



Basel III Regulatory Capital Disclosures Report

September 30, 2023

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Glossary

ACL	Allowance for credit losses
ALCO	Asset/Liability Committee
ALLL	Allowance for loan and lease losses
AOCI	Accumulated other comprehensive income (loss)
“the banks” or “our banks”	Wintrust’s fifteen wholly-owned-banking subsidiaries
Basel III	The third Basel accord developed by the Basel Committee on Banking Supervision to strengthen existing regulatory capital requirements
U.S. Basel III Rule	Final capital rules adopting the Basel III capital framework approved by U.S. federal regulators in 2013
Board	The Company’s Board of Directors
BOLI	Banked-owned life insurance
C&I	Commercial and industrial
CCB	Capital Conservation Buffer
CECL	Current expected credit losses
CET1	Common Equity Tier 1 Capital defined by Basel III capital rules
Company	Wintrust Financial Corporation
CRE	Commercial real estate
DIF	Deposit Insurance Fund
DTL	Deferred tax liability
Federal Reserve	Board of Governors of the Federal Reserve System
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
Form 10-K	Refers to the Annual Report on Form 10-K that is filed with the Securities and Exchange Commission by Wintrust Financial Corporation
Form 10-Q	Refers to the Quarterly Report on Form 10-Q that is filed with the Securities and Exchange Commission by Wintrust Financial Corporation
FR Y-9C	Refers to the Consolidated Financial Statements for Holding Companies that is filed quarterly with the Federal Reserve Board by Wintrust Financial Corporation
FRB	Federal Reserve Bank
GAAP	Generally Accepted Accounting Principles (U.S.)
HVCRE	High Volatility Commercial Real Estate Loans
MD&A	Management’s Discussion and Analysis of Financial Conditions and Results of Operations
NAICS	North American Industry Classification System
OCC	Office of the Comptroller of the Currency
PSE	Public sector entity
RWA	Risk-weighted assets
SEC	Securities and Exchange Commission
WTFC	Wintrust Financial Corporation

Background and Overview

Basel III is a set of international banking measures that established a framework to strengthen the regulation, supervision, and risk management of banks and bank holding companies. Under the Basel III Rules, Wintrust Financial Corporation, an Illinois corporation (“we,” “our,” “Wintrust” or “the Company”), is designated as a standardized approach bank holding company.

With respect to capital adequacy, the U.S. Basel III Rule includes a standardized approach for components of capital ratios including risk-weightings of assets and off-balance sheet exposures, as well as other adjustments, to derive the regulatory capital ratios. The Company is currently not subject to the market risk capital component of the U.S. Basel III Rule, which applies only to banking institutions with significant trading activity.

This document and certain of the Company’s public filings present the Regulatory Capital Disclosures in compliance with Sections 217.61-217.63 of the U.S. Basel III Rule. The Company’s 2022 Form 10-K and September 30, 2023 Form 10-Q contain management’s discussion and analysis of the overall risk profile of the Company and related management strategies. The information presented herein should be read in conjunction with our 2022 Form 10-K, September 30, 2023 Form 10-Q, as well as the Consolidated Financial Statements for Holding Companies - FR Y-9C dated September 30, 2023.

Scope of Application

General

The Company was incorporated in 1992 and is a financial holding company based in Rosemont, Illinois, with total assets of approximately \$55.6 billion as of September 30, 2023. We provide community-oriented, personal and commercial banking services to customers generally located in the Chicago metropolitan area, southern Wisconsin, and northwest Indiana (“our market area”) through our fifteen wholly-owned-banking subsidiaries (collectively, the “banks”), as well as the origination and purchase of residential mortgages for sale into the secondary market through Wintrust Mortgage, a division of Barrington Bank & Trust Company, N.A. (“Barrington Bank”).

Non-Bank Subsidiaries

In addition, we provide specialty finance services, including financing for the payment of property and casualty insurance premiums and life insurance premiums (“premium finance receivables”) on a national basis through FIRST Insurance Funding, a division of our wholly-owned subsidiary Lake Forest Bank & Trust Company, N.A. (“Lake Forest Bank”), and Wintrust Life Finance, a division of Lake Forest Bank, and in Canada through our premium finance company, First Insurance Funding of Canada (“FIFC Canada”), an indirect subsidiary of Lake Forest Bank, lease financing and other direct leasing opportunities through our wholly-owned subsidiary, Wintrust Asset Finance, Inc. (“Wintrust Asset Finance”), and short-term accounts receivable financing and outsourced administrative services through our wholly-owned subsidiary, Tricom, Inc. of Milwaukee (“Tricom”). Further, we provide a full range of wealth management services primarily to customers in our market area through four separate subsidiaries, The Chicago Trust Company, N.A. (“CTC”), Wintrust Investments, LLC (“Wintrust Investments”), Great Lakes Advisors, LLC (“Great Lakes Advisors”) and Chicago Deferred Exchange Company, LLC (“CDEC”).

Basis of Consolidation

The consolidated financial statements of the Company include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. The accounting and reporting policies of the Company and its subsidiaries conform to generally accepted accounting principles in the United States and prevailing practices of the banking industry. For additional information, refer to “Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting

Policies” in the Company’s 2022 Form 10-K and “Part I - Item 1. Financial Statements and Supplementary Data - Note 1 - Basis of Presentation” in the Company’s September 30, 2023 Form 10-Q.

Regulation of the Company

The Company is a bank holding company under the Bank Holding Company Act of 1956, as amended (the “BHC Act”), subject to regulation, supervision, and examination by the Federal Reserve. Each nationally-chartered bank is subject to regulation, supervision and regular examination by the OCC. The deposits of all of our subsidiary banks are insured by the Deposit Insurance Fund (“DIF”) and, as such, the FDIC has additional oversight authority over the banks. The supervision, regulation and examination of banks and bank holding companies by bank regulatory agencies are intended primarily for the protection of depositors, the DIF, and the banking system as a whole, rather than shareholders of banks and bank holding companies, and in some instances may be contrary to shareholders’ interests.

We are a legal entity separate and distinct from our banking and non-banking subsidiaries. Since our consolidated net income consists largely of net income of our bank and non-bank subsidiaries, our ability to pay dividends and repurchase shares depends upon our receipt of dividends from our subsidiaries. There are various federal and state law limitations on the extent to which our banking subsidiaries can declare and pay dividends to us, including regulatory capital requirements, general regulatory oversight to prevent unsafe or unsound practices and federal and state banking law requirements concerning the payment of dividends out of net profits or surplus. Applicable banking laws also prohibit, without prior regulatory approval, insured depository institutions, such as our bank subsidiaries, from making dividend distributions if such distributions are not paid out of available earnings. In addition, our right, and the right of our shareholders and creditors, to participate in any distribution of the assets or earnings of our bank and non-bank subsidiaries is further subject to the prior claims of creditors of our subsidiaries. No assurances can be given that the banks will, in any circumstances, pay dividends to the Company.

