

WINTRUST FINANCIAL CORP

FORM 10-K (Annual Report)

Filed 3/30/2001 For Period Ending 12/31/2000

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Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2000

WINTRUST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

0-21923

Commission File Number

ILLINOIS

(State of incorporation or organization)

36-3873352

(I.R.S. Employer Identification No.)

**727 NORTH BANK LANE
LAKE FOREST, ILLINOIS 60045**
(Address of principal executive offices)

(847) 615-4096

(Registrant's telephone number, including area code)

COMMON STOCK, NO PAR VALUE*
9.00% CUMULATIVE TRUST PREFERRED SECURITIES (AND RELATED GUARANTEE)
10.50% CUMULATIVE TRUST PREFERRED SECURITIES (AND RELATED GUARANTEE)
Securities registered pursuant to Section 12(g) of the Act

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$137,316,370 as of March 20, 2001. As of March 20, 2001, the registrant had outstanding 8,616,976 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Shareholders for the year ended December 31, 2000, which is included as Exhibit 13.1 to this Form 10-K, are incorporated by reference into Parts I and II hereof and portions of the Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 24, 2001 are incorporated by reference into Part III.

* including Preferred Share Purchase Rights related thereto

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PART I

ITEM 1. BUSINESS

Wintrust Financial Corporation, an Illinois corporation (the "Company"), is a bank holding company based in Lake Forest, Illinois, with total assets of approximately \$2.1 billion at December 31, 2000. The Company engages in the business of providing traditional community banking services, trust and investment services, commercial insurance premium financing, short-term accounts receivable financing, and certain administrative services, such as data processing of payrolls, billing and cash management services.

The Company provides community-oriented, personal and commercial banking services to customers located predominantly in affluent suburbs of Chicago, Illinois through its seven wholly-owned banking subsidiaries (collectively, "Banks"), all of which started as de novo (i.e., started new) institutions, including Lake Forest Bank and Trust Company ("Lake Forest Bank"), Hinsdale Bank and Trust Company ("Hinsdale Bank"), North Shore Community Bank and Trust Company ("North Shore Bank"), Libertyville Bank and Trust Company ("Libertyville Bank"), Barrington Bank and Trust Company, N.A. ("Barrington Bank"), Crystal Lake Bank & Trust Company, N.A. ("Crystal Lake Bank"), and Northbrook Bank & Trust Company ("Northbrook Bank"). Through Hinsdale Bank, the Company operates its indirect auto segment, which is in the business of providing new and used automobile loans through a large network of auto dealerships within the Chicago metropolitan area.

The Company provides trust and investment services at each of its Banks through its wholly-owned subsidiary, Wintrust Asset Management Company, N.A. ("WAMC"). The Company provides financing for the payment of commercial insurance premiums ("premium finance receivables"), on a national basis, through First Insurance Funding Corporation ("FIFC"), a wholly-owned subsidiary of Crabtree Capital Corporation ("Crabtree") which is a wholly-owned subsidiary of Lake Forest Bank. Tricom, Inc. of Milwaukee ("Tricom"), a wholly-owned subsidiary of Hinsdale Bank, provides short-term accounts receivable financing ("Tricom finance receivables") and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States.

As a mid-size financial services company, management expects to benefit from greater access to financial and managerial resources while maintaining its commitment to local decision-making and to its community banking philosophy. Management also believes the Company is positioned to compete more effectively with other larger and more diversified banks, bank holding companies and other financial services companies as it continues its growth strategy through additional branch openings and de novo bank formations, expansion of trust and investment activities, pursuit of specialized earning asset niches and potential acquisitions of banks or specialty finance companies.

Additional information regarding the Company's business and strategies is included in the 2000 Annual Report to Shareholders, which is filed as Exhibit 13.1 to this Form 10-K and Item 8 under "Supplemental Statistical Data". Such information is incorporated herein by reference and constitutes a part of this report.

BANKING

The Company provides banking and financial services to individuals, small businesses, local governmental units and institutional clients residing primarily in the Banks' local service areas. These services include traditional demand, NOW, money market, savings and time deposit accounts, as well as a number of unique deposit products targeted to specific market segments. The Banks offer home equity, home mortgage, consumer, real estate and commercial loans, safe deposit facilities, ATMs, and other innovative and traditional services specially tailored to meet the needs of customers in their market areas. The Hinsdale Bank also operates the indirect auto segment which provides high quality new and used auto loans through a large network of auto dealerships within the Chicago metropolitan area. All indirect auto loans are currently being purchased by the Banks and retained within their loan portfolios.

Each of the Banks was founded as a de novo banking organization within the last ten years. The organizational efforts began in 1991, when a group of experienced bankers and local business people identified an unfilled niche in the Chicago metropolitan area retail banking market. As large banks acquired smaller ones and personal service was subjected to consolidation strategies, the opportunity increased in affluent suburbs for locally owned and operated, highly personal service-oriented banks. As a result, Lake Forest Bank was founded in December 1991 to service the Lake Forest and Lake Bluff communities. In 1994, Lake Forest Bank opened a branch office in Lake Bluff. In early 2000 Lake Forest Bank opened a branch in Highwood to serve the Highwood-Fort Sheridan communities. In 1993, Hinsdale Bank was opened to service the communities of Hinsdale and Burr Ridge. Hinsdale Bank established branch facilities in Clarendon Hills and Western Springs in 1996 and 1997, respectively. In 1994, North Shore Bank was started in order to service Wilmette and Kenilworth. North Shore Bank opened branch facilities in Glencoe during 1995 and 1998, in Winnetka during 1996 to service Winnetka and Northfield, and in Skokie during 1999. In 1995, Libertyville Bank was opened to service Libertyville, Vernon Hills and Mundelein. Libertyville Bank opened a branch facility in south Libertyville during 1998 to service south Libertyville and Vernon Hills and in Wauconda during 2000. In December 1996, Barrington Bank was opened to service the greater Barrington/Inverness areas. In December 1997, Crystal Lake Bank was opened to serve the Crystal Lake/Cary communities. In 1999, Crystal Lake Bank opened two new branch facilities in Crystal Lake. In November 2000, Northbrook Bank opened for business in a temporary facility to serve the Northbrook, Glenview and Deerfield communities. All Banks are insured by the Federal Deposit Insurance Company ("FDIC") and are subject to regulation, supervision and regular examination by the Illinois Office of Banks and Real Estate, the Federal Reserve Bank and/or the Office of the Comptroller of Currency ("OCC").

PREMIUM FINANCE

FIFC commenced operations nine years ago and is headquartered in Northbrook, Illinois. Based on limited industry data available in certain state regulatory filings and FIFC management's experience

in and knowledge of the premium finance industry, management estimates that, ranked by origination volumes, FIFC is one of the top five premium finance companies operating in the United States. Premium finance receivables are originated by FIFC's own sales force, working with medium and large insurance agents and brokers throughout the United States. These receivables are retained mainly within the Banks' loan portfolios and are also sold to an unaffiliated financial institution. Insurance premiums are financed primarily for commercial customers' purchase of property, casualty and liability insurance. Substantially all premium finance receivables are made to commercial accounts. FIFC is licensed or otherwise qualified to do business as an insurance premium finance company in all 50 states and the District of Columbia.

TRUST ACTIVITIES

WAMC began operating as a separately chartered non-depository bank subsidiary in September 1998. WAMC offers trust and investment management services to all of the Banks' communities, which management believes are some of the best trust markets in Illinois. In addition to offering these services to existing bank customers at each of the Banks, WAMC targets small to mid-size businesses and newly affluent individuals whose needs command the personalized attention that are offered by WAMC and its experienced trust professionals. Services offered typically include traditional trust products and services, as well as investment management, financial planning and 401(k) management services. WAMC is subject to regulation, supervision and regular examination by the OCC.

TRICOM

Tricom was acquired by Hinsdale Bank in October 1999 as part of the Company's strategy to pursue specialized earning asset niches. It is located in Milwaukee, Wisconsin and has been in business over ten years. It specializes in providing short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. Tricom currently finances and processes payrolls with associated billings in excess of \$250 million. In 2000, it generated approximately \$8.1 million of net revenues for the Company. As a wholly-owned subsidiary of Hinsdale Bank, Tricom has the capital and funding necessary to expand its financing services in a national market. In addition to expanding the Company's earning asset niches, Tricom provides fee-based income to augment the Company's community-based banking revenues.

COMPETITION

The Company competes in the commercial banking industry through the Banks in the communities each serves. The commercial banking industry is highly competitive, and the Banks face strong direct competition for deposits, loans, and other financial-related services. The Banks compete directly in Cook, DuPage, Lake and McHenry counties with other commercial banks, thrifts, credit unions, stockbrokers, and the finance divisions of automobile companies. Some of these competitors are local, while others are statewide or nationwide. The Banks have developed a community banking and marketing strategy. In keeping with this strategy, the Banks provide highly personalized and responsive service, a characteristic of locally-owned and managed institutions. As such, the Banks compete for deposits principally by offering depositors a variety of deposit programs, convenient

office locations, hours and other services, and for loan originations primarily through the interest rates and loan fees they charge, the efficiency and quality of services they provide to borrowers and the variety of their loan products. Some of the financial institutions and financial services organizations with which the Banks compete are not subject to the same degree of regulation as imposed on bank holding companies, Illinois banking corporations and national banking associations. In addition, the larger banking organizations have significantly greater resources than are available to the Banks. As a result, such competitors have advantages over the Banks in providing certain non-deposit services.

FIFC encounters intense competition from numerous other firms, including a number of national commercial premium finance companies, companies affiliated with insurance carriers, independent insurance brokers who offer premium finance services, banks and other lending institutions. Some of FIFC's competitors are larger and have greater financial and other resources and are better known than FIFC. FIFC competes with these entities by emphasizing a high level of knowledge of the insurance industry, flexibility in structuring financing transactions, and the timely purchase of qualifying contracts. FIFC believes that its commitment to account service also distinguishes it from its competitors. It is FIFC's policy to notify the insurance agent when an insured is in default and to assist in collection, if requested by the agent. To the extent that affiliates of insurance carriers, banks, and other lending institutions add greater service and flexibility to their financing practices in the future, the Company's operations could be adversely affected. There can be no assurance that FIFC will be able to continue to compete successfully in its markets.

WAMC's primary competition is with more established trust companies of other larger bank holding companies. WAMC is also in competition with other trust companies, brokerage and other financial service companies, stockbrokers and financial advisors. As a new company, it may be difficult to successfully attract new customers away from the more established Chicago area trust companies. However, the Company believes it can successfully compete for trust business by offering personalized attention and customer service to small to mid-size businesses and newly affluent individuals. The hiring of several experienced trust professionals from the more established Chicago area trust companies is also expected to help in attracting new customer relationships. There can be no assurance, however, that WAMC will be successful in establishing this new business as a preferred alternative to the larger trust companies, and as a profitable venture.

Tricom competes with numerous other firms, including a small number of similar niche finance companies and payroll processing firms, as well as various finance companies, banks and other lending institutions. Tricom management believes that its commitment to service distinguishes itself from competitors. To the extent that other finance companies, financial institutions and payroll processing firms add greater programs and services to their existing businesses, Tricom's operations could be adversely affected. There can be no assurance that Tricom will be able to continue to compete successfully in its markets.

