs of our customers, providing solid financial solutions and capitalizing on the experience and knowledge of our team, we will be the bank of choice in the markets we serve.

Letter to Our Shareholders

The year 2003 presented MB Financial with 12 months to continue our journey toward becoming the premier middle-market bank and the premier bank for each of our customers.

The execution of our strategy depended on the experience and entrepreneurial spirit of our employees who embraced every customer interaction as an opportunity to attract, retain or deepen a relationship. No magic. No secret formula. Just plain old hard work. Every day. It also depended on the continued confidence of you, our shareholders. Your trust empowered us to make the best choices – defined by our vision, our values and our business model – to achieve great results.

We're pleased to share with you that, despite the challenges posed by this economy, it was a good year for MB Financial. In 2003, we hit nearly every goal we set, outperformed our peers by most measures, grabbed more market share and recorded our best-ever deposit growth.

How were we able to deliver on our promises while managing the challenges that accompany growth? Expertise and hard work. Results were driven by the depth of experience of our team of professionals, the knowledge and perspective gained by our past and the know-how to satisfy customers' needs and help them succeed financially. Results were shaped by many forces working in tandem, which you can read more about in the Review of Operations. However, we believe that the year's defining moments included:

The acquisition and full integration of South Holland Trust & Savings Bank (SHB)

Our core growth was impacted by the successful integration of SHB in the second quarter. We added five new banking centers, talented employees, a strong commercial platform and a significant number of wealth management relationships. We were able to take the best of their culture, add it to ours and create better value for our customers in the south suburbs of Chicago. In addition, we renovated our South Holland location into a state-of-the-art banking center designed to streamline and enhance the MB Financial Bank experience.

The retention and addition of team members

The efforts of our employees never cease to amaze us and, we imagine that they're amazed, too. We ask a lot from them. Even so, they are motivated by the challenges, opportunities and benefits of building and creating MB Financial. We added to our strong and versatile talent pool by attracting seasoned professionals who possess a wealth of middle-market banking experience in commercial banking, private client services, treasury management and merchant banking services. This infusion of talent to our already experienced team enhances our market expertise and fuels our growth.

MB Financial Bank organizational changes

In the past two years, we have expanded significantly in terms of employees, branch network, products, business units and customer base. This rapidly increasing scale created the need for organizational changes that better position us to reach our objectives. With that in mind, Tommy FitzGibbon now heads a new division, which will focus on creating wholesale loans, loan servicing and investment opportunities throughout the country. This includes his role as president of MB Financial Community Development Corporation. Through Tommy's dedication and leadership, we're confident that he'll develop a profitable new business line – actually, we can't think of anyone better suited for the job.

Addition of new products

Banking is a "living" business. It rides the waves of market shift and change. That's why we need to be able to read between the lines and anticipate what products or services are needed. In 2003, our product and service introductions included Top Rate Checking, Certificate of Deposit Account Registry Service (CDARS) program, e-statements and MB Bank@Work. We're already developing new products and services for 2004 including Merchant Banking Services, Separately Managed Accounts for our wealth management and investment customers, enhanced online banking services and more. The right products and services are key to a good relationship.

CRA at MB Financial Bank

We're proud to have earned an overall "outstanding" Community Reinvestment Act (CRA) rating at our last examination by the Office of the Comptroller of Currency (OCC). Only 9% of banks nationwide achieve such a rating. It reflects how our entire bank works as a team to provide access to our loan and deposit products. We have the right products, delivery systems and processes in place to make a difference to our customers and fulfill our organization's values statement.

The sum of these highlights equals our brand value. In 2003, the awareness level of MB Financial nearly doubled in our Chicago market. The odds are now good that a lending officer calling on prospects will be meeting with people who already know who we are: They've heard our commercials on the radio or seen a story in the newspaper or caught our billboards and banking center signage or were referred to us from someone they know. This means that everyone in our organization is in marketing and that great service – on every level – reinforces our brand promise.

We can't rest on our past achievements. We'll continue to take our experience and expertise and build on our reputation in 2004. In fact, we set pace for the new year with the announcement of our pending merger with First SecurityFed Financial, Inc., parent of First Security Federal Savings Bank. This represents another opportunity for us to enhance our geographic penetration, develop our brand in Chicago ethnic communities and add to our capabilities to best serve our entrepreneurial, middle-market customers.

2004 will also be defined by:

Consolidation of operations

We took a giant leap forward in resolving our current and future office space needs by purchasing a Class A property in Rosemont, Illinois. It's high-quality space and an excellent foundation for a growing organization. We expect to consolidate corporate-level operations in the third quarter. Headquarters for MB Financial will remain in Chicago.

Technology

Our move to Rosemont provides us a clean slate to reconfigure our technology network and rebuild our infrastructure. This investment will result in more complete information at hand for employees to serve customers more fully and improve cross-sell opportunities.

Organic growth

In the past few years, organic growth has been strong. We will continue to grow on our own concentrating on the areas where we have gaps in our banking center network. We're slated to open several new offices in high-growth areas where we also have commercial opportunities.

We thank you, our shareholders, for your continued confidence in our vision, goals and efforts. While we have accomplished a great deal in the past year, we recognize that this is just a foundation on which to grow. We have a tremendous amount of hard work ahead and we are determined and dedicated to achieving superior value for you over the long term.



E.M. Bakwin
Chairman of the Board
MB Financial, Inc.



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

What makes MB Financial different?
What makes us stand apart from the crowd around us?
The answer lies between expectation – and our
responsive service.

experience the difference

No other organization is just like ours. Our unique personality is defined by the depth of our expertise, the knowledge and perspective gained from our past and our team of professionals who have the know-how to satisfy our customers.

It's through this collective wisdom and experience that our organization is strengthened, our vision sharpened, our ambition inspired and, ultimately, our success achieved.



experience the relationships

Relationships start here.