Our ability to declare and pay dividends to our shareholders is similarly limited by federal banking law and Federal Reserve regulations and policy. Federal Reserve policy provides that a bank holding company should not pay dividends unless (1) the bank holding company’s net income over the last four quarters (net of dividends paid) is sufficient to fully fund the dividends, (2) the prospective rate of earnings retention appears consistent with the capital needs, asset quality and overall financial condition of the bank holding company and its subsidiaries and (3) the bank holding company will continue to meet minimum required capital adequacy ratios. The policy also provides that a bank holding company should inform the Federal Reserve reasonably in advance of declaring or paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in a material adverse change to the bank holding company’s capital structure. Bank holding companies also are required to consult with the Federal Reserve before materially increasing dividends. The Federal Reserve could prohibit or limit the payment of dividends by a bank holding company if it determines that payment of the dividend would constitute an unsafe or unsound practice.

In addition, certain transactions between a bank and its holding company or other non-bank affiliates are subject to various restrictions imposed by state and federal law and regulation. Such “covered transactions” include loans and other extensions of credit by the bank to the affiliate, investments in securities issued by the affiliate and purchases of assets from the affiliate. In general, these affiliate transaction rules limit the amount of covered transactions between an institution and a single affiliate, as well as the aggregate amount of covered transactions between an institution and all of its affiliates. In addition, covered transactions that are credit transactions must be secured by acceptable collateral, and all affiliate transactions, including those that do not qualify as covered transactions, must be on terms that are at least as favorable to the bank as then-prevailing in the market for comparable transactions with unaffiliated entities. Transactions between affiliated banks may be subject to certain exemptions under applicable federal law.

Additional information relating to our business and our subsidiaries, including a detailed description of our financial results for the years ended December 31, 2022, and 2021, and quarter ended September 30, 2023 is contained in “Part II - Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the

Company's 2022 Form 10-K and "Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's September 30, 2023 Form 10-Q, respectively.

Forward Looking Statements

This document contains and the documents incorporated by reference may contain, forward-looking statements within the meaning of federal securities laws. Forward-looking information often can be identified through the use of words such as "intend," "plan," "project," "expect," "anticipate," "believe," "estimate," "contemplate," "possible," "will," "may," "should," "would" and "could." Forward-looking statements and information are not historical facts, are premised on many factors and assumptions, and represent only management's expectations, estimates and projections regarding future events. Similarly, these statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, and which may include, but are not limited to, those listed in the Risk Factors discussed under Item 1A of the Company's 2022 Annual Report on Form 10-K and in any of the Company's other filings with the SEC. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements may be deemed to include, among other things, statements relating to the Company's future financial performance, the performance of its loan portfolio, the expected amount of future credit reserves and charge-offs, delinquency trends, growth plans, regulatory developments, securities that the Company may offer from time to time, and plans to form additional de novo banks or branch offices, and management's long-term performance goals, as well as statements relating to the anticipated effects on the Company's financial condition and results of operations from expected developments or events, the Company's business and growth strategies, including future acquisitions of banks, specialty finance or wealth management businesses, internal growth and plans to form additional de novo banks or branch offices. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors.

Therefore, there can be no assurances that future actual results will correspond to these forward-looking statements. The reader is cautioned not to place undue reliance on any forward-looking statement made by the Company. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. The Company undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events after the date of this report. Persons are advised, however, to consult further disclosures management makes on related subjects in its reports filed with the SEC and in its press releases.

Summary of Capital Structure

The Company and our subsidiary banks are required to maintain minimum risk-based and leverage capital ratios, as well as a capital conservation buffer (“CCB”), pursuant to regulations adopted by the Federal Reserve and the OCC to implement the Basel III capital framework.

Regulatory capital requirements apply to CET1 capital, Tier 1 capital and total capital.

- CET1 capital consists primarily of common stock and related surplus (net of treasury stock), retained earnings, and certain minority interests, subject to certain regulatory adjustments. For us and our subsidiary banks, CET1 capital does not include most elements of accumulated other comprehensive income (“AOCI”) because we exercised an opt-out election that was available to us with respect to certain changes in the capital treatment of AOCI. We made this election to avoid variations in the level of our capital depending on fluctuations in the fair value of our securities and derivatives portfolio.
- Tier 1 capital is composed of CET1 capital and Additional Tier 1 capital. Additional Tier 1 capital consists primarily of non-cumulative perpetual preferred stock and related surplus, certain minority interests and, subject to certain regulatory limits, certain grandfathered cumulative perpetual preferred stock and certain grandfathered trust preferred securities.
- Total capital is composed of Tier 1 capital and Tier 2 capital. Tier 2 capital consists primarily of capital instruments and related surplus meeting specified requirements, and may include cumulative preferred stock and long-term perpetual preferred stock, mandatory convertible securities, intermediate preferred stock, certain trust preferred securities and subordinated debt. Also included in Tier 2 capital is the allowance for credit losses limited to a maximum of 1.25% of RWAs and, for institutions that have exercised the opt-out election regarding the treatment of AOCI up to 45% of net unrealized gains on available-for-sale equity securities with readily determinable fair market values.

Certain adjustments to and deductions from capital are required for purposes of calculating these regulatory capital measures, including with respect to goodwill, intangible assets, certain deferred tax assets, AOCI and investments in the capital instruments of unconsolidated financial institutions. In July 2019, the U.S. bank regulators finalized changes to certain aspects of the U.S. Basel III Rule that simplified, for certain bank holding companies and banks, including us and our subsidiary banks, the framework for capital deductions for mortgage servicing assets, certain deferred tax assets and investments in the capital instruments of unconsolidated financial institutions, and the recognition of minority interests in regulatory capital. These amendments were effective as of April 1, 2020.