EMPLOYEES

At December 31, 2000, the Company and its subsidiaries employed a total of 520 full-time-equivalent employees. The Company provides its employees with comprehensive medical and dental benefit plans, life insurance plans, 401(k) plans and an employee stock purchase plan. The Company considers its relationship with its employees to be good.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 projected growth, anticipated improvements in earnings, earnings per share and other financial performance measures, and management's long-term performance goals, as well as statements relating to the anticipated effects on financial results of condition from expected developments or events, the Company's business and growth strategies, including anticipated internal growth, plans to form additional de novo banks and to open new branch offices, and to pursue additional potential development or acquisition of banks or specialty finance businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- o The level of reported net income, return on average assets and return on average equity for the Company will in the near term continue to be impacted by start-up costs associated with de novo bank formations, branch openings, and expanded trust and investment operations. De novo banks may typically require 13 to 24 months of operations before becoming profitable, due to the impact of organizational and overhead expenses, the start-up phase of generating deposits and the time lag typically involved in redeploying deposits into attractively priced loans and other higher yielding earning assets. Similarly, the expansion of trust and investment services through the Company's newer trust subsidiary, WAMC, is expected to be in a start-up phase for the next few years, before becoming profitable.
- o The Company's success to date has been and will continue to be strongly influenced by its ability to attract and retain senior management experienced in banking and financial services.
- o Although management believes the allowance for possible loan losses is adequate to absorb losses that may develop in the existing portfolio of loans and leases, there can be no assurance that the allowance will prove sufficient to cover actual future loan or lease losses.
- o If market interest rates should move contrary to the Company's gap position on interest earning assets and interest bearing liabilities, the "gap" will work against the Company and its net interest income may be negatively affected.
- o The financial services business is highly competitive which may affect the pricing of the Company's loan and deposit products as well as its services.
- o The Company's ability to adapt successfully to technological changes to compete effectively in the marketplace.

o Unforeseen future events that may cause slower than anticipated development and growth of the Tricom business and/or changes in the temporary staffing industry.

o Changes in the economic environment, competition, or other factors, may influence the anticipated growth rate of loans and deposits, the quality of the loan portfolio and loan and deposit pricing and may affect the Company's ability to successfully pursue acquisition and expansion strategies.

o The Company's ability to recover on the loss resulting from the fraudulent loan scheme perpetrated against the Company's premium finance subsidiary in the third quarter of 2000.

SUPERVISION AND REGULATION

Bank holding companies and banks are extensively regulated under federal and state law. References under this heading to applicable statutes or regulations are brief summaries or portions thereof which do not purport to be complete and which are qualified in their entirety by reference to those statutes and regulations. Any change in applicable laws or regulations may have a material adverse effect on the business of commercial banks and bank holding companies, including the Company, the Banks, FIFC, WAMC and Tricom. However, management is not aware of any current recommendations by any regulatory authority which, if implemented, would have or would be reasonably likely to have a material effect on liquidity, capital resources, or operations of the Company, the Banks, FIFC, WAMC or Tricom. The supervision, regulation and examination of banks and bank holding companies by bank regulatory agencies are intended primarily for the protection of depositors rather than stockholders of banks and bank holding companies.

BANK HOLDING COMPANY REGULATION

The Company is registered as a "bank holding company" with the Federal Reserve and, accordingly, is subject to supervision and regulation by the Federal Reserve under the Bank Holding Company Act (the Bank Holding Company Act and the regulations issued thereunder, are collectively the "BHC Act"). The Company is required to file with the Federal Reserve periodic reports and such additional information as the Federal Reserve may require pursuant to the BHC Act. The Federal Reserve examines the Company and may examine the Banks, FIFC, WAMC or Tricom.

The BHC Act requires prior Federal Reserve approval for, among other things, the acquisition by a bank holding company of direct or indirect ownership or control of more than 5% of the voting shares or substantially all the assets of any bank, or for a merger or consolidation of a bank holding company with another bank holding company. With certain exceptions, the BHC Act prohibits a bank holding company from acquiring direct or indirect ownership or control of voting shares of any company which is not a bank or bank holding company and from engaging directly or indirectly in any activity other than banking or managing or controlling banks or performing services for its authorized subsidiaries. A bank holding company may, however, engage in or acquire an interest in a company that engages in activities which the Federal Reserve has

determined, by regulation or order, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto, such as owning and operating the premium finance business conducted by FIFC. Under the BHC Act and Federal Reserve regulations, the Company and the Banks are prohibited from engaging in certain tie-in arrangements in connection with an extension of credit, lease, sale of property, or furnishing of services. That means that, except with respect to traditional banking products, the Company may not condition a customer's purchase of one of its services on the purchase of another service. The passage of the Gramm-Leach-Bliley Act, however, allows bank holding companies to become financial holding companies. Financial holding companies do not face the same prohibitions on entering into certain business transactions that bank holding companies currently face

Under the Illinois Banking Act, any person who acquires more than 10% of the Company's stock may be required to obtain the prior approval of the Commissioner of the Illinois Office of Banks and Real Estate (the "Illinois Commissioner"). Similarly, under the Change in Bank Control Act, a person may be required to obtain the prior regulatory approval of the Federal Reserve or the Office of the Comptroller of the Currency (the "OCC") before acquiring control of 10% or more of any class of the Company's outstanding stock.

It is the policy of the Federal Reserve that the Company is expected to act as a source of financial strength to the Banks and WAMC, and to commit resources to support the Banks and WAMC. The Federal Reserve takes the position that in implementing this policy, it may require the Company to provide such support when the Company otherwise would not consider itself able to do so.

The Federal Reserve has risk-based capital requirements for assessing bank holding company capital adequacy. These standards define regulatory capital and establish minimum capital ratios in relation to assets, both on an aggregate basis and as adjusted for credit risks and off-balance sheet exposures. Under the Federal Reserve's risk-based guidelines, capital is classified into two categories. For bank holding companies, Tier 1 capital, or "core" capital, consists of common stockholders' equity, qualifying noncumulative perpetual preferred stock (including related surplus), qualifying cumulative perpetual preferred stock (including related surplus) (subject to certain limitations) and minority interests in the common equity accounts of consolidated subsidiaries, and is reduced by goodwill and specified intangible assets ("Tier 1 Capital"). Tier 2 capital, or "supplementary" capital, consists of the following items, all of which are subject to certain conditions and limitations: the allowance for loan and lease losses; perpetual preferred stock and related surplus; hybrid capital instruments; unrealized holding gains on equity securities; perpetual debt and mandatory convertible debt securities; term subordinated debt and intermediate-term preferred stock.

Under the Federal Reserve's capital guidelines, bank holding companies are required to maintain a minimum ratio of qualifying total capital to risk-weighted assets of 8.0%, of which at least 4.0% must be in the form of Tier 1 Capital. The Federal Reserve also requires a minimum leverage ratio of Tier 1 Capital to total assets of 3.0% for strong bank holding companies (those rated a composite "1" under the Federal Reserve's rating system). For all other bank holding companies, the minimum ratio of Tier 1 Capital to total assets is 4%. In addition, the Federal Reserve continues to consider the Tier 1 leverage ratio (Tier 1 capital to average quarterly assets) in evaluating proposals for expansion or new activities.

In its capital adequacy guidelines, the Federal Reserve emphasizes that the foregoing standards are supervisory minimums and that banking organizations generally are expected to operate well above the minimum ratios. These guidelines also provide that banking organizations experiencing growth, whether internally or by making acquisitions, are expected to maintain strong capital positions substantially above the minimum levels.

As of December 31, 2000, the Company's total capital to risk-weighted assets ratio was 8.4%, its Tier I Capital to risk-weighted asset ratio was 6.9% and its leverage ratio was 6.3%.

Dividend Limitations. Because the Company's consolidated net income consists largely of net income of the Banks and its non-bank subsidiaries, the Company's ability to pay dividends depends upon its receipt of dividends from these entities. Federal and state statutes and regulations impose restrictions on the payment of dividends by the Company, the Banks and WAMC. See Part II, Item 5 for further discussion of dividend limitations.

Federal Reserve policy provides that a bank holding company should not pay dividends unless (i) the bank holding company's net income over the prior year is sufficient to fully fund the dividends and (ii) 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.

Illinois law also places certain limitations on the ability of the Company to pay dividends. For example, the Company may not pay dividends to its shareholders if, after giving effect to the dividend, the Company would not be able to pay its debts as they become due. Since a major potential source of the Company's revenue is dividends the Company expects to receive from the Banks, the Company's ability to pay dividends is likely to be dependent on the amount of dividends paid by the Banks. No assurance can be given that the Banks will, in any circumstances, pay dividends to the Company.

BANK REGULATION

Lake Forest Bank, Hinsdale Bank, North Shore Bank, Libertyville Bank and Northbrook Bank are Illinois-chartered banks and as such they and their subsidiaries are subject to supervision and examination by the Illinois Commissioner. As an affiliate of these Banks, the Company is also subject to examination by the Illinois Commissioner. Barrington Bank, Crystal Lake Bank and WAMC are federally-chartered banks and are subject to supervision and examination by the OCC pursuant to the National Bank Act and regulations promulgated thereunder. Each of the Banks and WAMC are members of the Federal Reserve Bank and, as such, is also subject to examination by the Federal Reserve.

The deposits of the Banks are insured by the Bank Insurance Fund under the provisions of the Federal Deposit Insurance Act (the "FDIA"), and the Banks are, therefore, also subject to supervision and examination by the FDIC. FDIA requires that the appropriate federal regulatory authority (the Federal Reserve Bank in the case of Lake Forest Bank, North Shore Bank, Hinsdale Bank, Libertyville Bank and Northbrook Bank, or the OCC, in the case of Barrington Bank and Crystal Lake Bank) approve any merger and/or consolidation by or with an insured bank, as well as the establishment or relocation of any bank or branch office. The FDIA also gives the Federal Reserve, the OCC and the other federal bank regulatory agencies power to issue cease and desist

orders against either banks, holding companies or persons regarded as "institution affiliated parties." A cease and desist order can either prohibit such entities from engaging in certain unsafe and unsound bank activity or can require them to take certain affirmative action. The FDIC also supervises compliance with the provisions of federal law and regulations which place restrictions on loans by FDIC-insured banks to their directors, executive officers and other controlling persons.

Furthermore, banks are affected by the credit policies of other monetary authorities, including the Federal Reserve, which regulate the national supply of bank credit. Such regulation influences overall growth of bank loans, investments, and deposits and may also affect interest rates charged on loans and paid on deposits. The monetary policies of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

FINANCIAL INSTITUTION REGULATION GENERALLY

Transactions with Affiliates. Transactions between a bank and its holding company or other affiliates are subject to various restrictions imposed by state and federal regulatory agencies. Such transactions include loans and other extensions of credit, purchases of securities and other assets, and payments of fees or other distributions. In general, these restrictions limit the amount of transactions between an institution and an affiliate of such institution, as well as the aggregate amount of transactions between an institution and all of its affiliates, and require transactions with affiliates to be on terms comparable to those for transactions with unaffiliated entities.

Capital Requirements. Capital requirements for the Banks generally parallel the capital requirements previously noted for bank holding companies. Each of the Banks is subject to applicable capital requirements on a separate company basis. The federal banking regulators must take prompt corrective action with respect to FDIC-insured depository institutions that do not meet minimum capital requirements. There are five capital tiers: "well-capitalized", "adequately-capitalized", "undercapitalized", "significantly undercapitalized" and "critically undercapitalized". As of December 31, 2000, Lake Forest Bank, Hinsdale Bank, and North Shore Bank were categorized as "adequately capitalized", while Libertyville Bank, Barrington Bank, Crystal Lake Bank, and Northbrook Bank were categorized as "well-capitalized."

Prompt Corrective Action. The Federal Deposit Insurance Company Improvement Act of 1991 ("FDICIA") requires the federal banking regulators, including the Federal Reserve, the OCC and the FDIC, to take prompt corrective action with respect to depository institutions that fall below minimum capital standards and prohibits any depository institution from making any capital distribution that would cause it to be undercapitalized. Institutions that are not adequately capitalized may be subject to a variety of supervisory actions including, but not limited to, restrictions on growth, investment activities, capital distributions and affiliate transactions and will be required to submit a capital restoration plan which, to be accepted by the regulators, must be guaranteed in part by any company having control of the institution (such as the Company). In other respects, FDICIA provides for enhanced supervisory authority, including greater authority for the appointment of a conservator or receiver for under-capitalized institutions. The capital-based prompt corrective action provisions of FDICIA and their implementing regulations apply to FDIC-insured depository institutions. However, federal banking agencies have indicated

that, in regulating bank holding companies, the agencies may take appropriate action at the holding company level based on their assessment of the effectiveness of supervisory actions imposed upon subsidiary insured depository institutions pursuant to the prompt corrective action provisions of FDICIA.