We work closely with our customers.

Together, we make big things happen.

- A food processor—and our customer since 1974—had a chance to expand their product reach this year to three regions of a well-known warehouse store covering over 15 states. But they couldn't meet these increased demands in production if they didn't get new equipment and a larger line of credit. MB Financial understood this was a tremendous growth opportunity for them: We increased their line of credit for accounts receivable and financed their new equipment.
- We were contacted at the eleventh hour by a businessman who had thought he had a commitment from another bank to finance a project. However, due to some high-level miscommunication, he didn't have it and so he turned to us. MB Financial understood the urgency of his situation and knew a quick decision was needed. Despite this being a new relationship, the financing was approved within one week and, within several weeks, our new customer's project was funded.
- We've partnered with one customer, a manufacturer in the apparel industry, for as long as we've been in business. Over nine decades, they've grown into an international company and we've evolved into an organization better able to serve their needs. This year, they entrusted us with their profit sharing and 401(k). In addition, we're now teaming with another local bank to finance their new \$50 million loan facility and provide them treasury management services.



experience the teamwork

It's through teamwork that dreams work.

Drawing on our deep pool of knowledge, we customize financial solutions and make dreams come true.

- Four years ago, a computer equipment leasing company formed in the Northeast and turned to MB Financial as their trusted partner. We sat down with them. We listened. And through the expertise and coordinated efforts of our lease banking, commercial lending and treasury management services teams, we've helped them grow their leasing business portfolio from zero to \$85 million.
- There were only two weeks to close the transaction. That's when our customer approached us to help facilitate a land acquisition of approximately 80 acres with a sale price of \$2 million. Recognizing the importance of this deal to our customer, we tapped into our strong network of appraisers, surveyors and attorneys to work with us to properly underwrite the project and then finance it—with time to spare.
- Our commercial lending and wealth management teams are working together to create a long-term financial plan for partners, who secured financing from us to invest in a local sports franchise. With an exit date in mind, the partners will then sit down with our wealth management advisors to help them place their sale proceeds into alternative investments for their retirements and families.



Over 200 commercial and wealth management professionals and support staff.

Over 500 retail professionals.

Over 200 support professionals.

Forty banking centers throughout Chicagoland and Metro Oklahoma City.

Over 60 MB Financial ATMs and access to thousands of ATMs worldwide.

Telephone Banking Center.

24-hour Phone Access Line (PAL) in English, Spanish, Korean and Polish.

24-hour Corporate InterConnect and MB Banker.

24-hour Internet Banking with Online Bill Pay.

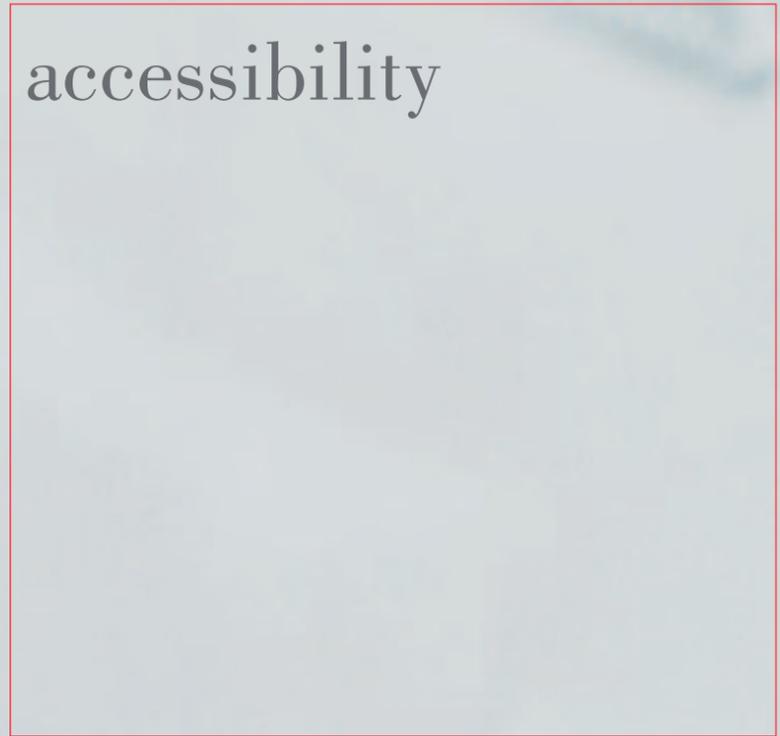
Online capability to open CDs and checking and savings accounts.

Anywhere banking.

Convenience is defined by individual preferences.

That's why we're here when – and where – customers need us.

experience the **accessibility**





experience the responsiveness

The key is action.

Our customer relationships grow through our uncompromising commitment to service—specific, concrete, individualized, unique.

- A not-for-profit organization for boys and girls needed \$1.3 million to renovate their existing facility. They approached their primary bank first—but they were slow to respond. Understanding the organization’s desire to begin the improvements as soon as possible, MB Financial moved quickly. We approved their loan within 24 hours after receiving their financials.
- On Christmas Eve, our customer needed to wire transfer \$1.8 million to meet payroll and, in return, they were waiting for a wire transfer in a like amount. Even though the office was only open a half day, the banker, wire transfer and deposit operations teams worked together to seamlessly oversee the effort. Our customer said, “I knew I could count on MB Financial Bank.”
- A president of a family-owned manufacturing company felt that he was the only one keeping an eye on his company’s employee pension fund at one bank and his personal investments at another. He decided to shop around and soon moved his commercial accounts to our bank – attracted by the fee structure and the track record of our investments. He soon moved his personal accounts here as well. With his old banking relationship, he felt that all he had was an 800 number, plus the people administering his accounts were in other states. At MB Financial Bank, we’re Chicago-based so decisions get made quickly and responsive service happens every minute of the day.

More than ninety years.