The following table presents the Company's total regulatory capital and the components of capital used in calculating CET1 capital, Tier 1 capital, and Total capital at September 30, 2023:

<u>(In thousands)</u>	<u>September 30, 2023</u>
CET1 Capital:	
Shareholders Equity	\$ 1,992,504
Retained Earnings	3,278,992
Accumulated other comprehensive income (loss), net	(642,723)
CET1 Capital Before Regulatory Adjustments	\$ 4,628,773
Regulatory Adjustments:	
Less: Goodwill, net of associated DTLs	620,742
Less: Intangible assets, net of associated DTLs	17,783
Less: AOCI-related adjustments	(588,164)
CET1 Capital	\$ 4,578,412
Preferred Stock	412,500
Tier 1 Capital	\$ 4,990,912
Tier 2 Capital	911,364
Total Capital	\$ 5,902,276

Capital Adequacy

The Company and the banks are subject to various regulatory capital requirements established by the federal banking agencies that take into account risk attributable to balance sheet and off-balance sheet activities. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the banks must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company manages the capital positions of itself and the banks to comply with these regulatory capital requirements and to meet the well-capitalized standards applicable to our bank subsidiaries.

Under the U.S. Basel III Rule, the Company and our subsidiary banks are required to maintain the following minimum capital ratios:

- Tier 1 capital to quarterly average assets (net of goodwill, certain other intangible assets and certain other deductions) ratio ("Tier 1 Leverage Ratio") of 4.0%;
- Tier 1 capital to RWAs ratio ("Tier 1 Capital Ratio") of 6.0%;
- CET1 capital to RWAs ratio ("CET1 Capital Ratio") of 4.5%; and
- Total capital to RWAs ratio ("Total Capital Ratio") of 8.0%.

To be well-capitalized, our subsidiary banks must maintain the following capital ratios:

- Tier 1 Leverage Ratio of 5.0% or greater.
- Tier 1 Capital Ratio of 8.0% or greater;
- CET1 Capital Ratio of 6.5% or greater; and
- Total Capital Ratio of 10.0% or greater.

The Federal Reserve has not yet revised the well-capitalized standard for bank holding companies to reflect the higher capital requirements imposed under the U.S. Basel III Rule. For purposes of the Federal Reserve's Regulation Y, including determining whether a bank holding company meets the requirements to be a financial holding company, bank holding companies, such as the Company, must maintain a Tier 1 Capital Ratio of 6.0% or greater and a Total Capital Ratio of 10.0% or greater to be well-capitalized. If the Federal Reserve were to apply the same or a very similar well-capitalized standard to bank holding companies as that applicable to our subsidiary banks, the Company's capital ratios as of September 30, 2023 would exceed such revised well-capitalized standard. The Federal Reserve may require bank holding companies, including us, to maintain capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and a bank holding company's particular condition, risk profile and growth plans.

The following table presents the Company's RWAs as of September 30, 2023, by exposure type, based on the standardized approach definitions under the U.S. Basel III Rule:

	September 30, 2023
(In thousands)	RWA Amount
Exposure to sovereign entities	\$ 1,589,058
Exposure to depository institutions and foreign banks	72,053
Exposures to PSEs	77,440
Corporate exposures	142,712
Residential mortgages exposures	2,122,869
Statutory multifamily mortgage exposures	221,759
HVCRE loans	128,801
Past due and non-accrual loans	171,137
Other loans	36,659,540
Other assets	2,480,642
Equity exposures	130,029
Trading assets	1,816
Total on-balance sheet assets	\$ 43,797,856
Letters of credit	287,465
Loan commitments with original maturity within 1 year	261,883
Loan commitments with original maturity over 1 year	4,393,706
Off-balance sheet securitization exposures	173,680
Other off-balance sheet items	102,049
Total off-balance sheet items	\$ 5,218,783
Total RWAs	\$ 49,016,639

Capital Ratios and Capital Conservation Buffer

Under the U.S. Basel III Rule, the Company and its banking subsidiaries must maintain a minimum Capital Conservation Buffer (CCB) of 2.5% on top of the minimum required risk-based capital ratios in order to avoid specified limitations on capital distributions and discretionary bonus payments. The CCB is designed to absorb losses during periods of economic stress. Banking institutions with ratios that are above the minimum but below the CCB face constraints on dividends, equity repurchases and discretionary bonus payments to executive officers based on the amount of the shortfall. The CCB is calculated as the lowest of the (i) CET1 ratio less the CET1 stated minimum ratio requirement, (ii) Tier 1 ratio less the Tier 1 stated minimum ratio requirement, and (iii) Total capital ratio less the Total capital stated minimum ratio requirement. The Company and its banking subsidiaries surpass the CCB requirements. The Company's capital ratios were all above the minimum levels required to be considered a "well-capitalized" financial institution as of September 30, 2023, under the "prompt corrective action" regulations. For reference see Note (19) "Regulatory Matters" and the "Liquidity and Capital Resources" section of the MD&A in the Company's 2022 Form 10-K and the "Shareholders' Equity" section of the MD&A in the Company's September 30, 2023 Form 10-Q.

The maximum dollar amount that a banking organization can pay in the form of discretionary bonus payments or capital distributions during the current quarter is equal to the maximum payout ratio multiplied by the banking organization's eligible retained income. Eligible retained income is defined as the greater of a banking organization's net income (as reported in the banking organization's quarterly regulatory reports) for the four quarters preceding the current quarter, net of any capital distributions and associated tax effects not already reflected in net income or the average of the most recent four quarters' net income. The Company had \$500.7 million of eligible retained income as of September 30, 2023.

Wintrust is not subject to any limitations on its capital distributions or discretionary bonus payments to executive officers, as its capital levels exceeded defined minimums, inclusive of the CCB, at September 30, 2023.

The following table reflects the Company's reported regulatory capital ratios as of September 30, 2023 and the corresponding minimum requirement guidelines applicable to the Company.

	September 30, 2023	Minimum Capital Requirements	Minimum Ratio + CCB	Well Capitalized Threshold
Tier 1 leverage ratio	9.2 %	4.0 %	N/A	N/A
<u>Risk-based capital ratios:</u>				
Tier 1 capital ratio	10.2	6.0	8.5	6.0
CET1 capital ratio	9.3	4.5	7.0	N/A
Total capital ratio	12.0	8.0	10.5	10.0

The following table presents the reported regulatory capital ratios for each of the Company's fifteen wholly owned-banking subsidiaries as of September 30, 2023:

	September 30, 2023		
	Total Capital Ratio (to Risk Weighted Assets):	Tier 1 Capital Ratio (to Risk Weighted Assets):	CET1 Capital Ratio (to Risk Weighted Assets):
Lake Forest Bank	12.0 %	11.4 %	11.4 %
Hinsdale Bank	11.9	11.2	11.2
Wintrust Bank	11.9	10.8	10.8
Libertyville Bank	11.5	10.8	10.8
Barrington Bank	11.7	11.2	11.2
Crystal Lake Bank	12.0	11.3	11.3
Northbrook Bank	11.8	11.0	11.0
Schaumburg Bank	11.4	10.7	10.7
Village Bank	12.3	11.3	11.3
Beverly Bank	12.2	11.3	11.3
Town Bank	11.2	10.6	10.6
Wheaton Bank	12.2	11.4	11.4
State Bank of the Lakes	11.4	11.0	11.0
Old Plank Trail Bank	11.6	11.0	11.0
St. Charles Bank	11.4	10.6	10.6

Credit Risk

The allowance for credit losses represents management's estimate of expected credit losses over the life of a financial asset carried at amortized cost. At September 30, 2023, the loan and held-to-maturity debt securities portfolios represent 82% of the total assets on the Company's consolidated balance sheet. The Company also maintains an allowance for lending-related commitments, specifically unfunded loan commitments and letters of credit, which relates to certain amounts the Company is committed to lend (not unconditionally cancelable) but for which funds have not yet been disbursed.