Dividends. As Illinois state-chartered banks, Lake Forest Bank, North Shore Bank, Hinsdale Bank, Libertyville Bank and Northbrook Bank may not pay dividends in an amount greater than their current net profits after deducting losses and bad debts out of undivided profits provided that its surplus equals or exceeds its capital. For the purpose of determining the amount of dividends that an Illinois bank may pay, bad debts are defined as debts upon which interest is past due and unpaid for a period of six months or more unless such debts are well-secured and in the process of collection. Furthermore, federal regulations also prohibit any Federal Reserve member bank, including each of the Banks and WAMC, from declaring dividends in any calendar year in excess of its net income for the year plus the retained net income for the preceding two years, less any required transfers to the surplus account. Similarly, as national associations supervised by the OCC, Barrington Bank, Crystal Lake Bank and WAMC may not declare dividends in any year in excess of its net income for the year plus the retained net income for the preceding two years, less any required transfers to the surplus account. Furthermore, the OCC may, after notice and opportunity for hearing, prohibit the payment of a dividend by a national bank if it determines that such payment would constitute an unsafe or unsound practice.

In addition to the foregoing, the ability of the Company, the Banks and WAMC to pay dividends may be affected by the various minimum capital requirements and the capital and non-capital standards established under the FDICIA, as described below. The right of the Company, its shareholders and its creditors to participate in any distribution of the assets or earnings of its subsidiaries is further subject to the prior claims of creditors of the respective subsidiaries.

Standards for Safety and Soundness. The FDIA, as amended by FDICIA and the Riegle Community Development and Regulatory Improvement Act of 1994 requires the Federal Reserve, together with the other federal bank regulatory agencies, to prescribe standards of safety and soundness, by regulations or guidelines, relating generally to operations and management, asset growth, asset quality, earnings, stock valuation, and compensation. The Federal Reserve, the OCC and the other federal bank regulatory agencies have adopted a set of guidelines prescribing safety and soundness standards pursuant to FDICIA, as amended. The guidelines establish general standards relating to internal controls and information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, and compensation, fees and benefits. In general, the guidelines require, among other things, appropriate systems and practices to identify and manage the risks and exposures specified in the guidelines. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder. In addition, each of the Federal Reserve and the OCC adopted regulations that authorize, but do not require, the Federal Reserve or the OCC, as the case may be, to order an institution that has been given notice by the Federal Reserve or the OCC, as the case may be, that it is not satisfying any of such safety and soundness standards to submit a compliance plan. If, after being so notified, an institution fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted compliance plan, the Federal Reserve or the OCC, as the case may be,

must issue an order directing action to correct the deficiency and may issue an order directing other actions of the types to which an undercapitalized association is subject under the "prompt corrective action" provisions of FDICIA. If an institution fails to comply with such an order, the Federal Reserve or the OCC, as the case may be, may seek to enforce such order in judicial proceedings and to impose civil money penalties. The Federal Reserve, the OCC and the other federal bank regulatory agencies also adopted guidelines for asset quality and earnings standards.

A range of other provisions in FDICIA include requirements applicable to: closure of branches; additional disclosures to depositors with respect to terms and interest rates applicable to deposit accounts; uniform regulations for extensions of credit secured by real estate; restrictions on activities of and investments by state-chartered banks; modification of accounting standards to conform to generally accepted accounting principles including the reporting of off-balance sheet items and supplemental disclosure of estimated fair market value of assets and liabilities in financial statements filed with the banking regulators; increased penalties in making or failing to file assessment reports with the FDIC; greater restrictions on extensions of credit to directors, officers and principal shareholders; and increased reporting requirements on agricultural loans and loans to small businesses.

In addition, the Federal Reserve, OCC, FDIC and other federal banking agencies adopted a final rule which modified the risk-based capital standards to provide for consideration of interest rate risk when assessing the capital adequacy of a bank. Under this rule, the Federal Reserve, the OCC and the FDIC must explicitly include a bank's exposure to declines in the economic value of its capital due to changes in interest rates as a factor in evaluating a bank's capital adequacy. The Federal Reserve, the FDIC, the OCC and other federal banking agencies also have adopted a joint agency policy statement providing guidance to banks for managing interest rate risk. The policy statement emphasizes the importance of adequate oversight by management and a sound risk management process. The assessment of interest rate risk management made by the banks' examiners will be incorporated into the banks' overall risk management rating and used to determine the effectiveness of management.

Insurance of Deposit Accounts. Under FDICIA, as an FDIC-insured institution, each of the Banks is required to pay deposit insurance premiums based on the risk it poses to the Bank Insurance Fund ("BIF"). The FDIC has authority to raise or lower assessment rates on insured deposits in order to achieve statutorily required reserve ratios in the insurance funds and to impose special additional assessments. Each depository institution is assigned to one of three capital groups: "well capitalized," "adequately capitalized" or "undercapitalized." An institution is considered well capitalized if it has a total risk-based capital ratio of 10% or greater, has a Tier 1 risk-based capital ratio of 6% or greater, has a leverage ratio of 5% or greater and is not subject to any order or written directive to meet and maintain a specific capital level. An "adequately capitalized" institution is defined as one that has a total risk-based capital ratio of 8% or greater, has a Tier 1 risk-based capital ratio of 4% or greater, has a leverage ratio of 4% or greater and does not meet the definition of a well capitalized bank. An institution is considered "undercapitalized" if it does not meet the definition of "well capitalized" or "adequately capitalized." Within each capital group, institutions are assigned to one of three supervisory subgroups: "A" (institutions with few minor weaknesses), "B" (institutions which demonstrate weaknesses which, if not corrected, could result in significant deterioration of the institution and increased risk of loss to the BIF), and "C"

(institutions that pose a substantial probability of loss to BIF unless effective corrective action is taken). Accordingly, there are nine combinations of capital groups and supervisory subgroups to which varying assessment rates are applicable. An institution's assessment rate depends on the capital category and supervisory category to which it is assigned. During 2000, the Banks were assessed deposit insurance in the aggregate amount of \$697,000.

Deposit insurance may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. Such termination can only occur, if contested, following judicial review through the federal courts. The management of each of the Banks does not know of any practice, condition or violation that might lead to termination of deposit insurance.

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 provides that beginning with semi-annual periods after December 31, 1996, deposits insured by the Bank Insurance Fund ("BIF") will also be assessed to pay interest on the bonds (the "FICO Bonds") issued in the late 1980s by the Financing Company to recapitalize the now defunct Federal Savings & Loan Insurance Company. For purposes of the assessments to pay interest on the FICO Bonds, BIF deposits were assessed at a rate of 20.0% of the assessment rate applicable to SAIF deposits until December 31, 1999. After December 31, 1999, full pro rata sharing of FICO assessments began.

Federal Reserve System. The Banks are subject to Federal Reserve regulations requiring depository institutions to maintain non-interest-earning reserves against their transaction accounts (primarily NOW and regular checking accounts). The Federal Reserve regulations generally require 3.0% reserves on the first \$44.3 million of transaction accounts plus 10.0% on the remainder. The first \$5.0 million of otherwise reservable balances (subject to adjustments by the Federal Reserve) are exempted from the reserve requirements. The Banks are in compliance with the foregoing requirements.

Community Reinvestment. Under the Community Reinvestment Act ("CRA"), a financial institution has a continuing and affirmative obligation, consistent with the safe and sound operation of such institution, to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. However, institutions are rated on their performance in meeting the needs of their communities. Performance is judged in three areas: (a) a lending test, to evaluate the institution's record of making loans in its assessment areas; (b) an investment test, to evaluate the institution's record of investing in community development projects, affordable housing and programs benefiting low or moderate income individuals and business; and (c) a service test, to evaluate the institution's delivery of services through its branches, ATMs and other offices. The CRA requires each federal banking agency, in connection with its examination of a financial institution, to assess and assign one of four ratings to the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications by the institution, including applications for charters, branches and other deposit facilities, relocations, mergers, consolidations, acquisitions of assets or assumptions of liabilities,

and savings and loan holding company acquisitions. The CRA also requires that all institutions make public disclosure of their CRA ratings. Each of the Banks received "satisfactory" ratings from either the Federal Reserve or OCC on their most recent CRA performance evaluations.

Brokered Deposits. Well-capitalized institutions are not subject to limitations on brokered deposits, while an adequately capitalized institution is able to accept, renew or rollover brokered deposits only with a waiver from the FDIC and subject to certain restrictions on the yield paid on such deposits. Undercapitalized institutions are not permitted to accept brokered deposits. Each of the Banks is eligible to accept brokered deposits (as a result of its capital levels or having received a waiver) and may use this funding source from time to time when management deems it appropriate from an asset/liability management perspective.

Enforcement Actions. Federal and state statutes and regulations provide financial institution regulatory agencies with great flexibility to undertake enforcement action against an institution that fails to comply with regulatory requirements, particularly capital requirements. Possible enforcement actions range from the imposition of a capital plan and capital directive to civil money penalties, cease and desist orders, receivership, conservatorship or the termination of deposit insurance.

Interstate Banking and Branching Legislation. Under the Riegle-Neal Interstate Banking and Efficiency Act of 1994 (the "Interstate Banking Act"), adequately capitalized and adequately managed bank holding companies are allowed to acquire banks across state lines subject to certain limitations. In addition, under the Interstate Banking Act, banks are permitted to merge with one another across state lines and thereby create a main bank with branches in separate states. After establishing branches in a state through an interstate merger transaction, a bank may establish and acquire additional branches at any location in the state where any bank involved in the interstate merger could have established or acquired branches under applicable federal and state law.

Recent Legislation. On November 12, 1999, the Gramm-Leach-Bliley Act (the "GLB Act") was enacted. The GLB Act amended or repealed certain provisions of the Glass-Steagall Act and other legislation that restricted the ability of bank holding companies, securities firms and insurance companies to affiliate with one another. The GLB Act establishes a comprehensive framework to permit affiliations among commercial banks, insurance companies and securities firms. Further, the GLB Act expanded the range of activities in which bank holding companies may engage by allowing certain well managed and well capitalized bank holding companies to be designated as "financial holding companies." In addition, the GLB Act contains provisions intended to safeguard consumer financial information in the hands of financial service providers by, among other things, requiring such entities to disclose their privacy policies to their customers and allowing customers to "opt out" of having their financial service providers disclose their confidential financial information to non-affiliated third parties, subject to certain exceptions. Final regulations implementing the new financial privacy regulations become effective during 2001. Similar to most other consumer-oriented laws, the regulations contain some specific prohibitions and require timely disclosures of certain information. The Company has devoted what it believes are sufficient resources to comply with these new requirements. It is not anticipated that the GLB Act will have a material adverse effect on the operations or prospects of the Company and its subsidiaries. However, to the extent the GLB Act permits banks, securities firms and insurance companies to affiliate, the financial services industry may experience further

consolidation. This consolidation could result in a growing number of larger financial institutions that offer a wider variety of financial services than the Company currently offers and that can aggressively compete in the markets the Company currently serves.

MONETARY POLICY AND ECONOMIC CONDITIONS

The earnings of banks and bank holding companies are affected by general economic conditions and also by the fiscal and monetary policies of federal regulatory agencies, including the Federal Reserve. Through open market transactions, variations in the discount rate and the establishment of reserve requirements, the Federal Reserve exerts considerable influence over the cost and availability of funds obtainable for lending or investing.

The above monetary and fiscal policies and resulting changes in interest rates have affected the operating results of all commercial banks in the past and are expected to do so in the future. The Banks and their respective holding company cannot fully predict the nature or the extent of any effects which fiscal or monetary policies may have on their business and earnings.

SUPPLEMENTAL STATISTICAL DATA

Pages 3, 45 and 46 of the 2000 Annual Report to Shareholders and Item 8 of this Form 10-K contain supplemental statistical data as required by The Exchange Act Industry Guide 3 which is part of Regulation S-K as promulgated by the SEC. This data should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto, and Management's Discussion and Analysis which are contained in its 2000 Annual Report to Shareholders filed herewith as Exhibit 13.1 and incorporated herein by reference.

