



CRA Qualifying Investments
Integral Part of a Multi-disciplined
Approach

April 1, 2008
Community Reinvestment Conference
San Francisco, California

MB Financial Bank CDC Mission Statement

- Manage High Quality Equity and Debt Transactions that provide market rate return to the bank, while maximizing opportunities to leverage conventional lending within the CRA Assessment Area.

CDC Provides Resources

- Provide high-level consulting assistance to **Commercial Officers** and their **Customers**
- Identify leverage components and **Credit-Enhancement** resources that enables MB Financial Bank to originate **High-Quality Credit**
- Provide access to local and national investors for transactions that require participations to **Share Risk**
- Identify, process, execute and administer **Grants** from government and non-traditional **Resources** to promote economic, housing, business development, revitalization and growth
- Identify, process, execute and administer capital resources that **Lower the Cost** of loan capital, **Increase the Return** and **Lower the Risk** threshold

Resources for Commercial Lenders

- Participation Loan Program
- Minority, women and Disabled Participation Loan Program
- Enterprise Zone Financing Program
- Development Corporation Participation Loan Program
- Business Development Public Infrastructure Program
- Community Service Block Grant Loan Program (CSBG)
- Large Business Development Program
- Recycling Market Development Program
- Plus many more...

Resources for Small Business and Real Estate

- Tax Incentive Programs (CRA-Qualified Investments)
 - Tax Increment Financing (TIF)
 - Property Tax Incentives
 - Enterprise Zone (Bonds, loans, enhancements)
- Loan Programs (Helping Intermediaries)
 - Micro Loans (ACCION Chicago, e.g.)
 - Bank Participation Loans (Shared Credits)
 - CDBG Float Loans (Municipal investments)
- Bond Programs
 - 501(c)(3) Bonds
 - Industrial Revenue Bonds
 - Empowerment Zone Bonds

Resources for Commercial Specialized Borrowers

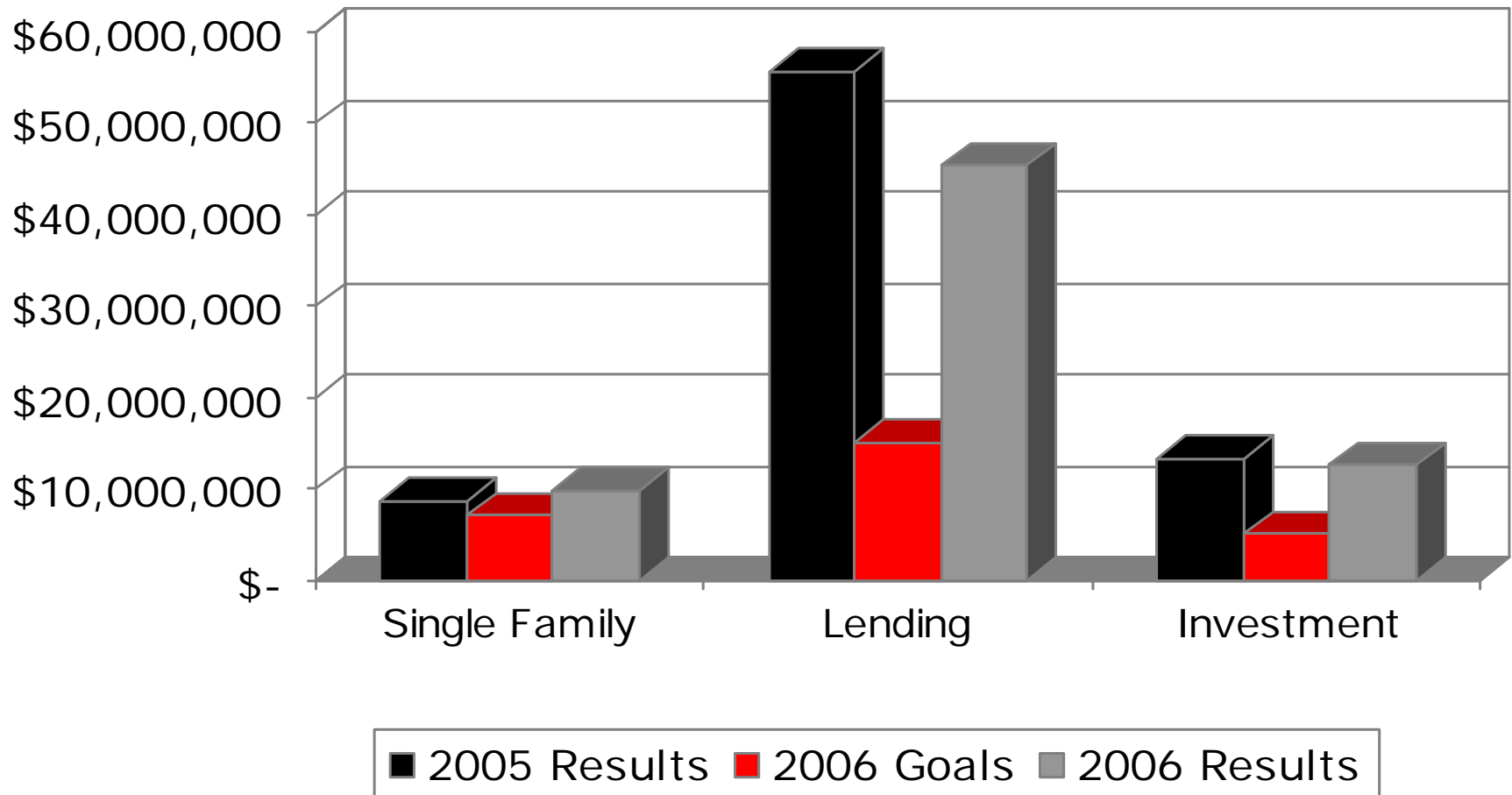
Business Sectors: Healthcare, Education, Not-for-profit, Agriculture, Local Government, Industrial, Small business, Housing

