



2006 Annual Report

First Midwest Bancorp, Inc.

Company Profile

First Midwest is the premier relationship-based banking franchise in the growing Chicagoland banking market. As one of the Chicago metropolitan area's largest independent bank holding companies, First Midwest provides the full range of both business and retail banking and trust and investment management services through 103 offices located in 63 communities, primarily in metropolitan Chicago, a network of 130 ATMs, and its on-line full service electronic banking center www.firstmidwest.com. First Midwest was the only bank honored by *Chicago* magazine as one of the 25 best places to work in Chicago.

First Midwest Bank, First Midwest Bancorp's sole banking subsidiary, has \$8.4 billion in assets, and has over \$3.6 billion in trust assets under management. Collectively, First Midwest has nearly 810,000 relationships serving over a quarter of a million households and approximately 23,000 businesses. First Midwest is rooted deeply in the local communities it serves, and its sales team is intensely focused on providing value-enhancing and needs-satisfying financial services to its expanding client base.

Additional Information

Visit the Investor Relations section of our website, www.firstmidwest.com, for stock and dividend information, quarterly earnings and news releases, on-line annual report, links to SEC filings, and other Company information.

First Midwest Bancorp, Inc.

Consolidated Financial Highlights

(\$ in thousands, except per share data)

Years Ended December 31,	2006	2005
Net Income	\$ 117,246	\$ 101,377
Per Common Share		
Diluted earnings per share	\$ 2.37	\$ 2.21
Dividends declared	1.120	1.015
Book value at year end	15.01	11.99
Market price at year end	38.68	35.06
Performance Ratios		
Return on average equity	16.87%	18.83%
Return on average assets	1.42%	1.44%
Net interest margin	3.67%	3.87%
Efficiency ratio	50.53%	49.44%
December 31,	2006	2005
Balance Sheet Highlights		
Total assets	\$ 8,441,526	\$ 7,210,151
Loans	5,008,944	4,306,191
Deposits	6,167,216	5,147,832
Stockholders' equity	751,014	544,068

Stock Performance and Dividend Information

Quarters Ended	2006				2005			
	High	Low	Close	Dividends Declared	High	Low	Close	Dividends Declared
March 31	\$37.14	\$32.62	\$36.57	\$0.275	\$36.75	\$31.92	\$32.48	\$0.240
June 30	37.52	34.64	37.08	0.275	36.45	31.25	35.08	0.250
September 30	38.89	34.42	37.89	0.275	39.18	34.43	37.24	0.250
December 31	39.52	36.62	38.68	0.295	39.25	34.66	35.06	0.275
				\$1.120				\$1.015

4.6.2007



John M. O'Meara
President and CEO
First Midwest Bancorp, Inc.

Dear Stockholders:

2006 was the fifteenth consecutive year of record financial performance for our company.

The year witnessed the expansion of our franchise into Lake County, Indiana, with the successful acquisition and operational merger of Bank Calumet in the spring of the year. Our sales activity was brisk and on plan, realizing nearly all of our annual goals for loans and deposits. Fee income increases helped to mitigate some of the expenses associated with the merger transaction. Credit quality in our loan portfolios remained strong helping to offset shrinkage in our net interest margins. This shrinkage, which is impacting the entire industry, is a product of the flatness of the yields between the short and intermediate portions of the interest rate maturity curve. It is aggravated by a highly competitive marketplace for both loans and deposits. This interest rate environment did, on the other hand, provide us with the opportunity to remove certain investment securities from our balance sheet which were contributing only nominally to net interest income. The securities that remain are well positioned for future interest rate movements.

Against this economic and competitive backdrop, we are very proud to report full year return on average assets of 1.42% and return on average equity of 16.9%. Our \$117.2 million net income was up 16% compared with 2005.

2006 Financial Review

Our financial performance was underpinned by strong asset growth, core deposit expansion, securities portfolio management, credit cost management, fee income expansion and careful expense management.

- ◆ Total loans outstanding increased \$703 million or 16% after absorbing \$80 million in planned shrinkage of our indirect consumer portfolio. Key commercial and commercial real estate portfolios led the way along with balances acquired from Bank Calumet.
- ◆ Core deposits which we define as transactional checking, savings and NOW accounts expanded \$569 million or 19% in the face of withering competition for these accounts. Interest bearing time deposits were \$450 million higher primarily from deposits acquired as a part of the Bank Calumet acquisition.
- ◆ Securities portfolios were allowed to run to cash to the extent of \$200 million over the course of the year thereby shrinking the balance sheet. Outright sales of certain municipal securities in the fourth quarter were made opportunistically to take advantage of spreads tightening in this market for the longer-dated maturities which we owned.
- ◆ Credit costs for 2006 were very well managed with the ratio of net loan charge-offs to total loans at 0.21% compared with 0.22% in 2005. At the same time nonperforming assets as a percentage of loans plus foreclosed real estate remained virtually flat at 0.38% as of December 31, 2006.
- ◆ Fee expansion for the year was nearly \$18 million including Bank Calumet, a twenty-five percent improvement. These increases were centered in deposit service charges of \$9.8 million, trust and investment management fees of \$1.7 million, card-based fees of \$3.6 million and other miscellaneous fees at \$2.6 million.

