

Wintrust Financial Corporation

2016 Annual Stress Test Disclosures

Dodd-Frank Act Stress Test Results

Supervisory Severely Adverse Scenario

October 28, 2016

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In this report, when we refer to "Wintrust," "the Company," "we," "our," or "us," we mean Wintrust Financial Corporation and Subsidiaries (consolidated).

This report contains estimates using the macroeconomic conditions and assumptions provided in the Dodd-Frank Act Stress Test severely adverse scenario. The severely adverse scenario is a hypothetical scenario, used solely for stress testing purposes. The projections summarized within this report should not be interpreted as an actual forecast by Wintrust of its capital ratios, loan losses, or any other figure. If a scenario similar or comparable to the hypothetical severely adverse were to occur, Wintrust's results will be influenced by actual economic and financial conditions and various other factors as described in our reports filed with the Securities and Exchange Commission and available at www.sec.gov.

Overview

Wintrust is a financial holding company with assets of approximately \$25.3 billion as of September 30, 2016 whose common stock is traded on the NASDAQ Global Select Market. Built on the “HAVE IT ALL” model, Wintrust offers sophisticated technology and resources of a large bank while focusing on providing service-based community banking to each and every customer. Wintrust operates fifteen community bank subsidiaries, with over 150 banking locations located in the greater Chicago and southern Wisconsin market areas. Additionally, the Company operates various non-bank business units including one of the largest commercial insurance premium finance companies operating in the United States and Canada, a company providing short-term accounts receivable financing and value-added out-sourced administrative services to the temporary staffing services industry, a business unit engaging primarily in the origination and purchase of residential mortgages for sale into the secondary market throughout the United States, and companies providing wealth management services.

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DFA"), banks or bank holding companies with total assets greater than \$10 billion are required to meet the stress testing requirements described in the DFA on an annual basis. Banks or bank holding companies subject to the DFA stress test ("DFAST") requirements must assess the potential impact of a minimum of three macroeconomic scenarios provided by the Federal Reserve and the Office of Comptroller of the Currency ("OCC") - baseline, adverse, and severely adverse - on their consolidated earnings, pre-provision net revenue ("PPNR"), loan loss provision, net income, balance sheet (including risk-weighted assets), and capital over a nine quarter projection period.

The three macroeconomic scenarios provided by the Federal Reserve and the OCC are not a forecast of expected macroeconomic and financial conditions, but are hypothetical scenarios designed to assess the strength of banking organizations and their resilience to adverse economic and financial conditions. Results of the three scenarios are sent to the Company's primary federal regulator.

Stress testing is meant to determine the ability of an institution to remain solvent under challenging environments (economic, industry-related, etc.). Wintrust has developed a forward-looking, Wintrust-specific, risk-tailored stress testing planning process. This process provides reasonable assurance that capital will be available through severely adverse economic conditions. Stressed scenarios that were applied were severe enough that they may have never been experienced by Wintrust.

Wintrust's 2016 DFAST results suggest that the capital ratios will decline in the severely adverse scenario primarily due to weakened earnings and growth in risk-weighted assets over the nine quarter projection period. Even with the stress from the combination of the economic factors, the projected capital ratios in the severely adverse scenario remain above the regulatory minimum and well-capitalized ratios.

Supervisory Severely Adverse Scenario

The 2016 company-run stress test for the severely adverse economic scenario used the guidance provided in the “2016 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule” issued by the Board of Governors for the Federal Reserve System on January 28, 2016. We conducted our testing in accordance with Section 165(i)(2) of the Dodd-Frank Wall Street Reform Act.

The severely adverse scenario is characterized by a severe global recession, accompanied by a period of heightened corporate financial stress and negative yields for short-term U.S. Treasury securities.

For reference, select macrovariables from the severely adverse scenario are presented in the table below:

Table 1: Supervisory Severely Adverse Scenario - Path of Selected Macroeconomic Variables (1)