That's how long we've been devoted to helping our customers in Chicago and its suburbs grow, manage and protect their assets. We've been committed for over 50 years to Oklahoma City. Our customers are like family. And, like family, we are dedicated to doing all we can to help them succeed.

We give them everything we've got. In fact, our team of professionals is driven by the same entrepreneurial spirit as our customers. They work hard and smart and are committed to delivering results—and continued growth.

We do what's right by focusing on meeting the continuously changing needs of our customers and providing solid financial solutions. Relationships thrive.

Manage. Grow. Protect.
Whatever point along the path of life and career,
we are dedicated to helping customers meet their
financial goals, objectives and dreams.

experience the commitment





experience the community

Neighborhood activists.
In every community, there's work to be done.

In 2003, MB Financial:

Contributed over \$750,000 to charitable and community organizations throughout Chicagoland and Metro Oklahoma City, including a \$250,000 commitment to the South Holland Community Center and a seed money grant to create Oklahoma City's first "Off-Leash" Dog Park.

Helped build 2,193 units of affordable housing.

Assisted 208 lower-income families achieve their dream of owning a home.

Supported the growth of small businesses and became the 13th ranked lender of small business loans in the Chicago (Cook County) market.

Provided \$35 million in community development loans and investments.

Provided financial education to over 1,000 attendees of our investment services, Advantages and Smart seminars.

In addition:

More than 150 employees volunteered time to a community organization.

Through our employee volunteer group, nearly 100 employees raised over \$9,000 for literacy, poverty and asthma.

Over 30 employees donated one summer weekend to participate in Neighborhood Housing Services of Chicago's Neighborworks Day. The event provided a boost to neighborhood revitalization efforts and raised awareness about the need for affordable housing in Chicago's neighborhoods.

Seventy-seven Chicago-area low-income families had happy holidays because of the generosity of employees who donated 214 gifts to their children.

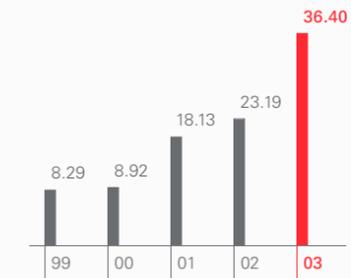
experience the results

The sum of our experience is our performance – and the continued confidence of our shareholders.

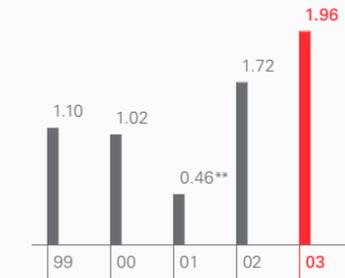
No magic. No secret formula. Just plain old hard work. Every day.

Financial Highlights

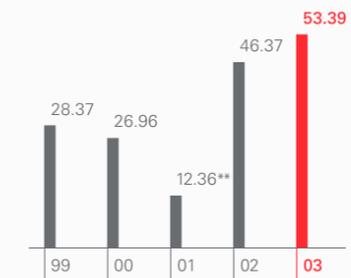
Closing Stock Prices*
(year ended)



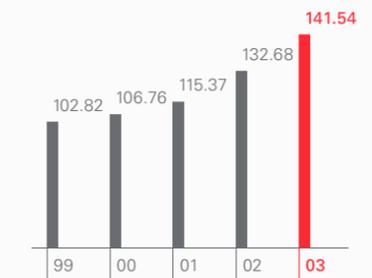
Earnings Per Share*
(fully diluted, in dollars)



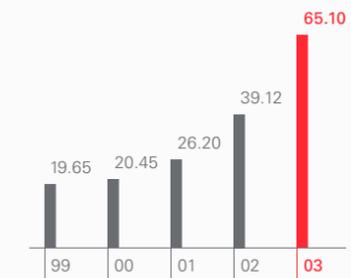
Net Income
(in millions of dollars)



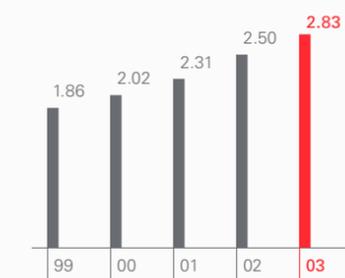
Net Interest Income
(in millions of dollars)



Other Income
(in millions of dollars)



Total Loans
(in billions of dollars)



*Adjusted to reflect three-for-two stock split in December 2003
**Includes \$19.2 million merger charge, net of tax benefit

Working together. Our culture. Our efforts. Our focus. Our capital strength and stability. The union of these elements is our brand promise to be the long-term partner of businesses and individuals. From birth to school, work to vacation, launching a business to retirement... Whatever point along the path of life and career, MB Financial is here to help customers manage their funds and meet their financial goals, objectives and dreams.

Our driving purpose is to be the financial service provider of choice in the communities we serve. And our path is to acquire, grow and retain long-lasting relationships through our uncompromising commitment to service, deep customer knowledge and customized financial solutions. If we do this consistently well, our customers prosper and continue their relationships, our business grows steadily and increases its market presence and our shareholders continue to be rewarded for their confidence in our vision—and our achievements.

COMMERCIAL BANKING

Middle-Market Banking

Ron Santo, *Bank Chairman and Group President, MB Financial Bank*

Tom Panos, *Executive Vice President and Chief Commercial Banking Officer, MB Financial Bank*

MB Financial continued to focus on and make steady progress toward our goal of being the premier bank for privately-held companies. We set aggressive new business goals and achieved or exceeded all of them. Building on over 90 years of relationship-centered banking, we added significant new commitments, augmented our treasury management and loan product lines and, through our South Holland Trust & Savings Bank acquisition, enhanced our presence in the south suburbs. As always, the diversity within our customer base helped us sustain excellent credit quality.

