

**2009**

**First Midwest Bancorp, Inc.**

**Keefe, Bruyette & Woods, Inc.**

**Regional Bank Conference**

**Boston, MA**

**March 5, 2009**

# Forward Looking Statements

This presentation may contain, and during this presentation our management may make statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Forward-looking statements include, among other things, statements regarding our financial performance, business prospects, future growth and operating strategies, objectives and results. Actual results, performance or developments could differ materially from those expressed or implied by these forward-looking statements. Important factors that could cause actual results to differ from those in the forward-looking statements include, among others, those discussed in our Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission, copies of which will be made available upon request. With the exception of fiscal year end information previously included in our Annual report on Form 10-K, the information contained herein is unaudited. Except as required by law, we undertake no duty to update the contents of this presentation after the date of this presentation.

# Non-GAAP Disclosure

The Company's accounting and reporting policies conform to U.S. generally accepted accounting principles ("GAAP") and general practice within the banking industry. As a supplement to GAAP, the Company has provided certain non-GAAP performance results. The Company believes that these non-GAAP financial measures are useful because they allow investors to assess, on a consistent basis, the Company's operating performance. Although these non-GAAP financial measures are intended to enhance investors' understanding of the Company's business and performance, they should not be considered an alternative to GAAP. Following at the end of the presentation is a reconciliation of GAAP to non-GAAP results.

# **First Midwest: Chicago's Premier Independent Company**

- I. Who We Are
- II. Loan Portfolio and Credit Quality
- III. Opportunities and Advantages
- IV. Our Priorities
- V. Why First Midwest
- VI. Appendix

# **I. Who We Are**

## Chicago's Premier Independent Company

Premier Franchise	Premier Bank For Commercial	Premier Bank For Retail
<ul style="list-style-type: none"><li>➤ \$8.5 billion assets</li><li>➤ \$5.6 billion deposits<ul style="list-style-type: none"><li>-62% core</li><li>-90% Suburban Chicago</li></ul></li><li>➤ \$5.4 billion loans</li><li>➤ \$3.5 billion trust/investment aum</li><li>➤ 60+ yrs. in marketplace</li></ul>	<ul style="list-style-type: none"><li>➤ Seven product lines</li><li>➤ 25,000 commercial</li><li>➤ 1,600 trust relationships</li><li>➤ 180 relationship managers</li><li>➤ Tenured sales force and market presence</li></ul>	<ul style="list-style-type: none"><li>➤ 238,000 retail relationships</li><li>➤ 1,000 bankers</li><li>➤ 99 offices</li><li>➤ 8<sup>th</sup> largest distribution network in MSA</li></ul>

## A Suburban Chicago Franchise



**Mission**

**People**

**Business Lines**

**Commercial**

**Retail**

**And Market Opportunity**

**Organizational Control**

- Credit Quality
- Efficiency



## **Created A Strong Financial Foundation**

- Sustained Profitability
- Solid Capital
- Stable Liquidity

# 2008 Highlights <sup>(1)</sup>


	2008	2007	% Change
<b>Net Income to Common Equity</b>	<b>\$48.6</b>	<b>\$80.2</b>	<b>-39%</b>
<b>Return on Average Assets</b>	<b>0.59%</b>	<b>0.99%</b>	<b>-40%</b>
<b>Pre-tax, Pre-provision Operating Income <sup>(2)</sup></b>	<b>\$152.3</b>	<b>\$152.0</b>	<b>0%</b>
<b>Net Interest Income</b>	<b>\$246.6</b>	<b>\$240.1</b>	<b>3%</b>
<b>Net Interest Margin</b>	<b>3.61%</b>	<b>3.58%</b>	<b>1%</b>
<b>Loan Provision</b>	<b>\$70.3</b>	<b>\$7.2</b>	<b>876%</b>
<b>Loans</b>	<b>\$5,360</b>	<b>\$4,964</b>	<b>8%</b>

(1) Dollars are in millions except earnings per share amounts.

(2) Pre-tax, Pre-provision Operating Income excludes taxes, provision for loan losses, BOLI, and net securities losses.