In accordance with Accounting Standards Codification ("ASC") 326, the Company is required to measure the allowance for credit losses of financial assets with similar risk characteristics on a collective or pooled basis. In considering the segmentation of financial assets measured at amortized cost into pools, the Company considered various risk characteristics in its analysis. Generally, the segmentation utilized represents the level at which the Company develops and documents its systematic methodology to determine the allowance for credit losses for the financial assets held at amortized cost, specifically the Company's loan portfolio and debt securities classified as held-to-maturity. Descriptions of the Company's loan portfolio segments and major debt security types are included in Note (5) "Allowance for Credit Losses" of the Company's 2022 Form 10-K.

The Company's policy for determining loan past due or delinquent status, for placing loans on nonaccrual, and returning loans to accrual status, identifying impaired loans, valuing and monitoring collateral, charging-off uncollectible amounts, and discussion of the Company's policy for credit risk management are included in the "Loan Portfolio and Asset Quality" section of the MD&A and Note (5) "Allowance for Credit Losses" in the Company's 2022 Form 10-K.

The following two tables provide the distribution of loans and related commitments by geography and industry, respectively, at September 30, 2023:

<u>(Dollars in thousands)</u>	Commercial	Commercial real estate	Home equity	Residential real estate	Premium finance receivables	Consumer and Other	Total	Percent of Total
Illinois	\$ 5,505,421	\$ 6,805,308	\$ 284,254	\$ 1,355,255	\$ 638,670	\$ 37,044	\$ 14,625,952	36 %
Wisconsin	613,551	889,452	36,226	297,244	180,584	4,946	\$ 2,022,003	5
Michigan	188,503	184,197	1,633	32,623	141,288	146	\$ 548,390	1
Indiana	324,134	361,776	2,762	19,386	109,320	1,246	\$ 818,624	2
Florida	462,593	292,423	7,317	161,645	1,819,778	3,241	\$ 2,746,997	7
Texas	752,101	205,756	—	28,638	1,483,690	574	\$ 2,470,759	6
California	734,150	237,145	850	328,729	2,277,983	8	\$ 3,578,865	9
Other	4,145,020	1,970,123	10,216	484,083	8,003,242	21,758	\$ 14,634,442	34
Total	\$12,725,473	\$10,946,180	\$ 343,258	\$2,707,603	\$14,654,555	\$ 68,963	\$ 41,446,032	100 %

<u>(Dollars in thousands)</u> ⁽¹⁾	September 30, 2023	
	Total	Percent of Total Loan Class
Commercial		
Finance and Insurance	\$ 2,191,103	17 %
Accommodation and Food Services	1,229,293	10
Real Estate and Rental and Leasing	1,100,123	9
Manufacturing	1,734,834	14
Wholesale Trade	790,575	6
Construction	700,550	6
Transportation and Warehousing	739,521	6
Other Services (except Public Administration)	719,317	6

(Dollars in thousands) ⁽¹⁾	September 30, 2023	
	Total	Percent of Total Loan Class
Professional, Scientific, and Technical Services	636,546	5
Health Care and Social Assistance	881,664	7
Administrative and Support and Waste Management and	429,506	3
Educational Services	417,129	3
Arts, Entertainment, and Recreation	196,195	2
Retail Trade	153,627	1
Information	163,059	1
Mining, Quarrying, and Oil and Gas Extraction	57,346	0
Public Administration	102,455	1
Retail Trade	130,462	1
Agriculture, Forestry, Fishing and Hunting	74,056	1
Management of Companies and Enterprises	102,690	1
Transportation and Warehousing	60,205	0
Utilities	38,672	0
All Other	76,545	1
Total Commercial Loans	\$ 12,725,473	100 %
Commercial Real Estate		
Multi-family	\$ 3,012,787	28 %
Warehouse/Distribution-Industrial	1,443,603	13
Retail	1,443,295	13
Office, Non-Medical	1,135,290	10
Manufacturing-Industrial	887,093	8
Mixed Use	813,753	7
Medical Office	406,775	4
Vacant Land	416,145	4
Residential 1-4 Family	383,943	4
Lodging/Hotel	152,017	1
Senior Housing/Assisted Living/Skilled Nursing	158,194	1
Healthcare/Hospital	167,152	2
Other CRE	526,133	5
Total Commercial Real Estate	\$ 10,946,180	100 %
Residential Real Estate		
Residential real estate loans for investment	2,538,630	94 %
Early buy-out loans guaranteed by U.S. government agencies ⁽²⁾	168,973	6
Total Residential Real Estate	\$ 2,707,603	100 %
Premium Finance receivables		
U.S. commercial insurance	5,827,652	40 %
Canada commercial insurance	895,095	6
Life insurance	7,931,808	54
Total Premium Finance Receivables	\$ 14,654,555	100 %
Home Equity	\$ 343,258	100 %
Consumer and Other	\$ 68,767	100 %
Indirect Consumer	\$ 196	100 %
Total Unfunded Commitment	\$ 10,892,179	100 %
Total Funded and Unfunded Commitment	\$ 52,338,211	

(1) For purposes of the above table, "industry" is defined as two-digit NAICS industry code for the C&I loan portfolio, property type for the commercial real estate portfolio and product type for the premium finance receivable portfolio.