All commercial banks lend money and provide a wide variety of commercial services. But our competitive advantage—what sets us apart—is our people. This year, we added more highly-experienced and well-trained commercial officers and division heads to our existing talented staff. In fact, our commercial bankers still average over 20 years of banking experience.

Our commercial relationship managers are customer driven. They care. They're responsive. They know our customers, their objectives and their strategic plans. And because customers have one point of contact, they can rely on their banker to be their advocate and work with them to achieve their financial goals. At MB Financial, we want to do business. Over many years, we have maintained a consistent lending philosophy and approval process. And senior bankers are involved in every relationship;

they are always available to our customers. Most importantly, because decision making is local, we can act very quickly.

What's key about our team—our experienced commercial relationship officers and support staff—is that they have the same entrepreneurial spirit as the manufacturers, distributors, wholesalers and service companies who are our customers. They work hard and smart, rely on their instincts shaped by their experiences and, while they are empowered to think outside the box, they understand the importance of being prepared. They are committed to our customers' goals and deliver what they need.

Customer needs vary—especially in the ethnically-rich neighborhoods of Chicagoland. For example, MB Financial has been a business partner for over 20 years with Chicago's vibrant Korean community. Korean Banking with locations in Chicago, Niles and Schaumburg has grown steadily and, in 2003, they celebrated a record number of new customers, loans and deposits. We look forward to also serving the Ukrainian community pending approval of the First SecurityFed Financial, Inc. merger.

Of course, to be the single source for all our customers' banking needs requires that we have the same resources and power as the big banks. MB Financial offers customers lines of credit, working capital loans, acquisition financing and asset based lending. In 2003, our asset based lending group saw steady growth by leveraging the experience of additional seasoned team members and new state-of-the-art tracking software. MB Financial also offers a number of programs to assist our customers in optimizing their capital. These include Industrial Revenue and Development Bond financing and the popular SBA 504 program. In the new year, we'll be introducing capital market products.

We appreciate our customers. In 2004, we will continue to build market share by doing what we do best—providing our customers with great bankers, great products and great service.

Treasury Management

As a trusted partner, it's our job to suggest the financial solutions and tools that will help customers realize their goals and objectives. That's why MB Financial is committed to providing innovative, intuitive treasury management services built on the latest in technology. We know that it's vital for customers to be able to manage and control company finances and cash flow—no matter their size or industry. It can mean the difference between success and failure. From ACH Express to Zero Balance Accounts, we believe that our treasury management offerings are second to none in our marketplace.

In 2003, our electronic programs, coupled with the expertise of our Treasury Management team, played an important role in securing, enhancing and attracting new and existing commercial

relationships. In particular, use of our Internet-based Corporate InterConnect system for balance information and activity reports increased significantly. MB Banker grew and lockbox relationships doubled. The newly-introduced ACH Express also proved to be a key addition to our product set by providing customers with immediate Web access to ACH activity.

MB Financial expanded our Merchant Banking Services. This service supports businesses that accept credit and debit cards for payments and that need the equipment and means to convert the charges into deposited funds. With our Merchant Banking Service expert in place to lead the initiative, we reviewed our existing product against our customers' needs, analyzed our competitors' offerings and developed an extensive product line featuring the most up-to-date technology, including Web-based services, software-driven products and the standard EDC terminals.

Our goal is to become a leading direct provider for Merchant Credit Card Services in 2004. From the smallest business to the largest, more sophisticated, our flexible program will help increase revenue and customer loyalty.

Commercial Real Estate

MB Financial Bank Real Estate is defined by one of the most dedicated, experienced and responsive real estate teams in Chicagoland. Our reputation is built not only on our expertise but also on an approval process that is sensitive to the timeline of our customers. Acquisition, development and construction loans are our specialty. Since each customer's borrowing needs are unique, our job is to provide the right loan structure and other banking services to help them navigate through the intricacies of for-sale residential housing and commercial, retail and industrial development.

As demographic trends changed over the past several years, we leveraged our existing talent and hired experienced bankers in 2003 to take us beyond the city limits and into the suburban homebuilders market. We saw significant success with both existing and new customers.

Our real estate professionals are committed to building neighborhoods. We'll continue to nurture existing partnerships and grow this profitable business segment.

Lease Banking

Burt Field, *Bank President, MB Financial Bank*

MB Financial Bank is among a small number of banks working closely with leasing companies to provide real-world solutions and value through debt, equity and bridge financing and full-service banking capabilities. We're also able to originate leases through our subsidiary, LaSalle Systems Leasing.

The year 2003 posed a completely different marketplace for lease banking than at any other time in recent history. In spite of the challenging environment, we met our goals by remaining true to our core strategies of maintaining high standards of credit quality, a flexible rate structure and long-lasting partnerships built on responsive service. In the fast-paced leasing environment, we understand that quick decisions are crucial.

We've committed over 35 years to the equipment leasing business. Our customers benefit from our experience and expertise because we provide them with ideas on how to structure transactions. In other words, we focus on being a value-added resource to our leasing company customers.

RETAIL BANKING

Tommy FitzGibbon, *Executive Vice President and Chief Retail Banking Officer, MB Financial Bank*

MB Financial continued to flourish in one of the most competitive and fragmented retail environments in the country. Even so, we were up to the challenge and grew market share by successfully integrating South Holland Trust & Savings Bank and by having the right products, talent and delivery channels. In fact, in 2003 we began to reap the benefits of our proactive sales platform initiative and posted outstanding growth in core deposits, superior fee revenue and significantly increased our mortgage, small business and consumer loan production from 2002.

Our goal is to simplify customers' banking experiences and provide them with the quickest, most efficient access to their money. By nurturing a balance between understanding customers' needs through one-on-one relationships and having the right tools, products and systems in place to meet those needs, our team of retail professionals initiated outstanding service to fulfill our brand promise of banking made easy.