## Profitability - 2008

*Compared to peers*

	First Midwest	Metro Peers <sup>(1)</sup>	Chicago Peers <sup>(2)</sup>
<b>Pre-tax, Pre-provision ROAA <sup>(3)</sup></b>	<b>1.73%</b>	<b>1.39%</b>	<b>0.79%</b>
			
<b>Net Interest Margin</b>	<b>3.61%</b>	<b>3.51%</b>	<b>2.83%</b>
<b>Efficiency</b>	<b>53%</b>	<b>62%</b>	<b>76%</b>

Data represents the peer median core performance for 2008 as reported by SNL Financial.

(1) The Metro Peers consist of AMFI, BOKF, CBSh, CFR, FCF, FULT, MBFI, ONB, PBKS, SUSQ, UCBH, VLY, WTNY, and WTFC.

(2) The Chicago Peers consist of AMFI, MBFI, MBHI, OSBC, TAYC, and WTFC.

(3) Consists of Pre-tax, Pre-provision Operating Income, which excludes taxes, provision for loan losses, BOLI, and net securities losses, divided by average assets.

## Capital Metrics 12/31/08

	First Midwest	Metro Peers <sup>(1)</sup>	Chicago Peers <sup>(2)</sup>
<b>Tier 1 Capital Ratio</b>	<b>11.60%</b>	<b>11.39%</b>	<b>9.26%</b>
<b>Total Capital Ratio</b>	<b>14.36%</b>	<b>13.19%</b>	<b>12.00%</b>
<b>Tangible Common Equity</b>	<b>5.23%</b>	<b>5.65%</b>	<b>4.65%</b>
<b>TCE / RWA<sup>(3)</sup></b>	<b>6.53%</b>	<b>7.12%</b>	<b>5.50%</b>
<b>Dividend Yield</b>	<b>4.51%</b>	<b>3.63%</b>	<b>0.88%</b>

Investment grade ratings for First Midwest: S&P and Fitch – BBB+; Moody's – A3.

**Investment Grade Ratings Reaffirmed by Standard & Poor's on 1/28/09.**

Data represents the peer median core performance for 2008 as reported by SNL Financial.

- (1) The Metro Peers consist of AMFI, BOKF, CBSH, CFR, FCF, FULT, MBFI, ONB, PBKS, SUSQ, UCBH, VLY, WTNY, and WTFC.
- (2) The Chicago Peers consist of AMFI, MBFI, MBHI, OSBC, TAYC, and WTFC.
- (3) Tangible common equity to risk weighted assets.

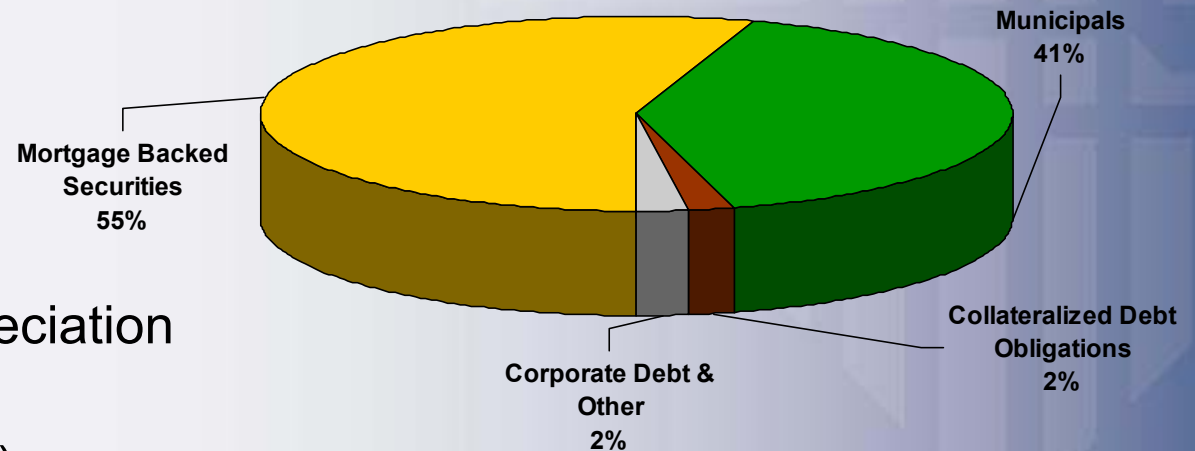
## Stable Liquidity

- ▶ Strong Core Deposit Base
  - ▶ Customer Deposits Fully Fund Loans
  - ▶ Transactional Deposits Represent 60% of Customer Deposits
  - ▶ Nominal Brokered Deposits
- ▶ \$2.2 Billion Securities Portfolio Provides Flexibility
- ▶ Diversified Wholesale Sources