(2) Early buy-out loans are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

The following table displays balances of loans due by loan maturity and exposure type as of September 30, 2023:

As of September 30, 2023 (In thousands)	Loans Maturity by Portfolio				
	One year or less	From one to five years	From five to fifteen years	After fifteen years	Total
Commercial	\$ 8,159,215	\$ 2,806,957	\$ 1,740,199	\$ 19,102	\$ 12,725,473
Commercial real estate	7,450,472	2,899,751	547,661	48,296	10,946,180
Home equity	340,831	2,398	—	29	343,258
Residential real estate	90,692	272,537	1,280,705	1,063,669	2,707,603
Premium finance receivables - property & casualty	6,612,136	110,611	—	—	6,722,747
Premium finance receivables - life insurance	7,333,431	594,399	3,978	—	7,931,808
Consumer and other	61,699	6,741	54	469	68,963
Total loans, net of unearned income	\$ 30,048,476	\$ 6,693,394	\$ 3,572,597	\$ 1,131,565	\$ 41,446,032

The following table displays commitments and letters of credit extended by the Company by maturity and exposure type, as of September 30, 2023:

(In thousands)	One year or less	From one to three years	From three to five years	Over five years	Total
Commercial, commercial real estate and construction	\$ 4,328,617	\$ 4,397,417	\$ 1,306,125	\$ 860,020	\$ 10,892,179
Revolving home equity lines of credit	841,118	—	—	—	\$ 841,118
Letters of credit	313,343	43,003	60,602	70	\$ 417,018

The following table provides a summary of activity in the allowance for credit losses, specifically for the loan portfolio (i.e. allowance for loan losses and allowance for unfunded commitment losses), for the three months ended September 30, 2023.

Three months ended September 30, 2023							
(In thousands)	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Premium Finance Receivables	Consumer and Other	Total Loans
Allowance for credit losses at beginning of period	\$ 143,142	\$ 215,696	\$ 6,967	\$ 12,252	\$ 9,046	\$ 277	\$ 387,380
Other adjustments	—	—	—	—	(60)	—	(60)
Charge-offs	(2,427)	(1,713)	(227)	(78)	(5,848)	(184)	(10,477)
Recoveries	1,162	243	33	1	906	14	2,359
Provision for credit losses - Other	9,611	1,492	307	484	7,776	278	19,948
Allowance for credit losses at period end	\$ 151,488	\$ 215,718	\$ 7,080	\$ 12,659	\$ 11,820	\$ 385	\$ 399,150
By measurement method:							
Individually measured	\$ 9,773	\$ 5,408	\$ —	\$ 109	\$ —	\$ 12	\$ 15,302
Collectively measured	141,715	210,310	7,080	12,550	11,820	373	383,848
Loans at period end							
Individually measured	\$ 43,569	\$ 17,043	\$ 1,363	\$ 15,946	\$ —	\$ 16	\$ 77,937
Collectively measured	12,681,904	10,929,137	341,895	2,520,479	14,654,555	68,947	41,196,917
Loans held at fair value	—	—	—	171,178	—	—	171,178

See Note (7) “Allowance for Credit Losses” of the Company’s report 10-Q for further discussion of activity within the allowance for credit losses during the period and the relationship with respective loan balances for each loan category and the total loan portfolio.

The table below shows the balances of the Company's loan portfolio by accrual status and exposure type, as of September 30, 2023.

(In thousands)	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Loan Balances (includes PCD ⁽¹⁾):						
Commercial						
Commercial, industrial and other	\$ 43,569	\$ 200	\$ 22,889	\$ 35,681	\$12,623,134	\$12,725,473
Commercial real estate						
Construction and development	8,384	—	2,438	31,292	1,851,659	1,893,773
Non-construction	8,659	1,092	4,957	29,692	9,008,007	9,052,407
Home equity	1,363	—	219	1,668	340,008	343,258
Residential real estate, excluding early buy-out loans	16,103	—	1,145	904	2,520,478	2,538,630
Premium finance receivables						
Property and casualty insurance loans	26,756	16,253	16,552	31,919	6,631,267	6,722,747
Life insurance loans	—	10,679	41,894	14,972	7,864,263	7,931,808
Consumer and other	16	27	196	519	68,205	68,963
Total loans, net of unearned income, excluding early buy- out loans	\$ 104,850	\$ 28,251	\$ 90,290	\$ 146,647	\$40,907,021	\$41,277,059
Early buy-out loans guaranteed by U.S. government agencies ⁽²⁾	117	57,558	2,116	—	109,182	168,973
Total loans, net of unearned income	\$ 104,967	\$ 85,809	\$ 92,406	\$ 146,647	\$41,016,203	\$41,446,032

(1) PCD (Purchased Credit Deteriorated) refers to purchased financial assets that have experienced more-than-insignificant deterioration in credit quality since origination.

(2) Early buy-out loans are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

The table below shows the balance of the Company's loan portfolio by accrual status and industry, as of September 30, 2023.

<u>(In thousands)</u>	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Commercial						
Finance and Insurance	\$ 2,576	\$ —	\$ 449	\$ 457	\$ 2,187,621	\$2,191,103
Accommodation and Food Services	21,888	—	99	679	1,206,627	1,229,293
Real Estate and Rental and Leasing	140	—	10,000	3,424	1,086,559	1,100,123
Manufacturing	1,945	—	4,509	5,712	1,722,667	1,734,833
Wholesale Trade	2,407	—	1,269	5,169	781,730	790,575
Construction	1,411	—	1,107	3,558	694,474	700,550
Transportation and Warehousing	3,582	—	703	3,115	732,121	739,521
Other Services (except Public Administration)	271	—	22	1,881	717,143	719,317
Professional, Scientific, and Technical Services	1,607	—	149	941	633,849	636,546
Health Care and Social Assistance	310	200	2,584	6,353	872,217	881,664
Administrative and Support and Waste Management and Remediation Services	697	—	1,011	1,575	426,223	429,506
Educational Services	19	—	—	—	417,110	417,129
Arts, Entertainment, and Recreation	134	—	43	614	195,404	196,195
Retail Trade	1,388	—	—	10	152,229	153,627
Information	66	—	62	103	162,828	163,059
Mining, Quarrying, and Oil and Gas Extraction	—	—	—	233	57,113	57,346
Public Administration	—	—	550	—	101,905	102,455
Retail Trade	4,207	—	300	538	125,417	130,462
Agriculture, Forestry, Fishing and Hunting	—	—	29	23	74,004	74,056
Management of Companies and Enterprises	10	—	—	927	101,753	102,690
Transportation and Warehousing	911	—	3	369	58,922	60,205
Utilities	—	—	—	—	38,672	38,672
All Other	—	—	—	—	76,546	76,546
Total Commercial Loans	\$ 43,569	\$ 200	\$ 22,889	\$ 35,681	\$12,623,134	\$12,725,473
Commercial Real Estate						
Multi-family	\$ —	\$ —	\$ 3,837	\$ 28,382	\$ 2,980,568	\$3,012,787
Warehouse/Distribution-Industrial	785	—	—	2,190	1,442,818	1,445,793
Retail	1,951	—	210	9,323	1,438,944	1,450,428
Office, Non-Medical	9,893	—	284	4,671	1,115,790	1,130,638
Manufacturing-Industrial	346	333	237	654	881,506	883,076
Mixed Use	2,354	—	—	—	810,745	813,099
Medical Office	—	—	—	—	406,775	406,775