We have the right people in our banking centers. They act as customer representatives within the bank and are authorized to make on-the-spot decisions. They are knowledgeable. They understand each customer's very individual needs. And, they can provide the guidance in and necessary referrals to selecting the right product and service—whether retail, commercial, treasury management or wealth management.

Just as importantly, our team is energized by improving over yesterday. In 2003, they made tremendous strides in their evolution into a proactive sales force. Our banking center teams, armed with favorable rates, flexed their sales prowess by originating record levels in platform loans of nearly \$7 million per location for all offices open more than six months and over \$7.5 million for offices open more than one year. Built on the team approach to

business development, our custom incentive programs support sales results. These programs help MB Financial recognize and reward high performance employees quarterly.

Product Introductions

Two things are for certain: Time never stands still and customer needs are ever-changing. At MB Financial, we're nimble and can quickly respond, adjust and develop new products to suit the current temperature of the market. Based on last year's environment, we introduced Top Rate Checking and Certificate of Deposit Account Registry Service (CDARS), two innovative offerings that differentiated us from our peers and enhanced our market position. Of course, CheckProtect (overdraft protection), Simply Free Checking and Economy Business Checking (free checking for small businesses) remained at the heart of many of our retail relationships.

MB Bank@Work was a new sales program that we implemented. Built on Retail's strong relationship with Commercial Banking Services, Bank@Work is a unique package of discounted bank products and services that enhances employee benefits—at no cost to the customer company. In the first six months of the program, we welcomed nearly 1,400 new customers and strengthened our ties to many of our commercial customers.

24/7 customer access is key. We saw an expanded use of Internet Banking and Online Bill Payment. Growing at an annual pace of 12 percent, we recorded a record number of Internet Banking users, about 8 percent of them using Online Bill Payment. In addition, in the last half of 2003, we introduced e-statements, a fast, efficient and convenient method of statement delivery.

We also strengthened our ATM network by partnering with the popular Life Time Fitness clubs in Chicagoland and installing ATMs in their clubs nearest our banking centers. In addition, we shifted our ATM network from an operational function to a profit center by pulling unproductive ATMs and redeploying them to locations with strong revenue potential. This effort significantly reduced operational expenses and eliminated unprofitable locations and machines.

Convenient access and our community presence will be further strengthened in the new year through our First Security merger, the grand re-opening of our South Holland Banking Center, the grand opening of our state-of-the-art Lincolnwood Banking Center and the opening of other new banking centers throughout Chicagoland including Joliet, Park Ridge and Rosemont.

Community Development

We want the communities we serve—and the people and small businesses that bring them to life—to prosper. This year, the MB

Financial Community Development Corporation (CDC) flew past its goals by lending more than \$25 million and investing more than \$10 million to improve neighborhoods, 100 percent more than 2002. In addition, the CDC disbursed nearly \$1 million in grants secured from the Federal Home Loan Bank of Chicago and was approved for more than \$3.4 million more to support housing development in our market during 2003.

We stayed true to our mission and, through innovative, high-quality lending and investment programs, worked with non-traditional financial intermediaries to advance neighborhood redevelopment. That means that this year alone we helped thousands of low-income families and small business owners achieve their American dream.

The lifeline to CDC successes is strong, high-touch partnerships and the ability to make quick decisions. That formula has created other commercial banking opportunities for the bank including new and expanded deposit and lending relationships. Capitalizing on the core competencies of our platform, the CDC activities have also led to significant revenue-producing actions for other departments of the bank.

In 2003, the CDC continued to capitalize on MB Financial Bank's Community Reinvestment Act (CRA) strengths and grew its business of helping other banks manage their CRA programs. Capitalizing on the CRA-qualifying loans and investments that the CDC originated has enabled us to earn revenue for our shareholders by engaging in paid consulting assignments with other banks and earning revenue from risk-sharing of CRA-qualifying loans and investments.

For us, we're more than a bank. We're a community partner that's focused on the well-being of the neighborhood. We listen, learn and offer our best.

Wealth Management

Jill York, *Executive Vice President and Chief Financial Officer, MB Financial Bank*

Business owners. Senior executives. Family members who inherit wealth. As our customers' financial lives become more complex, so do the options, obstacles and challenges of managing their money. Our customers have worked hard to build a strong financial foundation. Using an integrated approach to wealth management, we work hard to help them grow, manage and protect it and enable them to pass their assets onto future generations.

Private Client Services

Expanded in 2003 as a single-source financial services solution for the affluent market, Private Client Services (PCS) grew in

double digits. We're optimistic that PCS, headed by experienced leadership, will continue to extend into our target market by providing integrated wealth management services to our customers. Our strategies run parallel to our other business units: knowledge of the business, customer focus, loan quality and responsive customer-conscious service.

Our goal is to be the trusted advisor who operates as a single point of contact for customers. This client-driven approach centers around our relationship managers who listen and learn about each customer's financial objectives and then coordinate and facilitate all of their personal financial needs. To put it simply, we eliminate the hassles for customers.

One by one, business by business, through PCS, we will ensure that the diverse personal financial needs of middle-market business owners are met through a single source financial services solution.

Trust and Asset Management

Grown on a disciplined approach to investing and long-lasting relationships that span generations, the mission of MB Financial Bank's Trust and Asset Management Services is to preserve and grow assets and then transfer wealth to heirs. Our experience has taught us that each customer's situation is unique and that solutions are not one size fits all. Risk tolerance, investment goals, time frame: Each client's team of MB Financial advisors creates an objective, customized financial plan that bridges a lifetime by achieving consistent and competitive returns over time. In addition to acting as trustee, solutions could also include investment management, guardianships, estate settlement, employee benefit plans and 1031 Tax-Deferred Exchange Trusts.

With over \$1.4 billion assets under management, we believe our results are testimony to our objective investment philosophy. Many money managers can produce good returns in an up market but it's performance in a bear market that demonstrates expertise. Our return over the last ten-year period outperformed the S&P 500. This past year, our customers continued to upgrade self-directed relationships to our discretion resulting in increased revenue.