# Investment Portfolio<sup>(1)</sup>

***As of December 31, 2008***

- Yield = 5.62%
- Ave. Life = 4.51 yrs.
- Net Unrealized Appreciation (Depreciation)
  - 9/30/08: (\$73MM)
  - 12/31/08: (\$3MM)
  - 1/31/09: \$5MM



**\$2.2 Billion**

(1) Available-for-Sale Securities

## **II. Our Loan Portfolio and Credit Quality**

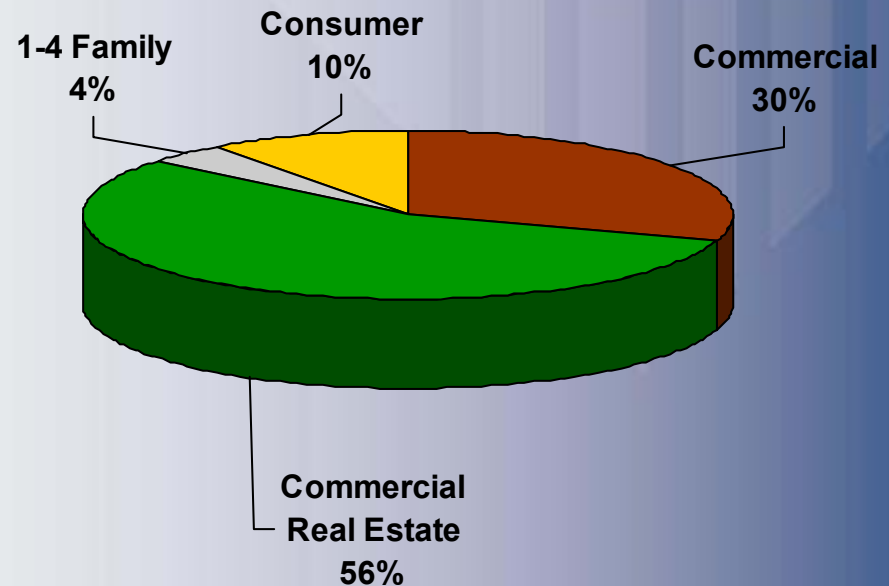
## Portfolio Distribution<sup>(1)</sup>

### Corporate (Commercial / CRE)

- Diversified
- Granular
- ~ 95% in Market

### Consumer

- Home Equity Dominated
- Conservative Underwriting
- Minimal 1-4. No Sub-prime/ Alt A
- No Retail Credit Card