<u>(In thousands)</u>	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Vacant Land	135	—	2,438	926	412,646	416,145
Residential 1-4 Family	1,579	759	—	1,749	379,856	383,943
Lodging/Hotel	—	—	—	—	152,017	152,017
Senior Housing/Assisted Living/ Skilled Nursing	—	—	—	13,011	145,183	158,194
Healthcare/Hospital	—	—	—	—	167,152	167,152
Other CRE	—	—	389	78	525,666	526,133
Total Commercial Real Estate	\$ 17,043	\$ 1,092	\$ 7,395	\$ 60,984	\$10,859,666	\$10,946,180
Residential Real Estate						
Residential real estate loans for investment	\$ 16,103	\$ —	\$ 1,145	\$ 904	\$ 2,520,478	\$2,538,630
Early buy-out loans guaranteed by U.S. government agencies ⁽¹⁾	117	57,558	2,116	—	109,182	168,973
Total Residential Real Estate	\$ 16,220	\$ 57,558	\$ 3,261	\$ 904	\$ 2,629,660	\$2,707,603
Premium Finance receivables						
U.S. commercial insurance	\$ 25,790	\$ 15,302	\$ 14,648	\$ 29,254	\$ 5,730,351	\$5,815,345
Canada commercial insurance	965	951	1,904	2,665	900,916	907,401
Life insurance	—	10,679	41,894	14,972	7,864,263	7,931,808
Total Premium Finance Receivables	\$ 26,756	\$ 26,932	\$ 58,446	\$ 46,891	\$14,495,530	\$14,654,555
Home Equity	\$ 1,363	\$ —	\$ 219	\$ 1,668	\$ 340,008	\$ 343,258
Consumer and Other	\$ 16	\$ 27	\$ 196	\$ 519	\$ 68,205	\$ 68,963
Indirect Consumer	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total loans, net of unearned income	\$ 104,967	\$ 85,809	\$ 92,406	\$ 146,647	\$41,016,203	\$41,446,032

(1) Early buy-out loans are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

The table below shows the balance of the Company's loan portfolio by accrual status and geography, as of September 30, 2023.

<u>(In thousands)</u>	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Illinois	\$ 39,926	\$ 8,975	\$ 29,930	\$ 88,168	\$14,458,953	\$14,625,952
Wisconsin	1,922	1,063	394	537	2,018,087	2,022,003
Michigan	869	776	65	1,488	545,192	548,390
Indiana	3,814	2,100	363	1,028	811,319	818,624
Florida	4,620	8,365	1,834	4,288	2,727,890	2,746,997
Texas	5,504	5,678	3,762	7,124	2,448,691	2,470,759
California	25,830	3,284	35,321	7,239	3,507,191	3,578,865
Other	22,482	55,568	20,737	36,775	14,498,880	14,634,442
Total	\$ 104,967	\$ 85,809	\$ 92,406	\$ 146,647	\$41,016,203	\$41,446,032

The Company's investment securities portfolio includes U.S. Treasury securities, government agency securities, municipal securities, corporate debt securities and government agency issued mortgage-backed securities, commercial multi-family mortgage-backed securities and collateralized mortgage obligations. We evaluate the credit risk of the securities portfolio using a variety of factors. The most important feature management relies on when assessing credit risk for agency guaranteed mortgage-backed securities, collateralized mortgage obligations and agency securities is the explicit or implicit guarantee of the federal government or its agencies. Geography is typically not one of the primary factors we consider in managing our investment securities portfolio, with the exception of municipal securities. Refer to Note (5) "Investment Securities" in our September 30, 2023 Form 10-Q for further information.

The following table presents the amortized cost and relative percentage of our municipal securities by geography:

(Dollars in thousands)	September 30, 2023			
	AFS	Percent of Total AFS Municipals	HTM	Percent of Total HTM Municipals
Illinois	\$ 163,001	92 %	\$ 131,029	74 %
Wisconsin	11,357	6	15,142	9
All Others ⁽¹⁾	2,850	2	30,091	17
Total Municipals	\$ 177,208	100 %	\$ 176,262	100 %

(1) No other states exceeds 5% of the portfolio.

The following tables display amortized cost for corporate and other debt securities by industry:

(Dollars in thousands)	September 30, 2023	
	Total	Percent of AFS Corporate and Other Debt
Available-for-sale securities:		
Financial	\$ 83,995	99 %
Government	1,000	1
Total Available-for-sale Corporate and Other Debt	\$ 84,995	100 %

(Dollars in thousands)	September 30, 2023	
	Total	Percent of HTM Corporate and Other Debt
Held-to-maturity securities:		
Financial	\$ 17,967	31 %
Industrial	13,738	24
Consumer	15,627	27
Other	10,385	18
Total Held-to-maturity Corporate and Other Debt	\$ 57,717	100 %

Counterparty Credit Risk-Related Exposures

Derivative instruments have inherent risks, primarily market risk and credit risk. Market risk is associated with changes in the value of an underlying asset. Credit risk relates to the risk that the counterparty will fail to perform according to the terms of the agreement. The Company is exposed to the credit risk of its commercial borrowers who are counterparties to interest rate derivatives with the Company.

This counterparty credit risk related to the commercial borrowers is managed and monitored through the banks' standard underwriting process applicable to loans since these derivatives are secured through collateral provided by the loan agreement. The counterparty credit risk associated with the mirror-image swaps executed with third party financial institutions, is monitored and managed as par of the Company's overall asset liability management process. Except that the counterparty credit risk related to derivatives entered into with certain qualified borrowers is managed through the Company's standard loan underwriting process for commercial borrowers since these derivatives typically share in the collateral provided by the loan agreements.

When deemed necessary, appropriate types and amounts of collateral are obtained to minimize credit exposure. The Company hedges the market risk of derivatives transactions with commercial borrowers by entering into offsetting transactions with large, highly rated financial institutions. These exposures are generally secured by cash under bilateral Credit Support Annexes (CSAs), which are a component of the ISDA Master Agreements executed with counterparties.