Quarter Ending	Real GDP growth	Unemployment rate	3-month Treasury rate	10-year Treasury yield	BBB corporate yield	Mortgage rate	House Price Index ("HPI")	Commercial Real Estate Price Index ("CREPI")
Q4 2015	1.9 %	5.0%	0.10 %	2.20%	4.6%	3.9%	183.1	273.4
Q1 2016	(5.1)%	6.0%	— %	0.20%	4.8%	3.2%	178.8	264.9
Q2 2016	(7.5)%	7.2%	(0.20)%	0.40%	5.6%	3.7%	173.5	251.0
Q3 2016	(5.9)%	8.3%	(0.50)%	0.40%	6.0%	3.9%	167.4	236.5
Q4 2016	(4.2)%	9.1%	(0.50)%	0.60%	6.4%	4.1%	160.8	223.2
Q1 2017	(2.2)%	9.7%	(0.50)%	0.70%	6.1%	4.1%	154.7	210.4
Q2 2017	0.4 %	9.9%	(0.50)%	0.80%	5.8%	4.1%	148.9	201.3
Q3 2017	1.3 %	10.0%	(0.50)%	1.00%	5.7%	4.1%	144.0	193.4
Q4 2017	3.0 %	9.9%	(0.50)%	1.10%	5.5%	4.1%	140.8	191.2
Q1 2018	3.0 %	9.8%	(0.50)%	1.20%	5.3%	4.1%	138.5	190.1

(1) For the full set of economic variables and scenario descriptions, see Board of Governors of the Federal Reserve “2016 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule”, January 28, 2016, available at: <http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20160128a2.pdf>

Description of Key Risks

Wintrust's Enterprise Risk Management process identifies material key risks to the Company's financial results and capital resources and incorporates them in the stress test process. These risks include, among others, credit, market, compliance, information security and operational.

Credit Risk

Loans represent the largest component of assets on the balance sheet and their related credit risk is the Company's single largest financial risk. Credit risk is the risk of loss or decline in value due to a borrower's inability to meet its obligations as they fall due or a change in a borrower's credit quality. Credit risk includes default risk, counterparty credit risk, concentration risk, recovery risk, exposure growth risk and Federal Deposit Insurance Corporation ("FDIC") covered loan loss share risk.

Market Risk

We define market risk to be comprised of Interest Rate Risk, Liquidity Risk, and Price Risk (i.e. risks related to foreign exchange rates, derivative exposures, mortgage servicing rights and the investment portfolio).

Interest rate risk is the risk to earnings or capital arising from movements in market interest rates. Interest rate risk arises from the impact of movements in interest rates and the timing of cash flows (repricing risk), from changing rate relationships among different yield curves affecting Company activities (basis risk), from changing rate relationships across the spectrum of maturities (yield curve risk), and from interest-related options embedded in Company products (options risk).

Liquidity risk is the risk to earnings or capital arising from a bank's inability to meet its obligations when they come due without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

Price risk is the risk to earnings or capital arising from changes in the value of either trading portfolios or other obligations. These portfolios are typically subject to daily price movements and are accounted for primarily on a mark-to-market basis. This risk arises most significantly from market-making, dealing, and position-taking in interest rate, foreign exchange, equity, commodities, and credit markets. Price risk also arises in banking activities which value changes are reflected in the income statement, such as in lending pipelines and mortgage servicing rights. The risk to earnings or capital arising from the conversion of a bank's financial statements from foreign currency translation is also price risk.

Compliance Risk

Risk arising from violations of, or nonconformance with, laws, rules, regulations, internal practices, tax and financial reporting requirements. The risk of failure to comply with applicable laws, rules and self-regulating standards. This includes non-compliance with prescribed practices, internal policies and procedures or ethical standards as well as established standards for communications with external stakeholders.

Information Security Risk

The risk that the Company does not implement the required protections for sharing nonpublic personal information, or employ appropriate controls for safeguarding sensitive information.

Operational Risk

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, people, and systems, or from external events. These losses may be caused by events such as fraud, breaches of customer privacy and inappropriate employee behavior.

Other

In addition to the risks enumerated above, other risks that are material to the Company's results include:

- Regulatory Risk
- Strategic Risk
- Reputational Risk
- Legal Risk

Summary Results for the Severely Adverse Scenario

In the severely adverse scenario, the balance sheet is projected to grow, as a flight to safety creates a large deposit base. Additionally, there is loan growth in the commercial and industrial ("C&I") portfolio which is attributable to borrowers taking advantage of negative and ultra-low short term interest rates to maintain liquidity in a challenging business environment. There is also loan growth in the commercial real estate ("CRE") portfolio as the unique nature of the collateral would make it more difficult and costly to liquidate, legal headwinds and delays and customer credit line drawdowns would force the CRE loan balances to remain elevated.

The capital ratios in the severely adverse scenario decline significantly due to both the weakened earnings and the projected growth in risk-weighted assets ("RWA") over the forecast horizon. Even with the significant stress from the combination of the aforementioned factors, the ending capital ratios in the severely adverse scenario remain above the minimum regulatory well-capitalized thresholds.