- Participation Loan Program/Product
- Local Government Bond Program
- 501(c)(3) Bond Program/Lease Program
- Industrial Revenue Bonds

Community Development 2007 Goals

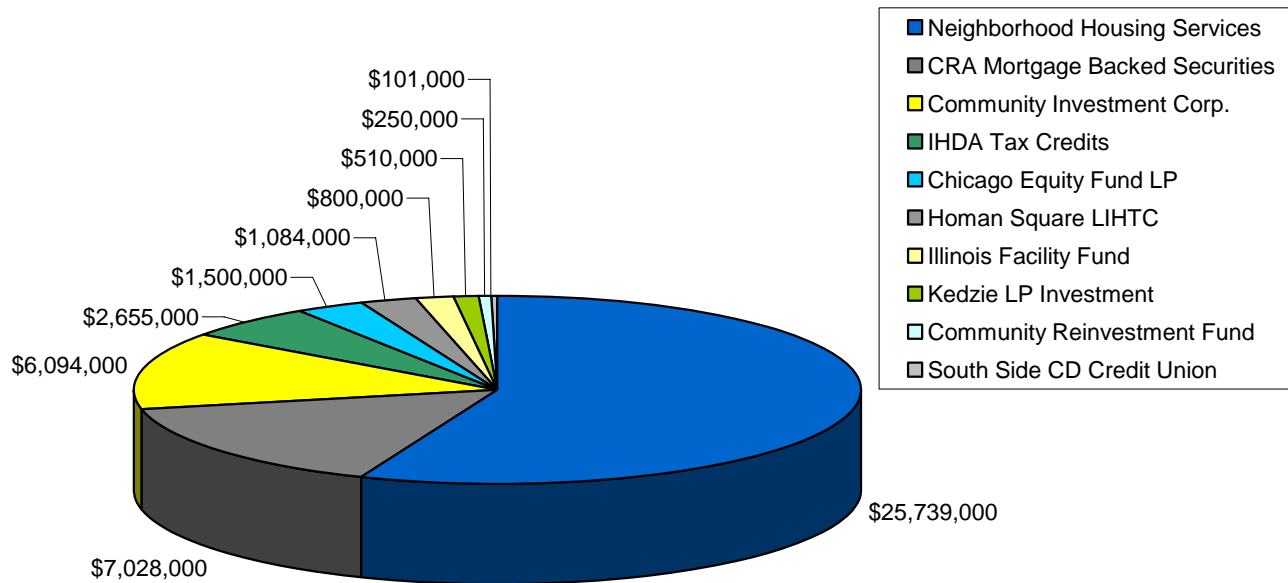
- Affordable Home Ownership Single Family
Goal \$15,000,000
- Community Development Lending
Bank Goal \$ 35,000,000
CDC Goal \$ 20,000,000
- Community Development Investment
Goal \$ 12,000,000
- CDC Website Development for both Intranet
and Internet