Aggregate counterparty exposures are monitored against various types of credit limits established to contain risk within parameters. Counterparty credit risk is managed by the Counterparty Credit Risk Management team in accordance with SR 11-10, *Interagency Counterparty Credit Risk Guidance*, which was issued in 2011 in response to the financial crisis of 2008. The guidance addresses counterparty credit risk governance, measurement, management, and systems. Specifically, counterparty risk is managed through the establishment and regular review of exposure limits, formalization of limits in policy and procedure, ongoing review of models, and having a single platform to allow for the timely aggregation of exposures. The Counterparty Credit Risk Management team uses a variety of approaches to monitor counterparty financial performance, including monitoring of credit exposure vs. limits, use of early warning reports, and daily and intraday monitoring of financial developments.

The Company has agreements with certain of its interest rate derivative counterparties that contain cross-default provisions, which provide that if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. The Company also has agreements with certain of its derivative counterparties that contain a provision allowing the counterparty to terminate the derivative positions if the Company fails to maintain its status as a well or adequately capitalized institution, which would require the Company to settle its obligations under the agreements. If the Company were to breach any of these provisions, at a time when the derivatives subject to such agreements are in a liability position, and the derivatives were to be terminated as a result, the Company would be required to settle its obligations under the agreements at the termination value and would be required to pay any additional amounts due in excess of amounts previously posted as collateral with the respective counterparty. As of September 30, 2023, there were \$5.5 million of interest rate derivatives in a net liability position that were subject to such agreements.

The table below presents the fair value of the Company's derivative financial instruments as of September 30, 2023:

(In thousands)	Derivative Assets		Derivative Liabilities	Notional Amount
Derivatives designated as hedging instruments under ASC 815:				
Interest rate derivatives designated as Cash Flow Hedges	\$	—	\$ 157,355	\$ 6,350,000
Interest rate derivatives designated as Fair Value Hedges		17,929	—	217,464
Total derivatives designated as hedging instruments under ASC 815	\$	17,929	\$ 157,355	\$ 6,567,464
Derivatives not designated as hedging instruments under ASC 815:				
Interest rate derivatives	\$	294,324	\$ 295,916	\$ 10,715,190
Interest rate lock commitments		2,516	72	181,548
Forward commitments to sell mortgage loans		3,261	—	476,491
Commodity forward contracts		1,320	1,076	9,064
Foreign exchange contracts		4,355	4,287	170,808
Total derivatives not designated as hedging instruments under ASC 815	\$	305,776	\$ 301,351	\$ 11,553,101
Total Derivatives	\$	323,705	\$ 458,706	\$ 18,120,565

The Company records interest rate derivatives subject to master netting agreements at their gross value and does not offset derivative assets and liabilities on the Consolidated Statements of Condition. The table below summarizes the Company's credit exposure to derivatives and offsetting positions as of September 30, 2023.

(In thousands)	Derivative Assets		Derivative Liabilities	
	Fair Value		Fair Value	
	September 30, 2023		September 30, 2023	
Gross Amounts Recognized	\$	312,253	\$	453,271
Less: Amounts offset in the Statements of Condition		—		—
Net amount presented in the Statements of Condition	\$	312,253	\$	453,271
Gross amounts not offset in the Statements of Condition				
Offsetting Derivative Positions		(157,673)		(157,673)
Collateral Posted - Cash on deposit with the Company		(140,857)		(3,785)
Net Credit Exposure	\$	13,723	\$	291,813

The Company had no credit derivatives during the quarter ended September 30, 2023.

Credit Risk Mitigation

The Company seeks to mitigate credit risk in various ways. For counterparty credit risk we use master netting arrangements. For lending-related transactions, guarantees from third parties as well as collateral such as cash, securities, accounts receivable, real estate, equipment and inventories can significantly reduce the Company's credit risk.

The U.S. Basel III Rule allows eligible financial collateral, eligible guarantees, and eligible credit derivatives to be recognized in the calculation of RWAs. When financial collateral is obtained that qualifies as eligible collateral under the U.S. Basel III Rule, the eligible collateral can be substituted for the collateralized portion of the credit

exposure in the RWA calculation. For eligible guarantees received, the risk weight applicable to the eligible guarantor would apply to the exposure covered by the guarantee.

The following table provides information regarding our credit risk exposures that are covered by eligible financial collateral, as of September 30, 2023.

(In thousands)	Collateral Type	Exposure Amount Secured by Eligible Collateral
Loans	Cash on deposits at Banks	\$ 231,465
Letters of Credit	Cash on deposits at Banks	77,201

The following table provides information regarding our credit risk exposures that are covered by eligible guarantees, as of September 30, 2023.

(In thousands)	Guarantor	Exposure Amount	RWAs
Loans	U.S. Government and agencies	\$ 366,515	\$ 70,472

Securitization

The U.S. Basel III Rule defines a securitization exposure as an exposure that meets the following criteria:

- All or a portion of the credit risk of one or more underlying exposures is transferred to one or more third parties;
- The credit risk associated with the underlying exposures has been separated into at least two tranches reflecting different levels of seniority;
- Performance of the securitization exposure depends on performance of the underlying exposures;
- All or substantially all of the underlying exposures are financial exposures;
- The underlying exposures are not owned by an operating company; and
- The underlying exposures are not owned by a small business investment company or related to a community development investment.

Securitization exposures entail various risks, including credit and seller risk. Credit risk emerges from the performance of the underlying asset pool, encompassing factors like payment rates, dilution, and write-offs/losses. Seller risk involves the risk of breach of representation or warranties regarding the underlying exposures or the failure to fulfill its obligations as per the securitization agreement.

The Company and its subsidiaries did not hold any securitizations exposures as of September 30, 2023.

Equities Not Subject to the Market Risk Rule

Equity exposure refers to a security or instrument that represents a direct or indirect ownership interest in, and is a residual claim on, the assets and income of a company. The Company's equity exposure consist exclusively of non-public equity securities, FRB common stock and FHLB common stock. As members of the Federal Reserve System and FHLB, the Company is required to purchase and hold shares of capital stock in the FRB and in the FHLB, respectively. Shares in the FRB and FHLB are recorded at amortized cost, which approximates fair value. Under regulatory rules, these equities are reported in other assets because they do not have readily determinable fair values.

Equity investments without a readily determinable fair value are carried at cost minus impairment with adjustments through earnings for observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company accounts for all qualifying tax credit equity investments under the proportional amortization method. Under this method an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance as a component of income tax expense. Tax credit equity investments that do not qualify for the proportional amortization method are accounted

for using the equity method. Refer to Note (1) “Summary of Significant Accounting Policies” in our 2022 Form 10-K and Note (1) “Basis of Presentation” and Note (15) “Fair Values of Assets and Liabilities” in our September 30, 2023 Form 10-Q for a discussion of the accounting for these investments.

The following table summarizes the balance sheet carrying value of the Company’s equity securities, as of September 30, 2023.