ITEM 2. PROPERTIES

The Company's executive offices are located in the main bank facility of Lake Forest Bank. Lake Forest Bank has seven physical banking locations. Lake Forest Bank's main bank facility is located at 727 N. Bank Lane, Lake Forest, Illinois, and is a three story, 37,000 square foot brick building that includes a 15,200 square foot addition that was completed in May 1999. The Company's executive offices and staff of the holding company, Lake Forest Bank and WAMC are located on the second and third floors of the addition with first floor retail space leased to unrelated third parties. Lake Forest Bank constructed a drive-in, walk-up banking facility on land leased from the City of Lake Forest on the corner of Bank Lane and Wisconsin Avenue in Lake Forest, approximately one block north of the main banking facility. Lake Forest Bank also leases a 1,200 square foot, a full service banking facility at 103 East Scranton Avenue in Lake Bluff, Illinois; a 2,100 square foot, a full service banking facility on the west side of Lake Forest, Illinois at 810 South Waukegan Road, and a drive-in and walk-up banking facility at 911 S. Telegraph Road in the West Lake Forest Train Station. Lake Forest Bank also maintains a small office facility at a retirement community known as Lake Forest Place at 1100 Pembridge Drive in Lake Forest. In 2000, Lake Forest Bank constructed a new branch facility in Highwood, Illinois. The Highwood branch includes a drive-thru facility. ATMs are located at each of Lake Forest Bank's locations except the 810 South Waukegan Road facility. Lake Forest Bank has no offsite ATMs.

Hinsdale Bank currently has four physical banking locations, all of which are owned. The main bank facility is a two story brick building located at 25 East First Street in downtown Hinsdale, Illinois. The 1,000 square foot drive-in, walk-up banking facility at 130 West Chestnut is approximately two blocks west of the main banking facility. Hinsdale Bank also has full service branches in Clarendon Hills and Western Springs. The buildings in Clarendon Hills and Western Springs are partially used for bank purposes, with the remainder being leased to unrelated parties. Hinsdale Bank maintains one ATM machine at each location, with the exception of Clarendon Hills, which has two. In addition, Hinsdale has a separate, stand-alone, ATM drive-thru facility in Clarendon Hills. Other than this stand-alone ATM drive-thru facility in Clarendon Hills, Hinsdale Bank has no offsite ATMs.

North Shore Bank currently has seven physical banking locations. North Shore Bank owns the main bank facility, a one-story brick building that is located at 1145 Wilmette Avenue in downtown Wilmette, Illinois. North Shore Bank also owns a 9,600 square foot drive-in, walk-up banking facility at 720 12th Street, approximately one block west of the main banking facility. North Shore Bank also leases a full service banking facility at 362 Park Avenue in Glencoe, Illinois and a branch banking facility in Winnetka, Illinois where it leases approximately 4,000 square feet. In 1998, North Shore Bank opened a drive-up and ATM for the Glencoe branch and a small facility at 4th Street and Linden in Wilmette. In 1999, a full service leased facility was opened in Skokie, Illinois. North Shore Bank maintains ATMs at each of its locations, except Winnetka, and has two offsite ATMs located in Glencoe and Skokie.

Libertyville Bank currently has five physical banking locations. Libertyville Bank owns the main bank facility, which is a 13,000 square foot two story brick building located at 507 North Milwaukee Avenue in downtown Libertyville, Illinois. Libertyville Bank also owns a 2,500 square foot drive-in, walk-up banking facility at 201 Hurlburt Court, approximately five blocks southeast of the main banking facility. A leased branch facility located at 1167 South Milwaukee Avenue in south Libertyville was opened in October 1998. In 2000, Libertyville Bank opened two facilities in Wauconda -- a full service branch located at 495 Liberty Street and a drive-thru facility at 1180 Dato Lane. The branch at 495 Liberty Street is a temporary facility; a permanent facility on the same location is under construction and expected to be completed in 2001. Libertyville Bank maintains ATMs at each of its banking locations and at one offsite location.

Barrington Bank currently has one physical banking location at 201 South Hough Street in Barrington, Illinois which is a 12,700 square foot, two story frame construction building that has an attached drive-through facility. Barrington Bank has two ATMs, but no offsite ATMs.

Crystal Lake Bank has three physical banking locations as of December 31, 2000. Crystal Lake Bank's main banking office is a two-story, 12,000 square foot facility located at 70 Williams Street in downtown Crystal Lake, Illinois. Crystal Lake Bank also has a drive-up facility that is located in the downtown area, near the main bank facility and a full service owned facility located at 1000 McHenry Avenue in south Crystal Lake. Crystal Lake Bank maintains an ATM at each location. In early 2001, Crystal Lake Bank opened a branch office in McHenry, Illinois.

In November 2000, Northbrook Bank opened for business in a temporary leased facility located at 1340 Shermer Road in Northbrook, Illinois. Construction of its permanent facility, located at the corner of Shermer and Wuakegan Roads, is expected to be completed by year-end 2001. Northbrook Bank has one ATM at its temporary facility.

FIFC's offices are located at 450 Skokie Boulevard, Suite 1000, Northbrook, Illinois. FIFC purchased the property in late 1999 and moved into it in 2000. The building provides approximately 16,000 square feet of office space, which is used solely by FIFC.

WAMC's executive and operations staff are based in office space leased from Lake Forest Bank. WAMC also leases office space for its trust professionals at Lake Forest Bank, Hinsdale Bank, North Shore Bank and Barrington Bank.

Tricom leases approximately 10,700 square feet of office space in Milwaukee, Wisconsin at 11270 West Park Place, Suite 100.

See Note 6 to the Consolidated Financial Statements contained in the 2000 Annual Report to Shareholders filed herewith as Exhibit 13.1 and incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries, from time to time, are subject to pending and threatened legal action and proceedings arising in the ordinary course of business. Any such litigation currently pending against the Company or its subsidiaries is incidental to the Company's business and, based on information currently available to management, management believes the outcome of such actions or proceedings will not have a material adverse effect on the operations or financial position of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2000.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on The Nasdaq Stock Market(R) under the symbol WTFC. The following table sets forth the high and low sales prices reported on Nasdaq for the Common Stock during 2000 and 1999.

	2000		1999	
	HIGH	LOW	HIGH	LOW
	----	---	----	---
Fourth quarter	\$ 17.00	15.38	18.19	14.69
Third quarter	17.81	15.25	19.12	16.19
Second quarter	16.25	13.75	26.75	17.50
First quarter	16.00	13.38	20.25	15.50

APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS

As of February 28, 2001 there were 1,336 shareholders of record of the Company's common stock.

DIVIDENDS ON COMMON STOCK

In January 2000, the Company's Board of Directors approved the first semi-annual cash dividend on its common stock. The dividend in the amount of \$0.05 per share was paid on February 24, 2000 to shareholders of record as of February 10, 2000. In July 2000, the second semi-annual dividend for the same amount was declared. The \$0.05 per share amount was paid on August 24, 2000 to shareholders of record as of August 10, 2000. In January 2001, the Company's Board of Directors approved a 40% increase in its semi-annual dividend to \$0.07 per share. The dividend was paid on February 22, 2001 to shareholders of record as of February 8, 2001.

The declaration of dividends is at the discretion of the Company's Board of Directors and depends upon earnings, capital requirements, regulatory limitations, tax considerations, the operating and financial condition of the Company and other factors. Additionally, the payment of dividends may be restricted under certain terms of the Company's Trust Preferred Securities offerings and under certain financial covenants in the Company's revolving line of credit.

Because the Company's consolidated net income consists largely of net income of the Banks, FIFC and Tricom, the Company's ability to pay dividends depends upon its receipt of dividends from these entities. The Banks' ability to pay dividends is regulated by banking statutes. See "Financial Institution Regulation Generally - Dividends" on page 12 of this Form 10-K. During 2000, the Banks paid \$16 million in dividends to the Company. During 1999 no dividends were paid by the Banks and during 1998, Lake Forest Bank paid \$8.25 million of dividends to the Company. De novo banks are prohibited from paying dividends during their first three years of operations. As of January 1, 2001, Northbrook Bank, which began operations in November 2000, is the only bank currently subject to this additional dividend restriction. Its de novo period will end in November 2003.

Reference is made to Note 14 to the Consolidated Financial Statements contained in the 2000 Annual Report to Shareholders, attached hereto as Exhibit 13.1, which is incorporated herein by reference, for a description of the restrictions on the ability of certain subsidiaries to transfer funds to the Company in the form of dividends.

RECENT SALES OF UNREGISTERED SECURITIES

The Company had no sales of unregistered securities during 2000.

ITEM 6. SELECTED FINANCIAL DATA

Certain information required in response to this item is contained in the 2000 Annual Report to Shareholders under the caption "Selected Financial Highlights" and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required in response to this item is contained in the 2000 Annual Report to Shareholders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations". This discussion and analysis of financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and notes thereto contained in the 2000 Annual Report to Shareholders.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Certain information required in response to this item is contained in the 2000 Annual Report to Shareholders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations - Asset-Liability Management" and in Notes 15 and 16 to the Consolidated Financial Statements, which are incorporated herein by reference. This information should be read in conjunction with the complete Consolidated Financial Statements and notes thereto contained in the 2000 Annual Report to Shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required in response to this item is contained in the 2000 Annual Report to Shareholders under the caption "Consolidated Financial Statements," and is incorporated herein by reference. Also, refer to Item 14 of this Report for the Index to Financial Statements.

SUPPLEMENTAL STATISTICAL DATA

SECURITIES PORTFOLIO

The following table presents the carrying value of the Company's investment portfolio, by investment category, as of December 31, 2000, 1999 and 1998:

	2000	1999	1998
Held-to-maturity:			
U.S. Treasury obligations	\$ --	--	5,000
Available-for-sale:			
U.S. Treasury obligations	\$ 29,987	39,171	5,664
Federal agency obligations	61,871	70,184	54,690
Municipal securities	5,142	4,038	504
Corporate notes and other	29,197	39,025	142,102
Mortgage-backed securities	54,274	46,124	-
Federal Agency Bank stock	12,634	7,253	6,159
Total available-for-sale securities	193,105	205,795	209,119
Total securities	\$ 193,105	205,795	214,119

Tables presenting the carrying amounts and gross unrealized gains and losses for securities available-for-sale at December 31, 2000 and 1999 are included by reference to Note 2 to the Consolidated Financial Statements included in the 2000 Annual Report to Shareholders, which is incorporated herein by reference. At December 31, 2000 and 1999, there were no held-to-maturity securities. Maturities of securities as of December 31, 2000 by maturity distribution are as follows (in thousands):

	Within 1 Year	From 1 to 5 years	From 5 to 10 years	After 10 years	Mortgage backed securities	Federal Agency Bank stock	Total
U.S. Treasury obligations	\$ --	29,987	--	--	--	--	29,987
Federal agency obligations	51,465	9,910	496	--	--	--	61,871
Municipal securities	830	1,137	3,175	--	--	--	5,142
Corporate notes and other (1)	6,097	10,082	1,036	11,982	--	--	29,197
Mortgage-backed securities (2)	--	--	--	--	54,274	--	54,274
Federal Agency Bank stock (3)	--	--	--	--	--	12,634	12,634
Total	\$ 58,392	51,116	4,707	11,982	54,274	12,634	193,105

The weighted average yield for each range of maturities of securities, on a tax equivalent basis, is shown below as of December 31, 2000:

	Within 1 Year	From 1 to 5 years	From 5 to 10 years	After 10 years	Mortgage backed securities	Federal Agency Bank stock	Total
U.S. Treasury obligations	--	5.20%	--	--	--	--	5.20%
Federal agency obligations	6.70%	5.90%	6.29%	--	--	--	6.57%
Municipal securities	6.77%	6.56%	7.74%	--	--	--	7.31%
Corporate notes and other (1)	2.95%	6.81%	6.61%	7.66%	--	--	6.38%
Mortgage-backed securities (2)	--	--	--	--	7.16%	--	7.16%
Federal Agency Bank stock (3)	--	--	--	--	--	6.54%	6.54%
Total	6.31%	5.69%	7.33%	7.66%	7.16%	6.54%	6.51%

(1) Equity securities are reflected in the above tables as having maturities within one year and no yield.

(2) Mortgage-backed security maturities may differ from contractual maturities because the underlying mortgages may be called or prepaid without any penalties. Therefore, these securities are not included within the maturity categories above.

(3) Includes stock of the Federal Reserve Bank and of the Federal Home Loan Bank.