In 2004, we'll be introducing our customers to Separately Managed Accounts (SMA), which are an excellent alternative to mutual funds. SMAs offer customers access to additional high-quality portfolio managers with various investment styles. This open architecture platform results in objective advice, improved diversification of investments, efficient cost structure and enhanced planning opportunities which led to above average returns. We'll also be expanding MB Tax Preparation Services. This value-added service prepares tax returns for customers and helps them navigate through tax law changes, tax code

changes and tax court decisions in order to ensure all entitled deductions are taken.

Our Asset Management and Trust Services complement and supplement our banking services. Our experience demonstrates that by enhancing customer returns, we enhance our returns.

Retail Investment and Insurance Products

MB Investment Services and MB Insurance Services provide investment and insurance products and services to help retail customers meet their financial goals and protection needs. In 2003, Vision Investment Services, Inc., a subsidiary of MB Financial Bank, took the reins as our broker/dealer and provided our financial advisors the technology, product line and tools to get the job done. Vision, which is a registered broker/dealer in many states, also continued its efforts as a third-party marketer specializing in working with community banks to supply investments, handle clearings and provide sales support.

Our financial advisors are easily accessible to consumers in our retail market. They continued to work closely with banking center staff in order to leverage the retail market and create a seamless financial services experience. More than 50 personal bankers, who are also Licensed Relationship Managers, added a new dimension to our insurance services by selling annuities.

Our people

Jeff Husserl, *Executive Vice President and Chief Human Resources Officer, MB Financial Bank*

We're proud of our products and services but our employees are our true market differentiator. It's their expertise, professionalism, community involvement and genuine interest in each customer relationship that creates a superior experience. In other words, they breathe life into our company values.

That's why our people are our biggest investment. In order to reach our goal of being the premier middle-market bank, we continue to develop, reward and recognize high performance team members. We think our Leadership Development Program, combining academic and experiential practices, is the best in Chicago. In 2003, it continued to attract high achievers from college campuses to be trained as MB Financial bankers. In addition, we implemented two employee recognition programs, Lightning Strikes and Top Performer. These programs celebrate employees who exceed our expectations and delight our customers. Our experience shows that employee engagement is directly linked to customer loyalty.

In looking ahead, our exceptional talent pool represents the heart and soul of MB Financial.

MB Financial, Inc. and Subsidiaries Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)

December 31	2003	2002
ASSETS		
Cash and due from banks	\$ 91,283	\$ 90,522
Interest bearing deposits with banks	6,647	1,954
Federal funds sold	–	16,100
Investment securities available for sale	1,112,110	893,553
Loans held for sale	3,830	8,380
Loans (net of allowance for loan losses of \$39,572 at December 31, 2003 and \$33,890 at December 31, 2002)	2,786,222	2,470,824
Lease investments, net	73,440	68,487
Premises and equipment, net	80,410	51,040
Cash surrender value of life insurance	82,547	73,022
Goodwill, net	70,293	45,851
Other intangibles, net	7,560	2,797
Other assets	40,751	37,051
TOTAL ASSETS	\$ 4,355,093	\$ 3,759,581
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest bearing	\$ 598,961	\$ 497,264
Interest bearing	2,833,074	2,522,301
TOTAL DEPOSITS	3,432,035	3,019,565
Short-term borrowings	391,600	222,697
Long-term borrowings	21,464	45,998
Junior subordinated notes issued to capital trusts	87,443	84,800
Accrued expenses and other liabilities	47,058	43,334
TOTAL LIABILITIES	3,979,600	3,416,394
Stockholders' Equity:		
Common stock (\$0.01 par value; authorized 40,000,000 shares; issued 26,807,430 shares at December 31, 2003, and 26,612,302 at December 31, 2002)	268	266
Additional paid-in capital	71,837	69,442
Retained earnings	296,906	255,241
Unearned compensation	(198)	–
Accumulated other comprehensive income	8,531	18,783
Less: 57,300 and 23,797 shares of treasury stock, at cost, at December 31, 2003 and December 31, 2002, respectively	(1,851)	(545)
TOTAL STOCKHOLDERS' EQUITY	375,493	343,187
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,355,093	\$ 3,759,581

MB Financial, Inc. and Subsidiaries Consolidated Statements of Income
(Amounts in thousands except share and per share data)

Years Ended December 31	2003	2002	2001
Interest income:			
Loans	\$ 164,480	\$ 161,595	\$ 171,192
Investment securities:			
Taxable	36,933	43,506	50,118
Nontaxable	5,223	3,383	4,099
Federal funds sold	215	338	1,515
Other interest bearing deposits	53	44	332
TOTAL INTEREST INCOME	206,904	208,866	227,256
Interest expense:			
Deposits	53,228	67,247	95,591
Short-term borrowings	4,021	3,755	13,148
Long-term borrowings and junior subordinated notes	8,119	5,186	3,143
TOTAL INTEREST EXPENSE	65,368	76,188	111,882
NET INTEREST INCOME	141,536	132,678	115,374
Provision for loan losses	12,756	13,220	6,901
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	128,780	119,458	108,473
Other income:			
Loan service fees	5,829	5,034	4,128
Deposit service fees	17,270	11,087	9,014
Lease financing, net	15,049	6,656	2,172
Trust, asset management and brokerage fees	13,384	4,789	3,563
Net gain on sale of securities available for sale	798	1,777	1,716
Increase in cash surrender value of life insurance	3,525	4,132	2,187
Gain on sale of bank subsidiary	3,083	–	–
Other operating income	6,157	5,641	3,416
	65,095	39,116	26,196
Other expenses:			
Salaries and employee benefits	62,078	49,673	45,585
Occupancy and equipment expense	17,380	15,898	16,885
Computer services expense	4,234	3,428	1,952
Advertising and marketing expense	4,115	3,438	2,879
Professional and legal expense	5,045	3,214	2,160
Brokerage fee expense	3,946	–	–
Telecommunication expense	2,751	1,923	1,428
Goodwill amortization expense	–	–	2,548
Other intangibles amortization expense	1,160	971	1,021
Prepayment fee on Federal Home Loan Bank advances	1,146	–	–
Other operating expenses	15,128	12,288	11,970
Merger expenses	(720)	–	22,661
	116,263	90,833	109,089
INCOME BEFORE INCOME TAXES	77,612	67,741	25,580
Income taxes	24,220	21,371	13,217
NET INCOME	\$ 53,392	\$ 46,370	\$ 12,363
Common Share Data:			
Basic earnings per common share	\$ 2.00	\$ 1.75	\$ 0.47
Diluted earnings per common share	\$ 1.96	\$ 1.72	\$ 0.46
Weighted average common shares outstanding	26,648,265	26,429,523	26,342,712
Diluted weighted average common shares outstanding	27,198,607	26,987,058	26,771,228