(In thousands)	September 30, 2023	
	Book Value	Fair Value
Non-publicly traded	\$ 421,121	\$ 396,424
Publicly Traded	N/A	N/A

The following table summarizes the capital requirements of equity investment exposures by risk-weighting as of September 30, 2023:

(Dollars in thousands)	September 30, 2023		
	Risk-Weight Category	Exposure Amount	RWA Amount
Federal Reserve Bank stock	0 %	\$ 80,465	\$ —
Federal Home Loan Bank stock	20 %	123,575	24,715
Equity Exposures ⁽¹⁾	49 %	217,081	105,314
Total		\$ 421,121	\$ 130,029

(1) Includes the weighted average risk-weight among various exposures.

Wintrust had no realized gains/(losses) due to the sale or liquidation of equity securities during the third quarter of 2023. There were no significant unrealized gains/(losses) included in Tier 1 or Tier 2 capital at September 30, 2023.

Interest Rate Risk for Non-Trading Activities

As an ongoing part of its financial strategy, the Company attempts to manage the impact of fluctuations in market interest rates on net interest income. This effort entails providing a reasonable balance between interest rate risk, credit risk, liquidity risk and maintenance of yield. Asset-liability management policies are established and monitored by management in conjunction with the boards of directors of the banks, subject to general oversight by the Risk Management Committee of the Board of Directors. The policies establish guidelines for acceptable limits on the sensitivity of the market value of assets and liabilities to changes in interest rates.

Interest rate risk arises when the maturity or re-pricing periods and interest rate indices of the interest-earning assets, interest-bearing liabilities, and derivative financial instruments are different. It is the risk that changes in the level of market interest rates will result in disproportionate changes in the value of, and the net earnings generated from, the Company’s interest-earning assets, interest-bearing liabilities and derivative financial instruments. The Company continuously monitors not only the organization’s current net interest margin, but also the historical trends of these margins. In addition, management attempts to identify potential adverse changes in net interest income in future years as a result of interest rate fluctuations by performing simulation analysis of various interest rate environments. If a potential adverse change in net interest margin and/or net income is identified, management would take appropriate actions with its asset-liability structure to mitigate these potentially adverse situations.

Since the Company’s primary source of interest-bearing liabilities is from customer deposits, the Company’s ability to manage the types and terms of such deposits is somewhat limited by customer preferences and local competition in the market areas in which the banks operate. The rates, terms and interest rate indices of the Company’s interest-earning assets result primarily from the Company’s strategy of investing in loans and securities that permit the

Company to limit its exposure to interest rate risk, together with credit risk, while at the same time achieving an acceptable interest rate spread.

The Company's exposure to interest rate risk is reviewed on a regular basis by management and the Risk Management Committees of the boards of directors of the banks and the Company. The objective of the review is to measure the effect on net income and to adjust balance sheet and derivative financial instruments to minimize the inherent risk while at the same time maximizing net interest income.

The following interest rate scenarios display the percentage change in net interest income over a one-year time horizon assuming increases and decreases of 100 and 200 basis points. The Static Shock Scenario results incorporate actual cash flows and repricing characteristics for balance sheet instruments following an instantaneous, parallel change in market rates based upon a static (i.e. no growth or constant) balance sheet. Conversely, the Ramp Scenario results incorporate management's projections of future volume and pricing of each of the product lines following a gradual, parallel change in market rates over twelve months. Actual results may differ from these simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies. The interest rate sensitivity for both the Static Shock and Ramp Scenarios at September 30, 2023 is as follows:

	+200 Basis Points	+100 Basis Points	-100 Basis Points	-200 Basis Points
<u>Static Shock Scenarios</u>				
September 30, 2023	3.3 %	1.9 %	(2.0)%	(5.2)%
<u>Ramp Scenarios</u>				
September 30, 2023	1.7 %	1.2 %	(0.5)%	(2.4)%

Appendix 1: Basel III Regulatory Capital Disclosure Matrix

Disclosure Requirement	Description	Page Reference(s)		
		Disclosures Report	2022 Form 10-K	September 30, 2023 Form 10-Q
Scope of application	Name of top corporate entity	4	3	6
	Description of differences in basis for consolidating entities	5	9	6
	Restriction on transfers of funds or total capital within the group	5	9-10	N/A
	Aggregate amount of surplus capital of insurance subsidiaries	N/A	N/A	N/A
	Aggregate amount of total capital that is less than minimum capital	N/A	N/A	N/A
Capital Structure	Terms and conditions of capital instruments	7	10-11	73-74
	Capital components	8	87-89, 161-163	73-74
Capital Adequacy	Capital Adequacy assessment process	9	N/A	N/A
	Risk weighted assets by exposure type	10	N/A	N/A
	Total risk weighted assets	10	N/A	N/A
Capital ratios and capital conservation buffer	Capital ratios	11	88	73-74
	Capital conservation buffer	11	88	73-74
	Eligible retained income	11	N/A	N/A
Credit Risk	Policies and practice	13	75-76, 153	15-22, 66-72
	Credit risk exposure:			
	Loan and related commitments by maturity	13-15	75-85	15-22, 66-72
	Loans by geography and industry	13-15	N/A	N/A
	Allowance disaggregated on the basis of impairment methodology	16	102-103, 114-116	15-22, 66-72
	Past due and non-accrual loans by geography and by industry	17-20	N/A	N/A
	Charge-offs during the period	16	122	15-22, 66-72
	Reconciliation of change in allowance	16	122	15-22, 66-72
	Muni Securities and Debt Securities	20	N/A	N/A
Counterparty credit risk-related exposures	Policies and practice	21	153	36-37
	Counterparty credit risk exposure	22	153	36-37
	Credit protection purchased and sold	22	N/A	N/A
Credit Risk Mitigation	Policies and processes	22	151	31
	Exposures covered by eligible financial collateral	22	N/A	N/A
	Exposures covered by guarantees/ credit derivatives and related risk weighted assets	22	N/A	N/A

Disclosure Requirement	Description	Page Reference(s)		
		Disclosures Report	2022 Form 10-K	September 30, 2023 Form 10-Q
Securitization		23	N/A	N/A
Equities not subject to the market risk rule	Policies and practice	23	N/A	N/A
	Amortized cost and fair value by type/nature and public versus non-public	24	N/A	N/A
	Realized and unrealized gains (losses)	24	N/A	N/A
	Capital Requirements	24	N/A	N/A
Interest rate risk for non-trading activities	Nature, assumptions, and frequency of measurement	24-25	91-92	77-78
	Earnings sensitivity to rate movements	25	92	77-78