Changes to Projected Capital Ratios and Risk-weighted Assets

Under the severely adverse scenario, as shown in Table 2, all capital ratios remain above the regulatory minimum and well-capitalized ratios throughout the nine quarter test horizon. Wintrust's Tier 1 Risk-Based Capital ratio is projected to decrease from 10.0% at December 2015 to 8.2% at March 2018.

Table 2: Project Stressed Capital Ratios through Q1 2018

2016 DFAST Severely Adverse Scenario Results

	Actual	Stressed Capital Ratios		Basel III Regulatory Requirements	
	Q4 2015	Ending Q1 2018	Minimum (2)	Well-capitalized	Minimum (1)
Common Equity Tier 1 (%)	8.4%	7.1%	7.1%	6.5%	4.5%
Tier 1 Risk-based Capital (%)	10.0%	8.2%	8.2%	8.0%	6.0%
Total Risk-based Capital (%)	12.2%	10.4%	10.4%	10.0%	8.0%
Tier 1 Leverage (%)	9.1%	6.8%	6.8%	5.0%	4.0%

Memo items - risk-weighted assets (\$ in millions)

Basel III Standardized approach	\$19,886	\$24,133
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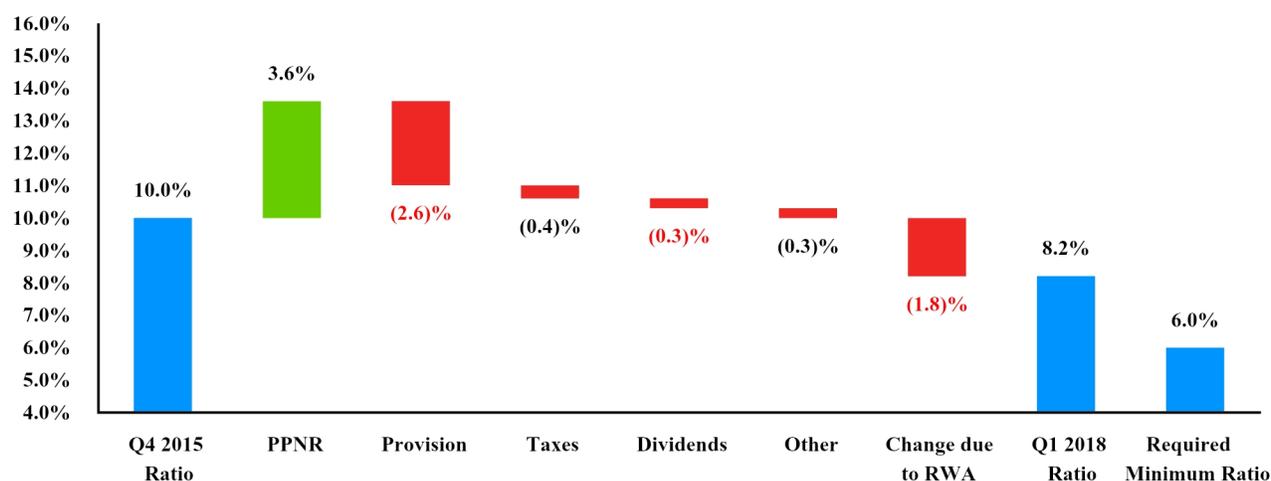
(1) As prescribed by the regulations issued by the Federal Reserve, OCC and FDIC.

(2) Minimum ratio over the 9 quarter forecast window.

As shown in Table 3, the material drivers of the 180 basis point decline in the projected Tier 1 Risk-Based Capital ratio include increased provision for credit losses, higher risk-weighted assets as well as taxes, dividends and other, partially offset by increased PPNR. RWA increase over the nine quarter test horizon primarily due to loan growth.

Table 3: Projected Tier 1 Risk-Based Capital Attribution Analysis

2016 DFAST Tier 1 RBC Ratio - Attribution Analysis



Projected Profit & Loss Metrics

For the nine quarter forecast horizon, we estimated cumulative net income of approximately \$113.1 million, or 0.4% of average assets, as shown in Table 4.

Table 4:

2016 DFAST Projected Nine-quarter Cumulative P&L Metrics - Severely Adverse Scenario (Q1 2016 - Q1 2018)

(\$ in millions)	Nine quarter cumulative, ending Q1 2018	Percent of average assets (1)
Pre-provision net revenue	\$ 706.6	2.7%
Provision for credit losses	(520.2)	(2.0)
Realized losses/(gains) on securities	—	—
Other losses	—	—
Net income before income taxes	\$ 186.4	0.7%
Income tax expense	(73.3)	(0.3)
Net income	\$ 113.1	0.4%

(1) Calculated on cumulative basis over the nine quarter forecast horizon.