MB Financial, Inc.

Board of Directors

E. M. Bakwin, *Chairman of the Board*
 David P. Bolger, *Executive Vice President and Chief Financial Officer, Aon Corporation*
 Robert S. Engelman, Jr., *Private Investor*
 Alfred Feiger, *Vice Chairman of the Board*
 Mitchell Feiger, *President and Chief Executive Officer*
 Burton J. Field, *Vice President; President, MB Financial Bank*
 Lawrence E. Gilford, *Private Investor*
 Richard I. Gilford, *Private Investor*
 James N. Hallene, *Principal, Capital Concepts, LLC*
 Thomas H. Harvey, *Environment Program Director, William and Flora Hewlett Foundation*
 Patrick Henry, *Chairman of the Board, Verado Energy, Inc.*
 Richard J. Holmstrom, *Partner, Menlo Equities LLC*
 David L. Husman, *Chairman, Equibase Capital Partners*
 Clarence Mann, *Private Investor*
 Karen J. May, *Corporate Vice President, Human Resources, Baxter International, Inc.*
 Ronald D. Santo, *Vice President; Chairman and Group President, MB Financial Bank*
 K. A. Skopec, *Vice Chairman of the Board*

Executive Officers

Mitchell Feiger, *President and Chief Executive Officer, MB Financial, Inc.*
 Burton J. Field, *Vice President, MB Financial, Inc.; President, MB Financial Bank*
 Thomas P. FitzGibbon, Jr., *Executive Vice President and Chief Retail Banking Officer, MB Financial Bank; President, MB Financial Community Development Corporation*
 Jeffrey L. Husserl, *Executive Vice President Administration and Chief Human Resources Officer, MB Financial Bank*
 Thomas D. Panos, *Executive Vice President and Chief Commercial Banking Officer, MB Financial Bank*
 Ronald D. Santo, *Vice President, MB Financial, Inc.; Chairman and Group President, 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, N.A.

Board of Directors

Ronald D. Santo, *Chairman of the Board and Group President*
 E. M. Bakwin, *Chairman of the Board, MB Financial, Inc.*
 Jack C. Chen, *Chairman and President, De Amertek Corporation*
 Mitchell Feiger, *President and Chief Executive Officer, MB Financial, Inc.*
 Burton J. Field, *President*
 Thomas P. FitzGibbon, Jr., *Executive Vice President and Chief Retail Banking Officer*
 Richard I. Gilford, *Private Investor*
 Jeffrey L. Husserl, *Executive Vice President and Chief Human Resources Officer*
 James Mann, *Senior Vice President*
 Thomas D. Panos, *Executive Vice President and Chief Commercial Banking Officer*
 Nancy L. Philip, *President, P.S. Advertising, Inc.*
 Christine M. Roche, *President, Acme Screw Company*
 Hipolito (Paul) Roldan, *Chief Executive Officer, Hispanic Housing Development Corporation*
 Jason B. Selch, *Managing Director, Liberty Wanger Asset Management, L.P.*
 K. A. Skopec, *Vice Chairman of the Board, MB Financial, Inc.*
 George Wallach, *Private Investor*
 Jill E. York, *Executive Vice President and Chief Financial Officer*

Union Bank, N.A.

Board of Directors

E.M. Bakwin, *Chairman of the Board, MB Financial, Inc.*
 Mitchell Feiger, *President and Chief Executive Officer, MB Financial, Inc.*
 George A. Hall, *Private Investor*
 Edward J. Henry, *Vice Chairman, Dallas Banking Centers, Prosperity Bank*
 Edward J. Hutlas, *Registered Petroleum Engineer, Independent Consultant*
 Frank Merrick, *President, Foundation for Management, Inc.*
 E. Wilson Roberts, *President and Chief Executive Officer*
 Patrick J. Ryan, *Investments*
 Margaret S. Salyer, *President, Accel Financial Staffing*
 K. A. Skopec, *Vice Chairman of the Board, MB Financial, Inc.*
 Charles E. Wiggin, *President, Wiggin Properties, Inc.*

Annual Meeting

All stockholders are invited to attend our annual meeting, which will be held at 3:00 p.m. on Tuesday, April 27, 2004, at MB Financial Bank at 7222 West Cermak Road, North Riverside, Illinois. We look forward to meeting all stockholders and welcome your questions at the annual meeting. Any stockholder unable to attend this year's meeting is invited to send questions and comments in writing to Mitchell Feiger, President and Chief Executive Officer, at MB Financial, Inc.

Form 10-K

Individuals who wish to obtain a copy at no charge of MB Financial Inc.'s Form 10-K for the fiscal year ended December 31, 2003, as filed with the Securities and Exchange Commission, may do so by writing Doria L. Koros, Corporate Secretary, at MB Financial, Inc. 1200 North Ashland Avenue, Chicago, Illinois 60622.