LOAN PORTFOLIO

The following table shows the Company's loan portfolio by category for the five previous fiscal years (in thousands):

At December 31	2000	1999	1998	1997	1996
Commercial and commercial real estate	\$ 647,947	485,776	366,229	235,483	182,403
Home equity	179,168	139,194	111,537	116,147	87,303
Residential real estate	141,919	111,026	91,525	61,611	51,673
Premium finance receivables	321,711	225,239	183,165	131,952	59,240
Indirect auto	203,572	255,434	210,137	139,296	91,211
Tricom finance receivables	20,354	17,577	--	--	--
Installment and other	51,995	49,925	34,650	32,153	23,717
Total loans	1,566,666	1,284,171	997,243	716,642	495,547
Less: Unearned income	8,646	5,922	5,181	4,011	2,999
Total loans, net of unearned income	\$1,558,020	1,278,249	992,062	712,631	492,548

Commercial and commercial real estate loans. The commercial loan component is comprised primarily of commercial real estate loans, lines of credit for working capital purposes, and term loans for the acquisition of equipment. This category also includes certain commercial equipment leases. Commercial real estate is predominantly owner occupied and secured by a first mortgage lien and assignment of rents on the property. Equipment loans and leases are generally fully amortized over 24 to 60 months and secured by titles and/or U.C.C. filings. Working capital lines are generally renewable annually and supported by business assets, personal guarantees and, oftentimes, additional collateral. Commercial business lending is generally considered to involve a higher degree of risk than traditional consumer bank lending. The vast majority of commercial loans are made within the Banks' immediate market areas. The increase in this loan category can be attributed to additional banking facilities, an emphasis on business development calling programs and superior servicing of existing commercial loan customers which has increased referrals.

In addition to the home mortgages originated by the Banks, the Company participates in mortgage warehouse lending by providing interim funding to unaffiliated mortgage brokers to finance residential mortgages originated by such brokers for sale into the secondary market. The Company's loans to the mortgage brokers are secured by the business assets of the mortgage companies as well as the underlying mortgages, the majority of which are funded by the Company on a loan-by-loan basis after they have been pre-approved for purchase by third party end lenders who forward payment directly to the Company upon their acceptance of final loan documentation. In addition, the Company may also provide interim financing for packages of mortgage loans on a bulk basis in circumstances where the mortgage brokers desire to competitively bid a number of mortgages for sale as a package in the secondary market. Typically, the Company will serve as sole funding source for its mortgage warehouse lending customers under short-term revolving credit agreements. Amounts advanced with respect to any particular mortgages are usually

required to be repaid within 15 days. The Company has developed strong relationships with a number of mortgage brokers and is seeking to expand its customer base for this specialty business.

The following table classifies the commercial loan portfolio category at December 31, 2000 by date at which the loans mature:

	One year or less -----	From one to five years -----	After five years -----	Total -----
	(in thousands)			
Commercial loans and commercial real estate loans.....	\$ 307,170	281,149	59,628	647,947
Premium finance receivables, net of unearned income.....	313,065	--	--	313,065
Tricom finance receivables.....	20,354	--	--	20,354

Of those loans maturing after one year, approximately \$269.3 million have fixed rates.

Home equity loans. The Company's home equity loan products are generally structured as lines of credit secured by first or second position mortgage liens on the underlying property with loan-to-value ratios not exceeding 80%, including prior liens, if any. The Banks' home equity loans feature competitive rate structures and fee arrangements. In addition, the Banks periodically offer promotional home equity loan products as part of their marketing strategy often featuring lower introductory rates.

Indirect auto loans. As part of its strategy to pursue specialized earning asset niches to augment loan generation within the Banks' target markets, the Company finances fixed rate automobile loans funded indirectly through unaffiliated automobile dealers. As of December 31, 2000, indirect auto loans comprised approximately 80% of the Company's consumer loan portfolio. Indirect automobile loans are secured by new and used automobiles and are generated by a large network of automobile dealers located in the Chicago area with which the Company has established relationships. These credits generally have an average initial balance of approximately \$15,000 and have an original maturity of 36 to 60 months with the average actual maturity, as a result of prepayments, estimated to be approximately 35-40 months. The Company does not currently originate any significant level of sub-prime loans, which are made to individuals with impaired credit histories at generally higher interest rates, and accordingly, with higher levels of credit risk. The risk associated with this portfolio is diversified among many individual borrowers. Management continually monitors the dealer relationships and the Banks are not dependent on any one dealer as a source of such loans. Like other consumer loans, the indirect auto loans are subject to the Banks' stringent credit standards.

Residential real estate mortgages. The residential real estate category predominantly includes one-to-four family adjustable rate mortgages that have repricing terms generally from one to three years, construction loans to individuals, bridge financing loans for qualifying customers and mortgage loans held for sale into the secondary market. The adjustable rate mortgages are often non-agency conforming, may have terms based on differing indexes, and relate to properties located principally in the Chicago metropolitan area or vacation homes owned by local residents. Adjustable-rate mortgage loans decrease, but do not eliminate, the risks associated with changes in interest rates.

Because periodic and lifetime caps limit the interest rate adjustments, the value of adjustable-rate mortgage loans fluctuates inversely with changes in interest rates. In addition, as interest rates increase, the required payments by the borrower increases, thus increasing the potential for default. The Company does not generally originate loans for its own portfolio with long-term fixed rates due to interest rate risk considerations, however, the Banks do accommodate customer requests for fixed rate loans by originating and selling these loans into the secondary market, in connection with which the Company receives fee income, or by selectively including certain of these loans within the Banks' own portfolios. A portion of the loans sold by the Banks into the secondary market is to the Federal National Mortgage Association ("FNMA") whereby the servicing of those loans is retained. The amount of loans serviced for FNMA as of December 31, 2000 and 1999 was \$97.2 million and \$87.1 million, respectively. All other mortgage loans held for sale are sold into the secondary market without the retention of servicing rights.

Premium finance receivables. The Company originates premium finance receivables through FIFC. Most of the receivables originated by FIFC are sold to the Banks and retained within their loan portfolios. However, due to FIFC's loan origination volume exceeding the capacity within the Banks' loan portfolios, FIFC began selling loans to an unrelated third party in 1999. During 2000, FIFC originated approximately \$1.1 billion of loans and sold approximately \$225 million of those loans originated in 2000 to an unrelated financial institution. FIFC recognized gains of \$3.8 million on the sale of those loans. As of December 31, 2000 and 1999, the balance of these receivables that FIFC services for others totaled approximately \$93.4 million and \$46.2 million, respectively. All premium finance receivables are subject to the Company's stringent credit standards, and substantially all such loans are made to commercial customers. The Company rarely finances consumer insurance premiums.

FIFC generally offers financing of approximately 80% of an insurance premium primarily to commercial purchasers of property and casualty and liability insurance who desire to pay insurance premiums on an installment basis. FIFC markets its financial services primarily by establishing and maintaining relationships with medium and large insurance agents and brokers and by offering a high degree of service and innovative products. Senior management is significantly involved in FIFC's marketing efforts, currently focused almost exclusively on commercial accounts. Loans are originated by FIFC's own sales force by working with insurance agents and brokers throughout the United States. As of December 31, 2000, FIFC had the necessary licensing and other regulatory approvals to do business in all 50 states and the District of Columbia.

In financing insurance premiums, the Company does not assume the risk of loss normally borne by insurance carriers. Typically, the insured buys an insurance policy from an independent insurance agent or broker who offers financing through FIFC. The insured typically makes a down payment of approximately 15% to 25% of the total premium and signs a premium finance agreement for the balance due, which amount FIFC disburses directly to the insurance carrier or its agents to satisfy the unpaid premium amount. The average initial balance of premium finance loans is approximately \$13,000 and the average term of the agreements is approximately 10 months. As the insurer earns the premium ratably over the life of the policy, the unearned portion of the premium secures payment of the balance due to FIFC by the insured. Under the terms of the Company's standard form of financing contract, the Company has the power to cancel the insurance policy if there is a default in the payment on the finance contract and to collect the unearned portion of the premium from the insurance carrier. In the event of cancellation of a policy, the cash returned in payment of the

unearned premium by the insurer should be sufficient to cover the loan balance and generally the interest and other charges due as well. The major risks inherent in this type of lending are (1) the risk of fraud on the part of an insurance agent whereby the agent fraudulently fails to forward funds to the insurance carrier or to FIFC, as the case may be; (2) the risk that the insurance carrier becomes insolvent and is unable to return unearned premiums related to loans in default; (3) for policies that are subject to an audit by the insurance carrier (i.e. workers compensation policies where the insurance carrier can audit the insured actual payroll records), the risk that the initial underwriting of the policy was such that the premium paid by the insured are not sufficient to cover the a entire return premium in the event of default; and (4) that the borrower is unable to ultimately satisfy the debt in the event the returned unearned premium is insufficient to retire the loan. FIFC has established underwriting procedures to reduce the potential of loss associated with the aforementioned risks and has systems in place to continually monitor conditions that would indicate an increase in risk factors and to act on situations where the Company's collateral position is in jeopardy.

Tricom finance receivables. Tricom finance receivables represent high-yielding short-term accounts receivable financing to clients in the temporary staffing industry located throughout the United States. The clients' working capital needs arise primarily from the timing differences between weekly payroll funding and monthly collections from customers. The primary security for Tricom's finance receivables are the accounts receivable of its clients and personal guarantees. Tricom generally advances 80-95% based on various factors including the client's financial condition, the length of client relationship and the nature of the client's customer business lines. Typically, Tricom will also provide value-added out-sourced administrative services to many of these clients, such as data processing of payrolls, billing and cash management services, which generates additional fee income.

Installment and Other. Included in the installment and other loan category is a wide variety of personal and consumer loans to individuals. The Banks have been originating consumer loans in recent years in order to provide a wider range of financial services to their customers. Consumer loans generally have shorter terms and higher interest rates than mortgage loans but generally involve more credit risk than mortgage loans due to the type and nature of the collateral.

The Company had no loans to businesses or governments of foreign countries at any time during the reporting periods.

RISK ELEMENTS IN THE LOAN PORTFOLIO

For analysis and review of the allowance for possible loan losses; non-accrual, past due and restructured loans; other real estate owned; potential problem loans; and loan concentrations, reference is made to the "Credit Risk and Asset Quality" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2000 Annual Report to Shareholders filed herewith as Exhibit 13.1, and incorporated herein by reference.

The following table sets forth the allocation of the allowance for possible loan losses by major loan type and the percentage of loans in each category to total loans (dollars in thousands):

	2000		1999		1998		1997		1996	
	AMOUNT	PERCENT								
Commercial and commercial real estate	\$ 4,019	42%	\$ 3,435	38%	\$ 2,480	37%	\$1,490	33%	\$ 996	37%
Home equity	992	12	1,146	11	1,046	11	580	16	402	18
Residential real estate	141	9	126	9	81	9	43	9	34	10
Premium finance	1,209	20	721	17	919	18	702	18	288	12
Indirect auto	1,552	13	1,947	20	1,205	21	679	19	432	18
Tricom finance receivables	120	1	120	1	--	--	--	--	--	--
Installment and other	473	3	469	4	494	4	218	5	128	5
Unallocated	1,927	--	819	--	809	--	1,404	--	1,356	--
Totals	\$10,433	100	\$ 8,783	100	\$ 7,034	100	\$ 5,116	100	\$ 3,636	100

The above allocation is made for internal analysis of the allowance and is not an indication of expected or anticipated losses. For further review of the loan loss provision and the allowance for possible loan losses reference is made to the "Credit Risk and Asset Quality" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2000 Annual Report to Shareholders filed herewith as Exhibit 13.1, and incorporated herein by reference.