Pre-Provision Net Revenue

The estimated pre-provision net revenue of \$706.6 million reflects declining levels of net interest income over the nine quarter test horizon. A weak economy is projected to slow loan growth relative to less stressed conditions, while low interest rates reduce the amount of income earned on our loan portfolios.

Net interest income is impacted by the lesser rate of growth in the loan portfolio as well as the low interest rate environment, which reduces net interest margin over the period. Non-interest income is negatively impacted as declines in the equity markets lower the assets under management and brokerage asset balances, which are the basis for wealth management fees. Mortgage banking revenue also falls as the housing market experiences declines, although this effect is partially offset by a low interest rate environment that encourages refinancing.

Non-interest expense is projected to be lower under the severely adverse scenario, due to actions taken by management to manage expenses including reductions in discretionary incentive compensation. However, this is partially offset by increased expenses and valuation charges related to foreclosed properties.

Provision for Credit Losses

The nine-quarter cumulative provision for credit losses is estimated at \$520.2 million primarily as a result of projected loan losses of \$501.2 million and an increase in the allowance for loan and lease losses of \$21.5 million. Wintrust's projected earnings are negatively impacted by the increase in provision for loan losses.

Table 5:
2016 DFAST Projected Loan Losses by Type of Loans - Severely Adverse Scenario (Q1 2016 - Q1 2018)

(\$ in millions)	Nine quarter cumulative, ending Q1 2018	Cumulative portfolio loss rate (1)
First-lien mortgages	\$ 11.3	1.7%
Junior liens and home equity lines of credit, domestic	8.3	0.9
Commercial and Industrial	176.5	2.1
Commercial real estate, domestic	299.4	4.7
Other Consumer	5.7	0.2
Projected Loan Losses (2)	\$ 501.2	2.6%

(1) Calculated on cumulative basis by dividing the nine quarter cumulative net losses by the average loan balances over the same period.

(2) Wintrust's premium finance portfolios are included in Other Consumer and Commercial Industrial loans.

The CRE portfolio is projected to experience significant losses, given the conditions present in the commercial real estate market. The cumulative losses projected for the CRE portfolio make up approximately 60% of the total projected losses, with the second largest loss segment, C&I, making up approximately 35% of the total.

Stress Testing Methodologies

Wintrust has allocated significant time and resources to develop the capital stress testing program and has established a process which is both repeatable and sustainable. Our DFAST governance framework consists of multiple levels of risk management strategies, including data sourcing and reconciliation, model risk management, model validation, input and results review, internal audit, and effective challenge processes provided through senior management and board oversight.

The methodologies described in this section were used to develop detailed analyses of Wintrust's capital adequacy under the severely adverse scenario described in previous sections. The approach is forward-looking, based on the composition of the Company as of December 31, 2015, and incorporates the material risks facing the Company. The results taken from the output of the methodologies described below form the estimates of the nine quarter DFAST income statements and balance sheets which are used to derive Wintrust's capital ratios under the severely adverse scenario.

In general, most of these methodologies rely on historical data and relationships to make projections into the future. Quantitative historical relationships between line items and macroeconomic variables were used whenever appropriate. In some cases, relationships between given line items and major asset/liability classes were also used to project and/or assess reasonableness of the results. The overall results were assessed for reasonableness and in accordance with business judgment, which factored heavily into the final results. While no forecasting methodology is perfect, and limitations and uncertainties exist around all model results, Wintrust has taken significant measures to reduce and/or mitigate modeling uncertainties wherever they may arise.

All results related to the 2016 DFAST were presented to and reviewed by Wintrust executive management and board of directors in order to ensure that results accorded with actual business practices and would best represent Wintrust's performance under the severely adverse scenario.

Pre-provision net revenue

Net interest income

Net interest income is comprised of interest income from earning assets and interest expense on rate-bearing liabilities. Estimates for net interest income are based on the projections of rate-sensitive financial assets and liabilities on the Company's balance sheet and all applicable interest rate curves. Our current aggregation model employs these projections to estimate net interest income under the severely adverse scenario.

Interest rate projections

Given the diverse products offered by Wintrust, additional interest rate assumptions and projections were developed using the supervisory macroeconomic scenarios variables provided by the Federal Reserve as context. These interest rate curves were interpolated based on the correlation of our existing internal interest rate curves to the interest rate curves provided.

Balance sheet projections

Loans, investment securities, and interest-bearing deposits represent the majority of our balance sheet and are primary drivers to net interest income. Most of the loan and all of the deposit projections were developed using regression models. Remaining loan and deposit projections involved constant forecasts or contractual run-offs. Projections for other interest-earning assets and non-depository funding sources were based on historical analyses, constant forecasts or contractual run-offs. As part of the stress testing process, management also provided qualitative input on the assumptions based on the results under the severely adverse scenario.