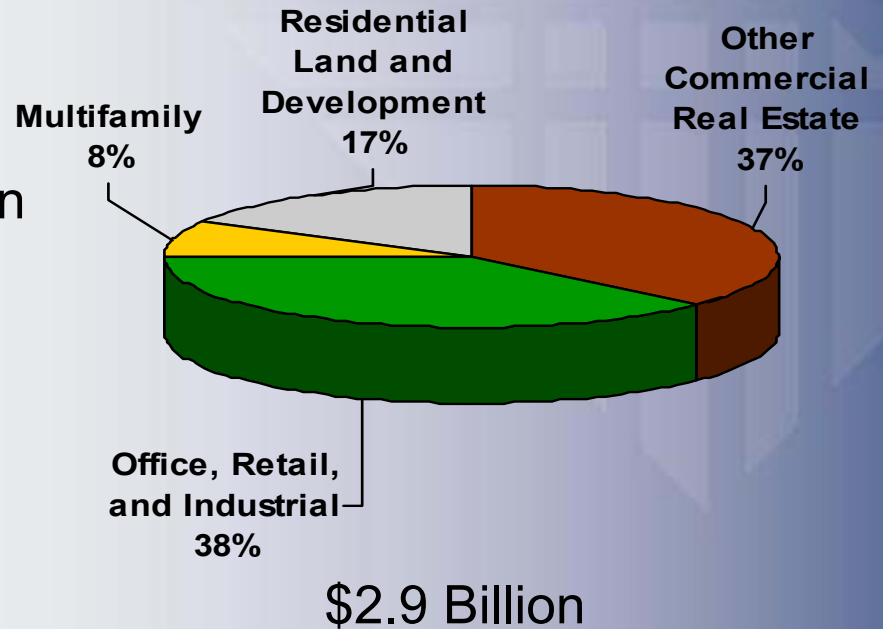


\$5.4 Billion



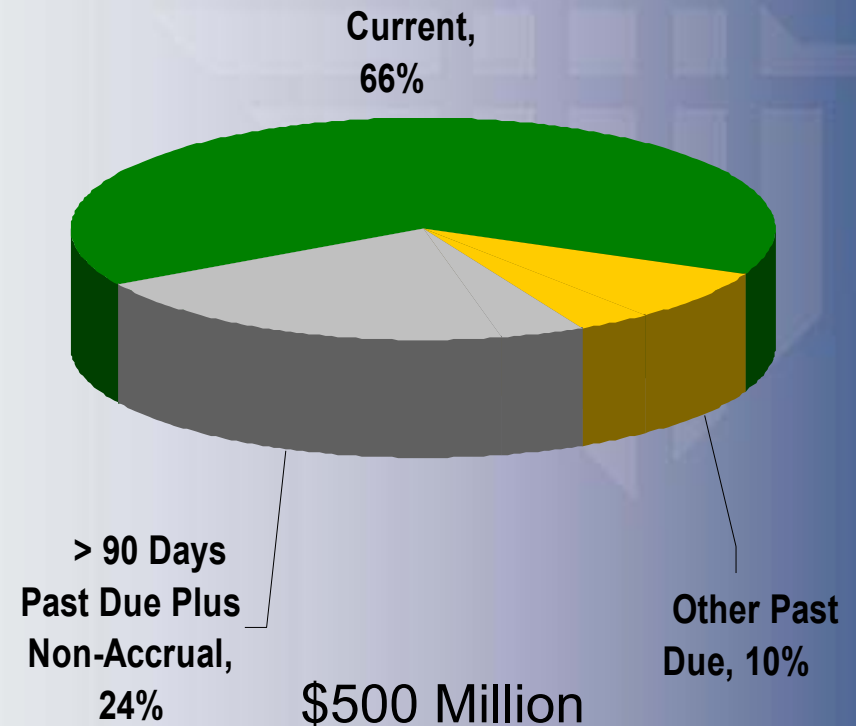
## Commercial Real Estate<sup>(1)</sup>

- ◆ Centrally Underwritten > \$1 Million
- ◆ Tenured Business Line
- ◆ ~ 25% = Owner Occupied



# Residential Land and Development Portfolio<sup>(1)</sup>

- Granular: 297 Borrowers
  - \$440,000 Median
  - 85% with Personal Guarantees
- Conservatively Underwritten
- Substantially Performing:
  - Appraisals
  - Cash Flows
  - Interest Reserves