Deposits

The following table sets forth the scheduled maturities of time deposits in denominations of \$100,000 or more at December 31, 2000 (in thousands):

Maturing within 3 months.....	\$ 138,260
After 3 but within 6 months.....	122,520
After 6 but within 12 months.....	234,156
After 12 months.....	69,811
Total.....	\$ 564,747

At December 31, 2000, the scheduled maturities of all time deposits are as follows (in thousands):

2001.....	\$ 912,542
2002.....	120,095
2003.....	22,021
2004.....	13,195
2005 and thereafter.....	9,275
Total.....	\$1,077,128

RETURN ON EQUITY AND ASSETS

The following table presents certain ratios relating to the Company's equity and assets:

Year Ended December 31 -----	2000 ----	1999 ----	1998 ----
Return on average total assets.....	0.60%	0.63%	0.53%
Return on average common shareholders' equity... ..	11.51%	11.58%	8.68%
Dividend payout ratio.....	8.00%	0.00%	0.00%
Average equity to average total assets.....	5.2%	5.4%	6.1%
Ending total risk based capital ratio.....	8.4%	8.4%	9.7%
Leverage ratio.....	6.3%	7.1%	7.5%

SHORT-TERM BORROWINGS

The information required in connection with Short-Term Borrowings is contained in the "Analysis of Financial Condition - Short-Term Borrowings and Notes Payable" sections of the Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2000 Annual Report to Shareholders filed herewith as Exhibit 13.1, and is incorporated herein by reference. During 2000, the Company participated in overnight and term security repurchase agreements. The overnight agreements represent sweep accounts in connection with a master repurchase agreement. In this case, securities under the Company's control are pledged for and interest is paid on the available balance of the customers' accounts. For term repurchase agreements, securities are transferred to the applicable counterparty. Securities underlying the overnight and term repurchase agreements are included in the available-for-sale securities portfolio as reflected on the Consolidated Statements of Condition. During 2000, the maximum month-end balance and weighted average interest rate of total repurchase agreements was \$72.3 million and 5.54%, respectively. At December 31, 2000, securities sold under agreements to repurchase consisted of U.S. government agency mortgage-backed securities.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

At its regular board meeting on April 29, 1999, the Company's Board of Directors voted to approve the Audit Committee's recommendation to engage the accounting firm of Ernst & Young LLP as independent accountants for the year ended December 31, 1999. The work of KPMG LLP was terminated on April 29, 1999, subsequent to the Form 10-K report for December 31, 1998, which was filed with the Securities and Exchange Commission on March 30, 1999. During the audits of the two fiscal years ended December 31, 1998 and the subsequent interim period through April 29, 1999, there were no disagreements with KPMG LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their opinion to the subject matter of the disagreement, nor have there been any reportable events. The information required in response to this item is contained in the April 29, 1999 Form 8-K that was filed with the Commission on May 6, 1999, and is incorporated herein by reference.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required in response to this item will be contained in the Company's definitive Proxy Statement (the "Proxy Statement") for its Annual Meeting of Shareholders to be held May 24, 2001 under the captions "Nominees to Serve as Class II Directors Until the Annual Meeting of Shareholders in Year 2004", "Class I - Continuing Directors Serving Until the Year 2003", "Class III - Continuing Directors Serving Until the Year 2002", and "Executive Officers of the Company" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this item will be contained in the Company's Proxy Statement under the caption "Executive Compensation" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to security ownership of certain beneficial owners and management is incorporated by reference to the section "Security Ownership of Certain Beneficial Owners and Management" that will be included in the Proxy Statement for the Annual Meeting of Shareholders to be held on May 24, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required in response to this item will be contained in the Proxy Statement under the sub-caption "Transactions with Management and Others" and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Report:

1., 2. Financial Statements and Schedules

The following financial statements of Wintrust Financial Corporation, incorporated herein by reference to the 2000 Annual Report to Shareholders filed as Exhibit 13.1, are filed as part of this document pursuant to Item 8. Financial Statements and Supplementary Data:

Consolidated Statements of Condition as of December 31, 2000 and 1999 Consolidated Statements of Income for the Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2000, 1999 and 1998 Consolidated Statements of Cash Flows for the Years Ended December 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements Independent Auditors' Reports

No schedules are required to be filed with this report.

3. Exhibits (Exhibits marked with a "*" denote management contracts or compensatory plans or arrangements)

3.1 Amended and Restated Articles of Incorporation of Wintrust Financial Corporation (incorporated by reference to Exhibit 3.1 of the Company's Form S-1 Registration Statement (No 333-18699) filed with the Securities and Exchange Commission on December 24, 1996).

3.2 Statement of Resolution Establishing Series of Junior Serial Preferred Stock A of Wintrust Financial Corporation (incorporated by reference to Exhibit 3.2 of the Company's Form 10-K for the year ended December 31, 1998).

3.3 Amended By-laws of Wintrust Financial Corporation (incorporated by reference to Exhibit 3(i) of the Company's Form 10-Q for the quarter ended June 30, 1998).

4.1 Rights Agreement between Wintrust Financial Corporation and Illinois Stock Transfer Company, as Rights Agent, dated July 28, 1998 (incorporated by reference to Exhibit 4.1 of the Company's Form 8-A Registration Statement (No. 000-21923) filed with the Securities and Exchange Commission on August 28, 1998).

4.2 Certain instruments defining the rights of the holders of long-term debt of the Corporation and certain of its subsidiaries, none of which authorize a total amount of indebtedness in excess of 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis, have not been filed as Exhibits. The Corporation hereby agrees to furnish a copy of any of these agreements to the Commission upon request.

10.1 \$25 Million Revolving Loan Agreement between LaSalle National Bank and Wintrust Financial Corporation, dated September 1, 1996 (incorporated by reference to Exhibit 10.1 of the Company's Form S-1 Registration Statement (No. 333-18699) filed with the Securities and Exchange Commission on December 24, 1996).

10.2 First Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle National Bank, dated March 1, 1997 (incorporated by reference to Exhibit 10.29 to Registrant's Form 10-K for the year ended December 31, 1996, filed with the Securities and Exchange Commission on March 28, 1997).

10.3 Second Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle National Bank, dated March 1, 1997 (incorporated by reference to Exhibit 10.3 of the Company's Form 10-K for the year ended December 31, 1997, filed with the Securities and Exchange Commission on March 31, 1998).

10.4 Third Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle National Bank, dated September 1, 1998 (incorporated by reference to Exhibit 10 of the Company's Form 10-Q for the quarter ended September 30, 1998, filed with the Securities and Exchange Commission on November 13, 1998).

10.5 Fourth Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle Bank National Association, dated September 1, 1999 (incorporated by reference to Exhibit 10.5 of the Company's Form 10-K for the year ended December 31, 1999).

10.6 Fifth Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle Bank National Association, dated August 30, 2000.

10.7 Form of Wintrust Financial Corporation Warrant Agreement (incorporated by reference to Exhibit 10.29 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645), filed with the Securities and Exchange Commission on July 22, 1996).*

10.8 Lake Forest Bank & Trust Company Lease for drive-up facility located at the corner of Bank Lane & Wisconsin Avenue, Lake Forest, Illinois, dated December 11, 1992 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).

- 10.9 Lake Forest Bank & Trust Company Lease for banking facility located at 810 South Waukegan Road, Lake Forest, Illinois (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.10 Lake Forest Bank & Trust Company Lease for banking facility located at 666 North Western Avenue, Lake Forest, Illinois, dated July 19, 1991 and Amendment (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.11 Lake Forest Bank & Trust Company Lease for banking facility located at 103 East Scranton Avenue, Lake Bluff, Illinois, dated November 1, 1994 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.12 North Shore Bank & Trust Company Lease for banking facility located at 362 Park Avenue, Glencoe, Illinois, dated July 27, 1995 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.13 North Shore Bank & Trust Company Lease for banking facility located at 794 Oak Street, Winnetka, Illinois, dated June 16, 1995 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.14 Barrington Bank and Trust Company Lease for property located at 202A South Cook Street, Barrington, Illinois, dated December 29, 1995 (incorporated by reference to Exhibit 10.24 of the Company's Form S-1 Registration Statement (No. 333-18699) filed with the Securities and Exchange Commission on December 24, 1996).
- 10.15 Real Estate Contract by and between Wolfhoya Investments, Inc. and Amoco Oil Company, dated March 25, 1996, and amended as of _____, 1996, relating to the purchase of property located at 201 South Hough, Barrington, Illinois (incorporated by reference to Exhibit 10.25 of the Company's Form S-1 Registration Statement (No. 333-18699) filed with the Securities and Exchange Commission on December 24, 1996).
- 10.16 Lake Forest Bank & Trust Company Lease for drive-up and walk-up facility located at 911 South Telegraph Road, Lake Forest, Illinois, dated November 7, 1996 (incorporated by reference to Exhibit 10.28 to Amendment No. 1 of the Company's Form S-1 Registration Statement (No. 333-18699) filed with the Securities and Exchange Commission on January 24, 1997).

10.17 Form of Employment Agreement (entered into between the Company and Edward J. Wehmer, President and Chief Executive Officer). The Company entered into Employment Agreements with David A. Dykstra, Executive Vice President and Chief Financial Officer, Robert F. Key, Executive Vice President-Marketing and Lloyd M. Bowden, Executive Vice President-Technology during 1998 in substantially identical form to this exhibit (incorporated by reference to Exhibit 10.15 of the Company's Form 10-K for the year ended December 31, 1998).*

10.17a Form of First Amendment to Employment Agreement (entered into between the Company and Edward J. Wehmer, President and Chief Executive Officer). The Company amended the Employment Agreements with David A. Dykstra, Executive Vice President and Chief Financial Officer, Robert F. Key, Executive Vice President-Marketing and Lloyd M. Bowden, Executive Vice President-Technology during 1999 in substantially identical form to this exhibit.*

10.18 Term Note (\$1.2 million) and related Stock Pledge Agreement dated January 31, 2000, between Edward J. Wehmer and Dorothy M. Wehmer (as borrowers) and Wintrust Financial Corporation (as lender).*

10.19 Second Amendment to Employment Agreement by and between Wintrust Financial Corporation and Edward J. Wehmer, dated January 31, 2000.*

10.20 Wintrust Financial Corporation 1997 Stock Incentive Plan (incorporated by reference to Appendix A of the Proxy Statement relating to the ----- May 22, 1997 Annual Meeting of Shareholders of the Company).*

10.21 First Amendment to Wintrust Financial Corporation 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended June 30, 2000.)*

10.22 Wintrust Financial Corporation Employee Stock Purchase Plan (incorporated by reference to Appendix B of the Proxy Statement relating to the May 22, 1997 Annual Meeting of Shareholders of the Company).*

12.1 Computation of Ratio of Earnings to Fixed Charges.

13.1 2000 Annual Report to Shareholders.

21.1 Subsidiaries of the Registrant.

23.1 Consents of Independent Auditors.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed with the Securities and Exchange Commission during the fourth quarter of 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WINTRUST FINANCIAL CORPORATION

EDWARD J. WEHMER	EDWARD J. WEHMER	March 29, 2001

	President and Chief Executive Officer	
DAVID A. DYKSTRA	DAVID A. DYKSTRA	March 29, 2001

	Executive Vice President & Chief Financial Officer (Principal Financial Officer)	
BARBARA A. KILIAN	BARBARA A. KILIAN	March 29, 2001

	Senior Vice President - Finance (Principal Accounting Officer)	

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

JOHN S. LILLARD	JOHN S. LILLARD	March 29, 2001

	Chairman of the Board of Directors	
EDWARD J. WEHMER	EDWARD J. WEHMER	March 29, 2001

	President and CEO and Director	
JOSEPH ALAIMO	JOSEPH ALAIMO	March 29, 2001

	Director	
PETER D. CRIST	PETER D. CRIST	March 29, 2001

	Director	
BRUCE K. CROWTHER	BRUCE K. CROWTHER	March 29, 2001

	Director	
MAURICE F. DUNNE, JR.	MAURICE F. DUNNE, JR.	March 29, 2001

	Director	
WILLIAM C. GRAFT	WILLIAM C. GRAFT	March 29, 2001

	Director	
KATHLEEN R. HORNE	KATHLEEN R. HORNE	March 29, 2001

	Director	

JOHN W. LEOPOLD	JOHN W. LEOPOLD	March 29, 2001

	Director	
JAMES B. MCCARTHY	JAMES B. MCCARTHY	March 29, 2001

	Director	
MARQUERITE SAVARD MCKENNA	MARQUERITE SAVARD MCKENNA	March 29, 2001

	Director	
ALBIN F. MOSCHNER	ALBIN F. MOSCHNER	March 29, 2001

	Director	
DOROTHY M. MUELLER	DOROTHY M. MUELLER	March 29, 2001

	Director	
THOMAS J. NEIS	THOMAS J. NEIS	March 29, 2001

	Director	
HOLLIS W. RADEMACHER	HOLLIS W. RADEMACHER	March 29, 2001

	Director	
J. CHRISTOPHER REYES	J. CHRISTOPHER REYES	March 29, 2001

	Director	
PETER P. RUSIN	PETER P. RUSIN	March 29, 2001

	Director	
JOHN N. SCHAPER	JOHN N. SCHAPER	March 29, 2001

	Director	
JOHN J. SCHORNACK	JOHN J. SCHORNACK	March 29, 2001

	Director	
INGRID S. STAFFORD	INGRID S. STAFFORD	March 29, 2001

	Director	
JANE R. STEIN	JANE R. STEIN	March 29, 2001

	Director	
KATHARINE V. SYLVESTER	KATHARINE V. SYLVESTER	March 29, 2001

	Director	
LARRY V. WRIGHT	LARRY V. WRIGHT	March 29, 2001

	Director	

**FIFTH AMENDMENT TO
LOAN AGREEMENT**

THIS FIFTH AMENDMENT TO LOAN AGREEMENT dated as of August 30, 2000 (this "Amendment"), is between WINTRUST FINANCIAL CORPORATION, an Illinois corporation (the "Borrower"), and LASALLE BANK NATIONAL ASSOCIATION, formerly known as, LASALLE NATIONAL BANK, a national banking association (the "Bank").