For Further Information

Stockholders and prospective investors are welcome to call or write MB Financial, Inc. with questions or requests for additional information. Please direct inquiries to:

Jill E. York
 Vice President and Chief Financial Officer
 MB Financial, Inc.
 1200 North Ashland Avenue
 Chicago, Illinois 60622
 773.645.7866

Registrar and Transfer Agent

Stockholders with a change of address or related inquiries should contact:

LaSalle Bank, N.A.
 c/o Corporate Trust Operations
 135 South LaSalle Street, Suite 1960
 Chicago, Illinois 60603
 312.904.2458

Quarterly Calendar

The Company operates on a fiscal year ending December 31. Quarterly results are filed with the Securities and Exchange Commission.

Stock Market Information

The common stock of MB Financial, Inc. is traded on the National Association of Securities Dealers Automated Quotation System (NASDAQ) under the ticker symbol MBFI. Stock price quotations are published daily in the *Chicago Tribune*, *Chicago Sun-Times* and *The Wall Street Journal*, among others. The stock is commonly listed as MB Fnl.

As of December 31, 2003, the following securities firms indicated they were maintaining an inventory of MB Financial, Inc. common stock and acting as market makers.

Howe Barnes Investments, Inc.
 Legg Mason Wood Walker, Inc.
 Friedman Billings Ramsey & Co.
 Keefe, Bruyette & Woods, Inc.
 Goldman, Sachs and Co.
 Morgan Stanley and Co., Inc.
 Sandler O'Neill and Partners, L.P.
 Stifel Nicolaus and Co.

Price Summary*

The following schedule details our stock's quarter ending high and low stock price for the last two years:

2003	High	Low	Ending
First	\$ 24.170	\$ 21.873	\$ 23.867
Second	27.527	23.773	26.767
Third	30.000	26.153	29.600
Fourth	36.700	28.880	36.400
2002	High	Low	Ending
First	\$ 21.460	\$ 17.520	\$ 19.967
Second	23.267	19.513	22.927
Third	23.480	18.700	22.333
Fourth	23.993	21.260	23.193

*Prices have been adjusted to reflect a three-for-two stock split in December 2003.

Independent Public Accountants

KPMG LLP
 Chicago, Illinois

When used in this Annual Report and in filings 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," "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 our 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.

For a list of some of the important factors that could cause actual results to differ materially from the results anticipated or projected, see our Annual Report on Form 10-K for the year ended December 31, 2003, filed with the Securities and Exchange Commission.

Locations

Corporate Office

801 West Madison Street
Chicago, Illinois 60607

MB Financial Bank
www.mbfinancial.com
773.645.3333

1200 North Ashland Avenue
Chicago, Illinois 60622

6422 West Archer Avenue
Chicago, Illinois 60638

8300 West Belmont Avenue
Chicago, Illinois 60634

5100 South Damen Avenue
Chicago, Illinois 60609

2 South LaSalle Street
Chicago, Illinois 60603

6201 North Lincoln Avenue
Chicago, Illinois 60659

1420 West Madison Street
Chicago, Illinois 60607

2965 North Milwaukee Avenue
Chicago, Illinois 60618

3232 West Peterson Avenue
Chicago, Illinois 60659

6443 North Sheridan Road
Chicago, Illinois 60626

303 East Wacker Drive
Chicago, Illinois 60601

One East Wacker Drive
Chicago, Illinois 60601

One South Wacker Drive
Chicago, Illinois 60606

1618 West 18th Street
Chicago, Illinois 60608

3030 East 92nd Street
Chicago, Illinois 60617

5750 West 87th Street
Burbank, Illinois 60459

7000 County Line Road
Burr Ridge, Illinois 60527

14122 Chicago Road
Dolton, Illinois 60419

990 North York Road
Elmhurst, Illinois 60126

401 North LaGrange Road
LaGrange Park, Illinois 60526

1151 State Street
Lemont, Illinois 60439

6401 North Lincoln Avenue
Lincolnwood, Illinois 60712

4010 West Touhy Avenue
Lincolnwood, Illinois 60712

6201 Dempster Street
Morton Grove, Illinois 60053

9147 Waukegan Road
Morton Grove, Illinois 60053

15 East Prospect Avenue
Mount Prospect, Illinois 60056

7557 West Oakton Street
Niles, Illinois 60714

7222 West Cermak Road
North Riverside, Illinois 60546

7501 West Cermak Road
North Riverside, Illinois 60546

200 West Higgins Road
Schaumburg, Illinois 60195

475 East 162nd Street
South Holland, Illinois 60473

16340 South Park Avenue
South Holland, Illinois 60473

16255 South Harlem Avenue
Tinley Park, Illinois 60477

18299 Harlem Avenue
Tinley Park, Illinois 60477

Union Bank
www.unionbankokc.com
877.949.7200

4921 North May Avenue
Oklahoma City, Oklahoma 73112

125 East First
Edmond, Oklahoma 73034

1201 West Memorial Road
Oklahoma City, Oklahoma 73114

7300 South Penn Avenue
Oklahoma City, Oklahoma 73159

312 West Commerce
Oklahoma City, Oklahoma 73109

**MB Financial Community
Development Corporation**
1200 North Ashland Avenue
Chicago, Illinois 60622
773.292.2052

LaSalle Systems Leasing, Inc.
www.elasalle.com
40 Skokie Boulevard #200
Northbrook, Illinois 60062
847.564.4141

Vision Investment Services, Inc.
www.investwithvision.com
1211 West 22nd Street #820
Oak Brook, Illinois 60523
630.684.0290

**New banking centers
coming soon:**
Joliet
Park Ridge
Romeoville
Rosemont

experience. the difference™

From birth to school, work to vacation,
launching a business to retirement...
Whatever point along the path of life,
MB Financial can help.

We can make a difference.