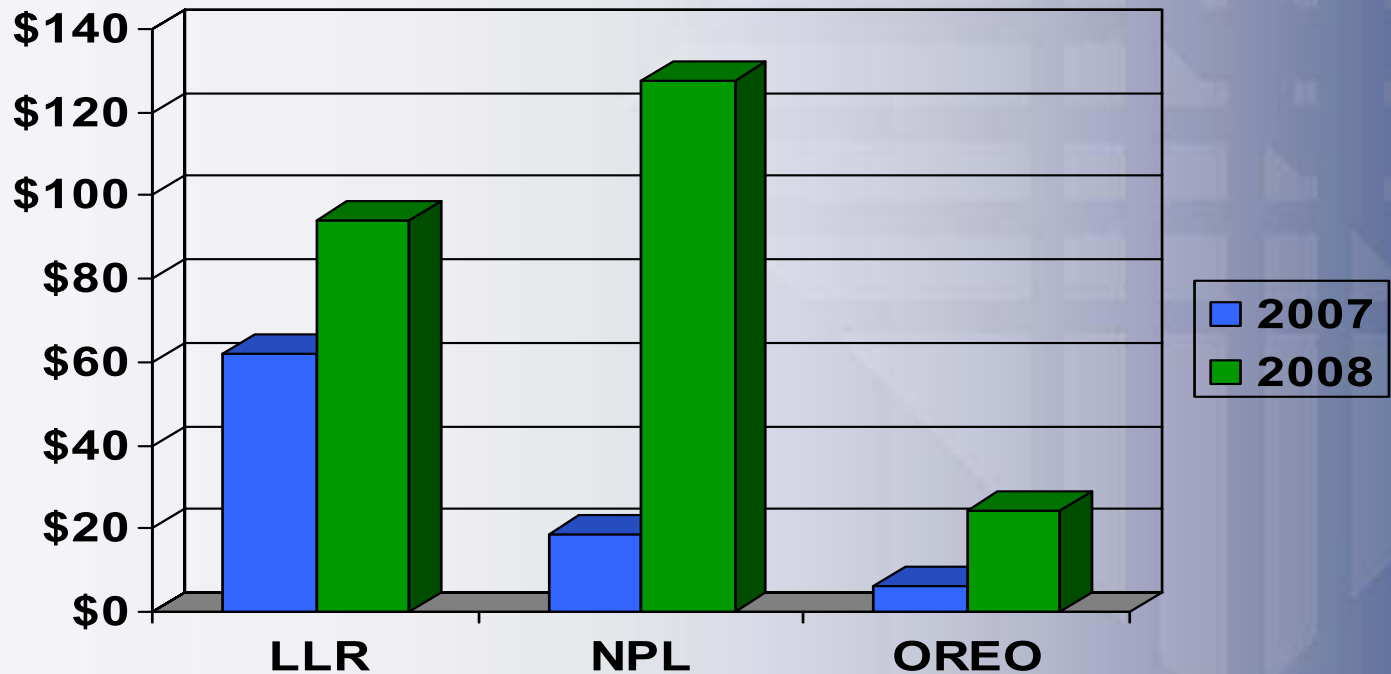


## Consumer Real Estate<sup>(1)</sup>

	Home Equity	1-4 Family Loans
<b>Balances</b>	<b>\$477 MM</b>	<b>\$198 MM</b>
<b>Delinquency <sup>(2)</sup></b>	<b>2.88%</b>	<b>4.31%</b>
<b>Loss Rate <sup>(3)</sup></b>	<b>0.79%</b>	<b>0.29%</b>
<b>Balances &lt; 80% Original LTV</b>	<b>88%</b>	<b>77%</b>
<b>Median FICO Score<sup>(4)</sup></b>	<b>767</b>	<b>747</b>

- (1) As of December 31, 2008
- (2) 30+ days past due / loans
- (3) Annualized net charge offs / average loans
- (4) Fair Isaac Corporation risk-based scoring system

*In Millions*



	12/31/08	12/31/07
Loan Loss Reserve / Loans	1.75%	1.24%
LLR / (Nonperforming Loans)	73%	335%
(NPL + 90 Day) / (Total Loans)	3.07%	0.80%

## Environmental Challenges and Approach

- Economic Challenges
  - Housing Deflation, Job Loss
  - Trends Lessened Locally vs. National and Midwest
  - Unprecedented Governmental Intervention
- Our Response
  - Greatly Enhanced Remediation Efforts
    - Increased Resources, Early Identification
    - Loan Modifications
  - Prudent Underwriting

### **III. Opportunities and Advantages**

## Lever Our Strengths

- Solid Capital and Earnings Generation
- Mission and Relationship Based Sales Process
  - Continue to Prudently Lend
  - Strategic vs. Transactional
- Market Opportunities Exist
  - Competitor Limitations
  - FDIC Acquisition Opportunities

## **Mission: A Strategic Client Approach**

- Value Added Relationship Banking Framework
- Needs Driven Product Solutions
- Long Term Process Of Creating Financial Independence



## Our People

- Tenured and Experienced
- Community Based
- Motivated
  - Compensation Alignment
- Organizational Development

## Premier Bank For Commercial

- Robust Relationship Driven Sales Force
  - ~ 180 Relationship Managers
  - Community Based w/ Strong Referral Networks
  - ~ 800 Relationship Plans
- Majority Of Business Activity is in our Footprint
- Market Disruption Creates Opportunities
- Trust AUM: 4<sup>th</sup> Largest in State of IL

## Chicagoland's Premier Bank For Retail

- Focused Sales
  - 87 Offices, 8<sup>th</sup> Largest Suburban Branch Presence
  - 1,000 Retail Bankers
- Strong Core Deposit Base
  - #13 Market Share
  - 60% Core Transactional, 18% Demand
- Competitive Advantage
  - Local, Tenured In Markets
  - Stable and Trusted
  - Targeted Promotion