RECITALS

A. the Borrower and the Bank entered into a Loan Agreement dated as of August 30, 1996, as amended by a First Amendment thereto dated March 1, 1997, a Second Amendment thereto dated August 30, 1997, a Third Amendment dated August 30, 1998 and a Third Amendment dated August 30, 1999 (collectively, the "Agreement"); and

B. the Borrower and the Bank desire to amend the Agreement as more fully described herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. All capitalized terms used herein without definition shall have the respective meanings set forth in the Agreement.

2. AMENDMENTS TO THE AGREEMENT.

2.1 AMENDMENT TO SECTION 3(A) OF THE AGREEMENT. Section 3(a)

of the Agreement is amended by deleting the first paragraph of Section 3(a) in its entirety and inserting in lieu thereof the following:

"(a) Interest accruing at the Prime Rate (hereinafter defined) on amounts outstanding under the Note shall be payable quarterly, in arrears, commencing on December 1, 2000 and continuing on the first day of each March, June, September and December thereafter. A final payment of all outstanding amounts due under the Note including, but not limited to principal, interest and any amounts owing under Subsection 10(m) of this Agreement, if not payable earlier, shall be due and payable on August 29, 2001 (the "Maturity Date"). Accrued and unpaid interest on the unpaid principal balance of all advances outstanding from time to time which are LIBOR (hereinafter defined) advances shall be payable on the last business day of each Interest Period (hereinafter defined), commencing on the first such date to occur after the date hereof, on the date of any principal repayment of a LIBOR advance and on the Maturity Date. The amounts outstanding under the Note from time to time shall bear interest calculated on the actual number of days elapsed on the basis of a 360 day year, at a rate equal, at the Borrower's

option, to either (a) the London Inter-Bank Offered Rate ("LIBOR") plus 125 basis points, or (b) the Prime Rate (whichever rate is so selected, the "Interest Rate")."

2.2 AMENDMENT TO SECTION 7(E) Section 7(e) of the Agreement is amended by deleting it in its entirety and inserting the following in lieu thereof:

"(e) Cause the Borrower, on a consolidated basis, to maintain tangible equity capital of no less than \$80,000,000. For the purposes of this Section 7(e), "tangible equity capital" shall mean the sum of the common stock, surplus and retained earning accounts of the Borrower, reduced by the amount of any goodwill".

3. WARRANTIES. To induce the Bank to enter into this Amendment, the Borrower warrants that:

3.1 AUTHORIZATION. The Borrower is duly authorized to execute and deliver this Amendment and is and will continue to be duly authorized to borrow monies under the Agreement, as amended hereby, and to perform its obligations under the Agreement, as amended hereby.

3.2 NO CONFLICTS. The execution and delivery of this Amendment and the performance by the Borrower of its obligations under the Agreement, as amended hereby, do not and will not conflict with any provision of law or of the charter or by-laws of the Borrower or of any agreement binding upon the Borrower.

3.3 VALIDITY AND BINDING EFFECT. The Agreement, as amended hereby, is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

3.4 NO DEFAULT. As of the date hereof, no Event of Default under Section 9 of the Agreement, as amended by this Amendment, or event or condition which, with the giving of notice or the passage of time, shall constitute an Event of Default, has occurred or is continuing.

3.5 WARRANTIES. As of the date hereof, the representations and warranties in Section 5 of the Agreement are true and correct as though made on such date, except for such changes as are specifically permitted under the Agreement.

4. CONDITIONS PRECEDENT. This Amendment shall become effective as of the date above first written after receipt by the Bank of the following documents:

(a) This Amendment duly executed by the Borrower;

- (b) A Replacement Revolving Note in the form attached hereto as Exhibit A-5, duly executed by the Borrower;
- (c) A Second Amendment to Pledge and Security Agreement;
- (d) An Amended and Restated Collateral Safekeeping Agreement; and
- (e) Such other documents and instruments as the Bank reasonably requests.

5. GENERAL.

5.1 LAW. This Amendment shall be construed in accordance

with and governed by the laws of the State of Illinois.

5.2 SUCCESSORS. This Amendment shall be binding upon the Borrower and the Bank and their respective successors and assigns, and shall inure to the benefit of the Borrower and the Bank and their respective successors and assigns.

5.3 CONFIRMATION OF THE AGREEMENT. Except as amended -----ss hereby, the Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

LASALLE BANK NATIONAL ASSOCIATION

WINTRUST FINANCIAL CORPORATION

By: -----

By: /s/ David A. Dykstra

Its: -----

Its: Executive Vice President & CFO

EXHIBIT A-5 TO THE FIFTH AMENDMENT TO LOAN AGREEMENT

REPLACEMENT REVOLVING NOTE

\$40,000,000 Dated: August 30, 2000

FOR VALUE RECEIVED, WINTRUST FINANCIAL CORPORATION, an Illinois corporation (the "Maker") promises to pay to the order of LASALLE BANK NATIONAL ASSOCIATION, a national banking association (the "Bank") the lesser of: the principal sum of FORTY MILLION DOLLARS (\$40,000,000), or the aggregate unpaid principal amount outstanding under the Loan Agreement dated August 30, 1996 (as amended from time to time, the "Loan Agreement") between the Bank and the Maker at the maturity or maturities and in the amount or amounts as stated on the records of the Bank together with interest (computed on actual days elapsed on the basis of a 360 day year) on any and all principal amounts outstanding hereunder from time to time from the date hereof until maturity. Interest shall be payable at the rates of interest and the times set forth in the Loan Agreement. In no event shall any principal amount have a maturity later than August 30, 2001.

This Note shall be available for direct advances.

Principal and interest shall be paid to the Bank at its office at 135 South LaSalle Street, Chicago, Illinois 60603, or at such other place as the holder of this Note may designate in writing to the Maker. This Note may be prepaid in whole or in part as provided for in the Loan Agreement.

This Note evidences indebtedness incurred under the Loan Agreement, to which reference is hereby made for a statement of the terms and conditions under which the due date of the Note or any payment thereon may be accelerated. The holder of this Note is entitled to all of the benefits provided for in the Loan Agreement.

The Maker agrees that in action or proceeding instituted to collect or enforce collection of this Note, the amount on the Bank's records shall be conclusive and binding evidence, absent demonstrable error, of the unpaid principal balance of this Note.

This Note is in replacement and substitution of, but not repayment for, a Revolving Note of the Borrower dated August 30, 1999 in the principal amount of \$40,000,000 and is in no way intended to constitute a novation therefor.

WINTRUST FINANCIAL CORPORATION

By:

Its:

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement (the "Amendment") is made by and between WINTRUST FINANCIAL CORPORATION ("Wintrust"), an Illinois banking corporation and EDWARD J. WEHMER ("Executive"), an individual resident in the State of Illinois.

WITNESSETH THAT:

WHEREAS, Wintrust and Executive have previously entered an Employment Agreement (the "Employment Agreement") executed by such parties on December 22, 1998 (the "Effective Date"); and

WHEREAS, the Wintrust and the Executive desire to amend the Employment Agreement pursuant to this Amendment, effective as of the Effective Date, pursuant to Section 11(g) of the Employment Agreement; and

WHEREAS, certain capitalized terms not defined herein shall have the meaning ascribed to such terms in the Employment Agreement.

1. Subsection 9(e)(B) of the Agreement is hereby amended to read as follows:

For the purposes of this Section 9(e), the Executive will not be deemed to have incurred a Constructive Termination under Section 9(e)(ii) if there is a general reduction in base salaries and/or perquisites applicable to the President, Chief Executive Officer and all Vice Presidents of Wintrust.

2. Section 9(f) is amended to read as follows:

f. Termination Upon Change In Control. In the event that within eighteen (18) months of a Change in Control of Wintrust (as defined below) (i) Executive's employment is terminated without Cause (as such term is defined in Section 9(h) hereof) prior to the expiration of the initial term or any succeeding one (1) year term of this Agreement or (ii) Executive suffers a Constructive Termination, Wintrust (or the successor thereto) shall pay Severance Pay to Executive in the amount described in Section 9(d) hereof in a lump sum within thirty (30) days following the date of Executive's termination or Constructive Termination. For the purposes of this Agreement, a "Change in Control" shall have the same meaning as provided in Section 12(b) of the Wintrust 1997 Stock Incentive Plan. Notwithstanding the foregoing, if the payment required to be paid under this Section 9(f), when considered either alone or with other payments paid or imputed to the Executive from Wintrust or an Affiliate that would be deemed "excess parachute payments" under Section 280G(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), is deemed by Wintrust to be a "parachute payment" under Section 280G(b)(2) of Code, then the amount of Severance Pay required to be paid under this Section 9(f) shall be automatically reduced to an amount equal to \$1.00 less than three times the "base amount" (as defined in Section 280G(3) of the Code) (the "Reduced Amount"). Provided, however, the preceding sentence shall not apply if the sum of (a) the amount of Severance Pay described in this Section 9(f) less (b) the amount of excise tax payable by the

Executive under Section 4999 of the Code with respect to the amount of such Severance Pay and any other payments paid or imputed to the Executive from Wintrust or an Affiliate that would be deemed to be "excess parachute payments" under Section 280G(b)(1) of the Code, is greater than the Reduced Amount. The decision of Wintrust (based upon the recommendations of its tax counsel and accountants) as to the characterization of payments as parachute payments, the value of parachute payments, the amount of excess parachute payments, and the payment of the Reduced Amount shall be final.

For the purposes of this Section 9(f), the term "Constructive Termination" shall have the same meaning as such term is defined in Section 9(e) with the following modifications:

(A) A Constructive Termination shall be deemed to have occurred if after a Change in Control, the Executive's Adjusted Total Compensation is reduced to less than (1) 100% of the Adjusted Total Compensation of Executive for the twelve-month period ending as of the last day of the month immediately preceding the month in which the Constructive Termination occurs; or (2) less than 100% percent of the Executive's Adjusted Total Compensation for the twelve-month period ending as of the last day of the month preceding the Effective Date, whichever is greater.

(B) Subsection 9(e)(B) shall not be applicable to a Constructive Termination following a Change in Control.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment to Employment Agreement as of the date and year first above written.

WINTRUST FINANCIAL CORPORATION

By: _____

David A. Dykstra, Chief Financial Officer

Date: _____

EXECUTIVE:

Edward J. Wehmer

Date: _____

TERM NOTE

\$1,200,000.00 Lake Forest, Illinois January 31, 2000

FOR VALUE RECEIVED, Edward J. Wehmer and Dorothy M. Wehmer (hereinafter referred to as "Borrowers"), hereby promise to pay to the order of Wintrust Financial Corporation, an Illinois banking company, (hereinafter referred to as "Lender") or its successors and assigns ("Holder"), the principal sum of One Million Two Hundred Thousand Dollars (\$1,200,000.00) ("Loan"), at the place and in the manner hereinafter provided, together with interest thereon at the rate described below.

Unless otherwise accelerated as provided herein, the principal balance of the Note shall be due and payable on January 31, 2005 (the "Maturity Date"). The principal balance of the Note shall bear interest prior to the Maturity Date at an annual rate of 7%, compounded annually. Interest not paid on or before each anniversary date of the date of this Note occurring prior to the Maturity Date shall be added to the outstanding principal balance of the Note. All accrued but unpaid interest shall be due and payable on the Maturity Date. The principal balance outstanding and all unpaid but accrued interest after the Maturity Date shall bear interest at an annual rate of 8% per annum compounded annually.