2006 MB Financial CDC Goals and Results



CRA Qualifying Investments

MB Financial 1995-2005 Community Development Investments



2006 FHLB Affordable Housing Program Approved Grants

Group Name	Subsidy Amount	# of Units	Location	Brief Description
New Hope Trust Fund	\$ 111,200	12	South Holland & Steger	Rehabilitation of affordable housing for individuals with developmental disabilities with incomes less than 50% of area median income (AMI).
Lake View Apartments	\$ 600,000	500	Uptown Neighborhood of Chicago	Rehab an affordable housing apartment building in the Uptown Community serving those individuals with incomes below 80% AMI with the majority at 50% and below.
Hispanic Housing	\$ 600,000	132	O'Fallon, IL	Rehab an affordable housing apartment building in O'Fallon, IL serving individuals with incomes below 80% AMI with the majority at 50% and below
Hispanic Housing	\$ 600,000	292	Auburn Gresham Neighborhood of Chicago	Rehab an affordable housing apartment building in the Auburn Gresham Community serving those individuals with incomes below 80% AMI with the majority at 50% and below.
CHAD Homes	\$ 50,000	20	Downers Grove, IL	Rehab of an affordable housing apartment building in Downers Grove serving those individuals with incomes below 60% AMI
Totals:	\$ 1,911,700	956		

2006 FHLB AHP Disbursements

Project Name	Grant Amount
CHAD Scattered Site*	\$7,000
G & A Ravenswood	\$600,000
Home Options*	\$96,000
Oakland & Dobson Homes*	\$111,600

*Projects has multiple fundings

Since 2003, MB Financial has funded over \$11.2 million in AHP dollars to fund 26 projects. Overall, MB has funded over \$11 million in AHP dollars to fund over 35 projects since our participation in the program began 15 years ago. Over the past few quarters, various projects have had their funds withdrawn or MB has decided to step away as sponsor for various reasons.

2007A FHLB Affordable Housing Program Submissions

Group Name	Subsidy Amount	# of Units	Location	Brief Description
Hispanic Housing	\$ 150,000	18	Boulevard Courts	Rehab an affordable housing apartment building serving individuals with incomes below 80% AMI with the majority at 50% and below
Home Options	\$ 96,000	12	Scattered Sites Chicago	Scattered site home purchase assistance for people with disabilities in conjunctions with the City of Chicago DOH
Total:	\$ 246,000	30		

CDC 2007 Focus & Goals

- The CDC is focusing having a net growth of balances by \$20 million in their loan portfolio outstanding for FYE 2007. Through December 31, 2007 the CDC has grown by \$22 million.
- The CDC has a target of developing direct and future investments of \$25 million (6% Tier 1 Capital). Through June 30, 2007 new and unfunded commitments were \$27.5 million (7% Tier 1 Capital).
- The CDC has targeted five relationships we work with on a daily basis with the Commercial Banking Group designated as assisted credits. We will work with the Commercial Officers to continue Community Development Lending for \$35 million. Through June 1, 2007 the CDC has assisted with closing \$28.9 million.
- The CDC is working to generate \$40,000 in other income for the Bank through rate lock fees, participation fees, and consulting fees for the year. Through December 31, 2007 we have generated over \$87,500

Successful Strategies to Increase Production

- Create Awareness
 - New Employee Orientation
 - Commercial Loan Officer Presentations
 - Board Presentations
 - Recruiting CDC Board Members
 - Incentives to produce
 - Credit Enhancements
 - Participation with Government Agencies
 - Participation with other banks
 - IPO goals
- Celebrate successful execution
 - Creates “buzz” in the bank
 - Drives more prospects to the bank