- ◆ Expense management was a priority as soon as we were finished with the merger integration in the second quarter. The efficiency ratio peaked in the second quarter at 52.12% and had been reduced to 49.56% by the fourth quarter.

2007 Preview

The economic and competitive environment for the year ahead will present both obstacles and opportunities to deliver on our mission. Economically we are expecting a continuation of the modest growth trends of the recent several years. Our marketplace remains diversified and growing, which is certainly an advantage. The national and international economic environment looks to produce more of the same in terms of interest rates and related conditions. This, of course, translates to more pressure on interest margins. Competition in the commercial banking sector will remain strong but is beginning to show a tendency to sort out the competitors into viable long term participants and those with a shorter term exit strategy. Pressures to enhance profitability are being seen in executive management changes, reductions in force, pricing retrenchment, and branch closings among other things.

Our company is in a strong position to both observe and take advantage of these emerging trends. Our strong financial record, our flexible balance sheet, our proven efficiency record, our credit management skills and our sales system provide us with the platform to analyze these trends and respond to them as conditions warrant.

We are looking for 2007 to be a solid year. We expect to:

1. grow loan assets \$425 million or 8.5%,
2. use the cashflows from our securities portfolio to fund up to \$300 million in loan growth,
3. gather \$100 million in new core deposits,
4. obtain lower credit costs,
5. expand fee-based revenues by a double digit percentage,
6. restrict noninterest expense growth to a low single digit percentage,
7. rationalize all elements of our service delivery system, and
8. sharpen the contribution analysis of each major line of business.

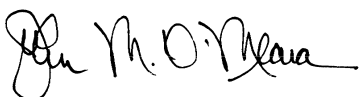
Welcome

We welcome Vernon A. Brunner to our Board of Directors and our Compensation Committee. Vern's extensive experience and wise counsel is a valuable addition to our board.

Thank you

The continued confidence of our shareholders is an important element of our success for which we thank you.

Very truly yours,



John M. O'Meara
President & Chief Executive Officer

**Report of Independent
Registered Public
Accounting Firm
2.19.2007**

**To The Board of Directors
and Stockholders of First Midwest Bancorp, Inc.**

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of condition of First Midwest Bancorp, Inc. as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2006 (not presented separately herein) and in our report dated February 19, 2007, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of First Midwest Bancorp's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2007 (not presented separately herein) expressed an unqualified opinion thereon.

Ernst & Young LLP

Ernst & Young LLP
Chicago, Illinois

**Condensed Consolidated
Statements of Condition**

	(\$ in thousands)	
December 31,	2006	2005
Assets		
Cash and due from banks	\$ 209,825	\$ 157,070
Investment securities and other short-term investments	2,543,895	2,349,310
Corporate loans	4,141,704	3,435,644
Consumer loans	867,240	870,547
Reserve for loan losses	(62,370)	(56,393)
Net loans	4,946,574	4,249,798
Premises, furniture, and equipment	126,677	95,345
Investment in corporate owned life insurance	196,598	156,441
Other assets	417,957	202,187
Total Assets	\$ 8,441,526	\$ 7,210,151
Liabilities		
Noninterest-bearing deposits	\$ 1,124,081	\$ 976,557
Interest-bearing deposits	5,043,135	4,171,275
Borrowed funds	1,182,268	1,294,532
Subordinated debt	228,674	130,092
Other liabilities	112,354	93,627
Total liabilities	7,690,512	6,666,083
Stockholders' Equity	751,014	544,068
Total Liabilities and Stockholders' Equity	\$ 8,441,526	\$ 7,210,151

Condensed Consolidated Statements of Income

(\$ in thousands, except per share data)

Years Ended December 31,	2006	2005	2004
Interest Income			
Loans	\$ 352,939	\$ 266,925	\$ 225,099
Investment securities	123,470	99,775	90,243
Total Interest Income	476,409	366,700	315,342
Interest Expense			
Deposits	148,118	86,675	57,432
Borrowed funds	62,974	35,834	20,980
Subordinated debt	13,458	8,341	8,066
Total Interest Expense	224,550	130,850	86,478
Net Interest Income	251,859	235,850	228,864
Provision for loan losses	10,229	8,930	12,923
Net Interest Income After Provision for Loan Losses	241,630	226,920	215,941
Noninterest Income			
Service charges and commissions	60,171	47,771	43,984
Trust and investment management fees	14,269	12,593	11,888
Card-based fees	13,777	10,207	9,252
Subtotal fee-based revenues	88,217	70,571	65,124
Security gains (losses), net	4,269	(3,315)	8,222
Losses on early extinguishment of debt	-	-	(2,653)
Other	10,797	7,356	8,688
Total Noninterest Income	103,283	74,612	79,381
Noninterest Expense			
Salaries and employee benefits	106,201	95,179	92,171
Occupancy and equipment	30,380	25,173	24,862
Other	56,034	45,351	46,305
Total Noninterest Expense	192,615	165,703	163,338
Income Before Income Tax Expense	152,298	135,829	131,984
Income tax expense	35,052	34,452	32,848
Net Income	\$ 117,246	\$ 101,377	\$ 99,136
Basic Earnings Per Share	\$ 2.39	\$ 2.22	\$ 2.13
Diluted Earnings Per Share	\$ 2.37	\$ 2.21	\$ 2.12
Dividends Declared Per Share	\$ 1.120	\$ 1.015	\$ 0.900

First Midwest Bancorp, Inc.