## **IV. Our Priorities**

## Our Plan

- Funding Base Expansion
  - Focus on Core Deposit Growth
  - Liquidation of Securities to Support Loan Growth
  - Diversify Wholesale Sources
- Asset Quality Management
  - Expand Loan Loss Reserves
  - Increase Loan Modification Efforts
- Capital Formation
  - Superior Profitability
  - Increase Tangible Common Equity
  - Control Expense
- Concentrate on Core Business

## **V. Why First Midwest**

## **V. Why First Midwest?**

- Strong Franchise
- Solid Performance and Capital
- Well-Positioned

**Questions?**



# **To Request Additional Information Please Contact:**

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## **VI. Appendix**

Unaudited (Dollar amounts in thousands)	As Of				Percent Change From	
	12/31/08	% of total	9/30/08	6/30/08	9/30/08	6/30/08
<b>Loan Portfolio Composition</b>						
Commercial and industrial.....	\$ 1,490,101	27.8%	\$ 1,485,541	\$ 1,448,723	0.3%	2.9%
Agricultural.....	142,635	2.7%	159,217	207,438	(10.4%)	(31.2%)
Commercial real estate:						
Office, retail, and industrial.....	1,127,689	21.0%	1,092,268	1,048,547	3.2%	7.5%
Residential land and development.....	509,059	9.5%	509,974	510,818	(0.2%)	(0.3%)
Multifamily.....	237,646	4.4%	204,029	195,815	16.5%	21.4%
Other commercial real estate.....	1,106,952	20.7%	1,021,662	1,014,759	8.3%	9.1%
Total commercial real estate.....	2,981,346	55.6%	2,827,933	2,769,939	5.4%	7.6%
Consumer:						
Home equity.....	477,105	8.9%	468,703	460,581	1.8%	3.6%
Real estate 1-4 family.....	198,197	3.7%	205,851	213,295	(3.7%)	(7.1%)
Other consumer.....	70,679	1.3%	76,337	82,379	(7.4%)	(14.2%)
Total consumer.....	745,981	13.9%	750,891	756,255	(0.7%)	(1.4%)
Total loans.....	\$ 5,360,063	100.0%	\$ 5,223,582	\$ 5,182,355	2.6%	3.4%
<b>Commercial Real Estate Detail</b>						
<b>Office, Retail, and Industrial</b>						
Office.....	\$ 373,242	33.1%	\$ 352,200	\$ 337,424	6.0%	10.6%
Retail.....	313,286	27.8%	300,570	281,942	4.2%	11.1%
Industrial.....	441,161	39.1%	439,498	429,181	0.4%	2.8%
Total office, retail, and industrial.....	\$ 1,127,689	100.0%	\$ 1,092,268	\$ 1,048,547	3.2%	7.5%
<b>Residential Land and Development</b>						
Structures.....	\$ 185,929	36.5%	\$ 190,741	\$ 217,161	(2.5%)	(14.4%)
Land.....	323,130	63.5%	319,233	293,657	1.2%	10.0%
Total residential land and development.....	\$ 509,059	100.0%	\$ 509,974	\$ 510,818	(0.2%)	(0.3%)
<b>Other Commercial Real Estate</b>						
Commercial land.....	\$ 280,120	25.3%	\$ 263,030	\$ 285,411	6.5%	(1.9%)
1-5 family investors.....	193,227	17.5%	178,540	168,259	8.2%	14.8%
Service stations and truck stops.....	146,891	13.3%	134,677	120,670	9.1%	21.7%
Warehouses and storage.....	85,276	7.7%	80,889	79,580	5.4%	7.2%
Hotels.....	79,186	7.2%	67,217	67,574	17.8%	17.2%
Restaurants.....	48,106	4.3%	44,872	47,313	7.2%	1.7%
Medical.....	42,269	3.8%	42,253	43,347	0.0%	(2.5%)
Automobile dealers.....	38,505	3.5%	38,866	37,562	(0.9%)	2.5%
Mobile home parks.....	36,790	3.3%	29,670	25,217	24.0%	45.9%
Recreational.....	14,515	1.3%	14,760	15,106	(1.7%)	(3.9%)
Religious.....	11,224	1.0%	10,317	11,362	8.8%	(1.2%)
Other.....	130,843	11.8%	116,571	113,358	12.2%	15.4%
Total other commercial real estate.....	\$ 1,106,952	100.0%	\$ 1,021,622	\$ 1,014,759	8.3%	9.1%

Unaudited

As Of

(Dollar amounts in thousands)