Non-interest income

Non-interest income for Wintrust consists primarily of fees derived from its mortgage banking and wealth management activities. Mortgage banking revenue includes revenue from activities related to originating, selling and servicing residential real estate loans for the secondary market. Other sources of non-interest income for Wintrust include revenue from our subsidiary, Tricom, which specializes in financing temporary staffing companies, and service charges on deposits at the banks.

The modeling methodology for non-interest income line items varied, depending on their materiality, their relationship/sensitivity to macroeconomic drivers, and data availability. In some cases, more advanced statistical techniques and analysis were developed to tie the income line item to macroeconomic drivers; in others, techniques such as correlation to key variables was used. For some line items that were not materially impacted by macroeconomic drivers, historical ratios to key business segments were used. In all cases, results were evaluated using management input to ensure that model outputs were consistent with the proposed scenario.

Non-interest expense

The most significant of Wintrust's non-interest expenses are salaries and benefits. Other line items in noninterest expense include occupancy and equipment expense (both non-depreciation and depreciation expenses), FDIC insurance premiums, data processing fees, professional fees, and other assorted expenses.

Methodologies used for projecting non-interest expense items varied considerably. In the case of salaries and benefits, items such as bonuses and long term incentive plans for executives were reduced or eliminated based on expected poor financial results. For FDIC insurance, the FDIC's current assessment rate calculator was used along with various assumptions about bank ratings under the severely adverse scenario. In other cases, historical ratios to related business segments, ties to macroeconomic variables, and management judgment were all utilized.

Provision for credit losses

Loan loss forecasting

Loan losses for the residential real estate, home equity lines of credit, and premium finance property and casualty portfolios were estimated using a roll rate methodology. A series of regression equations was used to project the percentage of each portfolio in differing degrees of past due status. Total net charge-offs were then projected by multiplying the predicted percentage against the loan balance output for the quarter.

For the commercial and commercial real estate portfolios, we utilized a net charge-off model approach which uses portfolio level net charge-off rates, along with historical macroeconomic data, to predict net charge-offs over the forecast horizon.

Loan losses of other remaining immaterial loans were estimated based on historical ratios and principal runoffs as of December 31, 2015.

Allowance for credit losses

Following generally accepted accounting principles, the allowance for credit losses represents management's estimate of incurred credit losses at a specific point in time in order to ensure adequate coverage for losses in the Company's loan portfolio. The allowance for credit losses estimate relies on input from other loan and credit models, historical analyses of key credit indicators, current portfolio composition and management judgment. Provision for credit losses reflects the realization of net charge-offs and the resulting changes in allowance for credit losses to maintain overall reserves.

Other losses

As part of the DFAST process, we evaluated the investment portfolio for securities that would be susceptible to other-than-temporary-impairment ("OTTI"). The scope of the OTTI analysis is restricted to only the credit risk faced by the securities. We used a qualitative assessment to estimate OTTI for the aforementioned securities segments over the projection period by scenario. Given that approximately 95% of our securities

portfolio is federal agency-backed, and based on the analysis performed, we believe the impact of OTTI on the DFAST results was negligible.

Taxes

Quarterly tax expense was calculated using currently enacted federal and state tax code and regulations. A blended effective tax rate of 39% was used to determine the tax expense for each quarter. The effective tax rate was supported by Wintrust's stable effective tax rate in recent years as well as additional calculations supporting the continued use of this effective tax rate.

At the end of each quarterly period, the tax department analyzed net deferred tax assets ("DTA") and potential valuation allowances, and the effect of potential disallowances of goodwill, other intangibles, and DTAs on regulatory capital under Basel III.

Forward-Looking Statements

This stress test disclosure contains forward-looking statements within the meaning of the federal securities laws. Investors are cautioned that such statements are based upon the hypothetical impact of assumed future economic conditions on the Company's capital, financial condition, and earnings. This disclosure is not intended to reflect the Company's expectations about actual future conditions. Our actual results could differ materially from the results reflected herein and will be influenced by actual economic and financial conditions as well as the risks we have outlined in our public filings. For a discussion of such risks and uncertainties, see "Risk Factors" and the forward-looking statement disclosure contained in Wintrust's most recent Annual Report on Form 10-K and our subsequent SEC filings. Forward-looking statements speak only as of the date made and Wintrust undertakes no duty to update any forward-looking statements contained herein or therein.