Five Year Performance Summary

(\$ in thousands, except per share data)					
Years Ended December 31,	2006	2005	2004	2003	2002
Operating Results					
Net interest income	\$ 251,859	\$ 235,850	\$ 228,864	\$ 209,754	\$ 218,754
Provision for loan losses	10,229	8,930	12,923	10,805	15,410
Noninterest income	103,283	74,612	79,381	74,170	66,991
Noninterest expense	192,615	165,703	163,338	149,452	148,052
Income tax expense	35,052	34,452	32,848	30,889	32,133
Net Income	\$ 117,246	\$ 101,377	\$ 99,136	\$ 92,778	\$ 90,150
Per Common Share					
Diluted earnings per share	\$ 2.37	\$ 2.21	\$ 2.12	\$ 1.97	\$ 1.86
Dividends declared	1.120	1.015	0.900	0.790	0.700
Book value at year end	15.01	11.99	11.55	11.22	10.42
Market price at year end	38.68	35.06	36.29	32.43	26.71
Performance Ratios					
Return on average equity	16.87%	18.83%	18.68%	18.28%	18.82%
Return on average assets	1.42%	1.44%	1.45%	1.50%	1.53%
Net interest margin	3.67%	3.87%	3.91%	3.99%	4.28%
Efficiency ratio	50.53%	49.44%	50.11%	48.32%	48.20%
December 31,	2006	2005	2004	2003	2002
Balance Sheet Highlights					
Total assets	\$ 8,441,526	\$ 7,210,151	\$ 6,863,381	\$ 6,906,658	\$ 5,980,533
Loans	5,008,944	4,306,191	4,135,278	4,059,782	3,406,846
Deposits	6,167,216	5,147,832	4,905,378	4,815,108	4,172,954
Stockholders' equity	751,014	544,068	532,038	522,540	491,953
Average equity to average assets	8.42%	7.65%	7.74%	8.19%	8.12%



First Midwest Bancorp, Inc.

Board of Directors

Vernon A. Brunner ⁽²⁾

President and CEO
Brunner Marketing Solutions, LLC
(Consumer Products Marketing Consultant)

Bruce S. Chelberg ^(1, 3)

Retired Chairman and CEO
Whitman Corporation
(Diversified, Multinational Holding Co.)

Joseph W. England ⁽¹⁾

Retired Senior Vice President
Deere & Company
(Mobile Power Equipment Manufacturer)

Brother James Gaffney, FSC ⁽³⁾

President
Lewis University
(Independent Private Institution of Higher Education)

Thomas M. Garvin ^(2, 3)

Retired President and CEO
G.G. Products Company
(Food Business Acquirer)

Patrick J. McDonnell ⁽¹⁾

President and CEO
The McDonnell Company LLC
(Business Consulting Company)

John M. O'Meara

President and CEO
First Midwest Bancorp, Inc.

Robert P. O'Meara

Chairman of the Board
First Midwest Bancorp, Inc.

John E. Rooney ⁽¹⁾

President and CEO
U.S. Cellular Corporation
(Cellular Communications Provider)

Ellen A. Rudnick ⁽³⁾

Executive Director
Michael Polsky Center for Entrepreneurship
University of Chicago
(Graduate School of Business)

John L. Sterling ⁽²⁾

President and Owner
Sterling Lumber Company
(Lumber Distributor)

J. Stephen Vanderwoude ^(1, 2)

Chairman and CEO
Madison River Communications
(Operator of Rural Telephone Companies)

Executive Management Group

First Midwest Bancorp, Inc.

Robert P. O'Meara

Chairman of the Board

John M. O'Meara

President and CEO

Michael L. Scudder

Executive Vice President and CFO

Paul F. Clemens

Senior Vice President and CAO

First Midwest Bank

John M. O'Meara

Chairman and CEO

Kent S. Belasco

Executive Vice President
and Chief Information Officer

Paul F. Clemens

Executive Vice President
and Chief Accounting Officer

Michael J. Kozak

Executive Vice President
and Chief Commercial Credit Officer

Thomas J. Schwartz

Group President
Commercial Banking

Michael L. Scudder

Group Executive Vice President
and Chief Financial Officer

Janet M. Viano

Group President
Retail Banking

Stephanie R. Wise

Executive Vice President
Business and Institutional Services

Board Committees:

- (1) Audit Committee
- (2) Compensation Committee
- (3) Nominating & Corporate Governance Committee



Form 10K

First Midwest Bancorp, Inc.