**Asset Quality**

Nonaccrual loans:

	12/31/08	% of Loan Category	% of Total	9/30/08	6/30/08
Commercial and industrial .....	\$ 15,586	1.05%	12.2%	\$ 13,961	\$ 5,222
Office, retail, and industrial.....	2,533	0.22%	2.0%	1,195	1,125
Residential land and development.....	97,060	19.07%	76.0%	28,335	11,664
Multifamily .....	1,387	0.58%	1.1%	2,827	3,016
Other commercial real estate.....	6,926	0.63%	5.4%	1,845	885
Consumer .....	4,276	0.57%	3.3%	5,154	3,324

Total nonaccrual loans .....	\$ 127,768	2.38%	100.0%	\$ 53,317	\$ 25,236
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Restructured loans .....	7,344			3,731	2,061
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Foreclosed real estate .....	24,368			23,697	7,042
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90 days past due loans (still accruing interest):

Commercial and industrial .....	\$ 6,818	0.46%	18.4%	\$ 4,006	\$ 4,530
Agricultural .....	1,751	1.23%	4.7%	1,751	-
Office, retail, and industrial.....	3,214	0.29%	8.7%	4,838	2,855
Residential land and development.....	8,489	1.67%	23.0%	17,615	16,696
Multifamily .....	1,881	0.79%	5.1%	1,216	2,071
Other commercial real estate.....	6,586	0.59%	17.8%	2,469	3,410
Consumer .....	8,260	1.11%	22.3%	5,421	7,948

Total 90 days past due loans .....	\$ 36,999	0.69%	100.0%	\$ 37,316	\$ 37,510
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30-89 days past due loans.....	\$ 116,206	2.17%	-	\$ 104,769	\$ 185,186
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**Asset Quality Ratios**

Nonaccrual loans to loans.....	2.38%	-	-	1.02%	0.49%
Nonaccrual loans plus loans past due 90 days to loans .....	3.07%	-	-	1.74%	1.21%
Reserve for loan losses .....	\$ 93,869	-	-	\$ 69,811	\$ 66,104
Reserve for loan losses to loans.....	1.75%	-	-	1.34%	1.28%
Reserve for loan losses to nonaccrual loans .....	73%	-	-	131%	262%
Reserve for loan losses to nonaccrual loans plus loans past due 90 days .....	57%	-	-	77%	105%

Quarters Ended

	12/31/08	% of Loan Category	% of Total	9/30/08	6/30/08
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(Dollar amounts in thousands)

**Charge-off Data**

Net loans charged-off:

Commercial and industrial .....	\$ 5,601	0.38%	30.6%	\$ 1,899	\$ 2,338
Agricultural .....	-			(4)	42
Office, retail, and industrial.....	699	0.06%	3.8%	2	31
Residential land and development.....	9,227	1.81%	50.3%	5,856	138
Multifamily .....	164	0.07%	0.9%	(40)	830
Other commercial real estate.....	397	0.04%	2.2%	62	116
Consumer .....	2,239	0.30%	12.2%	1,547	961

Total net loans charged-off .....	\$ 18,327	1.38%	100.0%	\$ 9,322	\$ 4,456
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Net loan charge-offs to average loans (annualized):

Quarter-to-date .....	1.38%	-	-	0.71%	0.35%
Year-to-date.....	0.74%	-	-	0.52%	0.42%

# Reconciliation of Non-GAAP Operating Results

	Years ending 12/31	2008	2007
<b>Non-GAAP Operating Results (Amounts in thousands)</b>			
Interest income (GAAP) .....	\$	246,597	\$ 240,129
Noninterest income (GAAP) .....		89,618	111,054
Write-down of bank-owned life insurance included in noninterest income.....		10,360	-
Noninterest expense (GAAP) .....		(194,305)	(199,137)
<b>Pre-tax earnings, excluding provision for loan losses and market-related losses .....</b>		<b>152,270</b>	<b>152,046</b>
Provision for loan losses .....		(70,254)	(7,233)
Gains (losses) on securities sales, net .....		8,903	(746)
Securities impairment losses.....		(44,514)	(50,055)
Write-down of bank-owned life insurance.....		(10,360)	-
Losses on early extinguishment of debt.....		-	-
Income tax benefit (expense).....		13,291	(13,853)
Net income (GAAP) .....	\$	<u>49,336</u>	<u>\$ 80,159</u>