This Note is secured by a pledge of 100,000 shares of the stock of Wintrust Financial Corporation owned by Dorothy M. Wehmer. During the existence of any default or delinquency under the terms of this Note or under the terms of any instrument executed or to be executed as security for the payment hereof including the Stock Pledge Agreement dated January 31, 2000 (the "Pledge Agreement") between the Borrowers and the Lender, Lender or any Holder, is expressly authorized to apply all payments made on this Note to the payment of such part of any delinquency as it may elect.

The following shall constitute events of default:

- (a) Dorothy M. Wehmer breaches or is in breach of any representation, warranty or covenant contained in the Pledge Agreement and such breach is not cured within 45 days after written notice from the Holder.
- (b) Edward J. Wehmer terminates or is terminated from the employ of Lender for any reason and has failed to pay all outstanding principal and accrued interest within 90 days of the date of such termination.
- (c) Dorothy M. Wehmer sells or attempts to sell all or any portion of the Pledged Stock, or such Pledged Stock is subject to any involuntary sale initiated by a creditor of either Borrower.

Upon the occurrence of an event by default, the Lender or the Holder may declare the principal balance and all accrued but unpaid interest immediately due and payable, in which case the declaration date shall be the Maturity Date.

The Borrowers may from time to time prepay the principal sum due under this Note and any accrued and unpaid interest in whole or in part, without penalty; provided, however, that such prepayment shall first be applied against accrued interest and thereafter against said principal sum.

Borrowers represent and warrant that this Note is being incurred primarily for a business purpose and does not consist of or involve any credit offered or extended to a consumer primarily for personal, family or household purposes.

Borrowers and all endorsers, guarantors and all persons liable or to become liable under this Note hereby waive presentment, demand, protest, notice of protest and notice of any other kind in connection with this Note.

All payments of principal and interest on this Note shall be payable at the offices of Lender in Lake Forest, Illinois, or at such other place or address as Lender or Holder may designate in writing. If this Note is placed in the hands of an attorney at law for collection by reason of default on the part of Borrowers, Borrowers hereby agree to pay to Lender or Holder in addition to the sums stated above, the costs of collection, including attorney's fees and expenses.

The obligations of the Borrowers on this Note shall be joint and several.

This Note may not be changed, amended or modified orally.

This Note shall be construed in accordance with and governed by the internal laws of the State of Illinois (without giving effect to Illinois choice of law principles).

The rights and remedies of the Lender and Holder hereunder are cumulative and not exclusive of any rights or remedies which the Lender and Holder would otherwise have. Any waiver, permit, consent or approval of any kind or character on the part of the Lender or Holder of any breach or default hereunder or any such waiver of any provision or breach or default hereunder or any such waiver of any provision or condition of this Note must be in writing and shall be effective only to the extent specifically set forth in such writing. No notice to or demand to Borrowers in any case shall entitle it to any other or further notice or demand in other similar circumstances.

/s/ Edward J. Wehmer

Edward J. Wehmer

/s/ Dorothy M. Wehmer

Dorothy M. Wehmer

STOCK PLEDGE AGREEMENT

This STOCK PLEDGE AGREEMENT ("Agreement") is made and entered into as of the 31st day of January, 2000 by and between DOROTHY M. WEHMER ("Pledgor") and WINTRUST FINANCIAL CORPORATION, an Illinois banking company ("Pledgee").

PRELIMINARY STATEMENT

- A. Pledgor owns 100,000 shares of common stock of Wintrust Financial Corporation, (the "Securities").
- B. Pledgor is co-borrower on a loan made to Pledgee and her husband, EDWARD J. WEHMER, in the amount of \$1,200,000.00, which amount is evidenced by that certain Term Note dated January 31, 2000 (the "Note").
- C. The Pledgor has agreed to pledge the Securities as required hereunder.
- D. To facilitate and perfect the Pledge, the Securities shall be deposited with Pledgee and Pledgee shall hold the Securities subject to the terms hereof.

NOW, THEREFORE, in consideration of the premises set forth herein, it is hereby agreed as follows:

- 1. Collateral. The term "Collateral" shall mean the Securities and all dividends, distributions and other amounts or additional securities to which Pledgor (with or without additional consideration) is or becomes entitled by virtue of its ownership of any of the Securities or as the result of any corporate reorganization, merger, consolidation, stock split, stock dividend, conversion, preemptive right or otherwise, and the proceeds thereof.
- 2. Deposit of Collateral. To secure payment of Pledgor's obligations under the Note, Pledgor hereby pledges and deposits the Securities with Pledgee and hereby grants to Pledgee a valid and perfected first lien on and security interest in the Securities and other items of the Collateral.
- 3. Representations, Warranties and Covenants. Pledgor hereby represents and warrants to Pledgee that as to the Collateral deposited by such Pledgor with Pledgee on the date hereof, (i) Pledgor is the legal and beneficial owner of such Collateral; (ii) such Collateral is validly issued, fully paid and non-assessable and is registered in the name of Pledgor (iii) the pledge of Collateral pursuant to the terms of this Pledge Agreement, together with delivery thereof, creates a valid and perfected first lien on and security interest in such Collateral in favor of Pledgee; (iv) the assignments separate from certificate attached to the certificates representing such Collateral have been duly executed and delivered by such Pledgor to Pledgee; (v) none of

such Collateral is subject to any lien; except for the perfected first security interest granted to

Pledgee hereby and, so long as any portion of the Note remains unpaid, Pledgor will not create or permit to exist any other lien or security interest upon or with respect to such Collateral without the consent of Pledgee, (vi) Pledgor will not sell, transfer, convey, assign, or otherwise divest its interests in such Collateral, or any part thereof, to any other person.

4. Stock Splits, Stock Dividends, Etc.

4.1 Pledgor agrees that if by virtue of Pledgor's ownership of the Collateral, Pledgor becomes entitled to other or additional securities as the result of any corporate reorganization, merger, consolidation, stock split, stock dividend, conversion or otherwise, such Pledgor shall:

4.1.1 Cause the issuer of such additional securities to deliver to Pledgee the certificates evidencing Pledgor's ownership thereof and hereby authorizes and empowers Pledgee to demand the same from such issuer, and agrees if such certificates are delivered to Pledgor, to take possession thereof in trust for Pledgee;

4.1.2 Deliver to Pledgee an assignment separate from certificates with respect to such securities, executed in blank by Pledgor;

4.1.3 Deliver to Pledgee such other certificates, forms and other instruments as Pledgee may request in connection with such pledge.

4.2 Pledgor agrees that such additional securities shall constitute a portion of the Collateral and be subject to this Pledge Agreement in the same manner and to the same extent as the securities pledged hereby to Pledgee on the date hereof.

5. Voting Power. Unless and until an event of default shall have occurred and shall not have been cured within ninety (90) days after notice, Pledgor shall be entitled to exercise all voting powers in all corporate matters pertaining to the Collateral for any purpose not inconsistent with, or in violation of, the provisions of the Note.

6. Default and Remedies.

6.1.1 Declare all principal and interest then due on the Note immediately due and payable, subject to any cure and notice provisions required by law, without notice.

6.1.2 Collect all Collateral not then in Pledgee's possession, and at Pledgee's option and to the extent permitted by applicable law, retain possession of the Collateral while suing on the Note.

- 6.1.3 Sell the Collateral, at Pledgee's direction, in whole or in portions thereof, at any private sale or on the public market upon which such Collateral is regularly traded. Pledgee agrees to give Pledgor at least ten days prior written notice of any proposed private sale or auction of the Collateral and three business days advance notice of any sale on the public market unless Pledgee, in its sole discretion, reasonably believes that value of such Collateral would be likely to decline if such notice was given. The notice requirement will be satisfied if Pledgee mails such notice to Pledgor by first class mail to the last address given by Pledgor to Pledgee.
- 6.1.4 Pledgee shall be entitled to exercise all voting powers pertaining to the Collateral.

With respect to the actions described in each of subsections 6.1.3 and 6.1.4 above, Pledgor hereby irrevocably constitutes and appoints Pledgee his proxy and attorney-in-fact with full power of substitution and acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable.

6.2 At any sale made pursuant to Section 6.1 above, Pledgee may bid for and purchase, any part or all of the Collateral that is offered for sale.

6.3 Pledgee shall apply the proceeds of any sale of the whole or any part of the Collateral and any other monies at the time held by Pledgee under the provisions of this Agreement:

First, to reimburse Pledgee for its expenses in connection with the collection and sale of the Collateral and legal proceedings in suing on the Note, including reasonable attorneys fees, court costs of securities registration, brokers commissions and other costs of sale;

Second, to the payment of all principal and interest due on the Note; and

Third, any excess funds to the Pledgor. The Pledgor remains jointly and severally liable with her co-borrower for any deficiency on the Note.

6.4 Pledgee shall not have any duty to exercise any of the rights, privileges, options or powers or to sell or otherwise realize upon any of the Collateral, as hereinbefore authorized, and Pledgee shall not be responsible for any failure to do so or delay in so doing.

6.5 Any sale of all or any portion of the Collateral pursuant to Section 6.1 above shall operate to divest all right, title and interest of the Pledgor to the Collateral which is the subject of any such sale.

7. Pledgee's Obligations, Custodial Agreement, Performance Rights.

Pledge Does Not Make Pledgee Shareholder. Pledgee shall not have any duty to protect, preserve or enforce

rights against the Collateral other than a duty of reasonable custodial care of any such Collateral in its possession, it being understood that Pledgee shall have no responsibility for (A) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to the Collateral, whether or not Pledgee has or is deemed to have knowledge of such matters, or (B) taking any necessary steps to preserve rights against any parties with respect to the Collateral, or (C) making any capital contributions or other payments on behalf of Pledgor with respect to the Collateral.

8. Termination of Pledge Agreement. Upon the payment and performance in full of all of the Obligations and the Pledgee shall deliver to the Pledgor the Collateral in its possession and this Pledge Agreement thereupon shall be terminated.

9. Miscellaneous.

9.1 Each and every right, remedy and power granted to Pledgee hereunder shall be cumulative and in addition to any other right, remedy or power specifically granted herein or now or hereafter existing in equity, at law, by virtue of statute or otherwise and may be exercised by Pledgee, from time to time, concurrently or independently and as often and in such order as Pledgee may deem expedient. Any failure or delay on the part of Pledgee in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect Pledgee's right thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other right, remedy or power, and no such failure, delay, abandonment or single or partial exercise of Pledgee's rights hereunder shall be deemed to establish a custom or course of dealing or performance among the parties hereto.

9.2 Any modification or waiver of any provision of this Agreement, or any consent to any departure by Pledgor therefrom, shall not be effective in any event unless the same is in writing and signed by Pledgee, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on Pledgor in any event not specifically required of Pledgee hereunder shall not entitle Pledgor to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

9.3 Pledgor agrees that at any time, and from time to time, after the execution and delivery of this Agreement, Pledgor shall, upon the request of Pledgee and at the expense of Pledgor, promptly execute and deliver such further documents and do such further acts and things as Pledgee may request in order to effect fully the purposes of this Agreement and to subject to the security interest created hereby any property intended by the provisions hereof to be covered hereby.

9.4 Pledgor agrees that it will warrant, preserve, maintain and defend, at his own expense, the right, title and interest of Pledgee in and to the Collateral and all right, title and interest represented thereby against all claims, charges and demands of all persons whomsoever.

9.5 All notices and communications under this Agreement shall be in writing and shall be (i) delivered in person, (ii) sent by telecopy or telegraph, or (iii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or by overnight express carrier, addressed in each case as follows:

If to Pledgor:

Dorothy M. Wehmer
454 Buena Road
Lake Forest, Illinois 60045

If to Pledgee:

Wintrust Financial Corporation
727 North Bank Lane
Lake Forest, Illinois 60045
Attn: David Dykstra

provided, however, that any party may change its respective address for purposes of receipt of any such communication by giving 10 days prior written notice of such change to the other parties hereto in the manner provided above. All notices sent pursuant to the terms of this Section 9.5 shall be deemed received

(i) if sent by telecopy or telegraph, on the day sent if a business day, or if such day is not a business day, then on the next business day, (ii) if sent by overnight, express carrier, on the next business day immediately following the day sent, or (iii) if sent by registered or certified mail, on the third business day following the day sent.

9.6 In the event that any provision of this Agreement is deemed to be invalid by reason of the operation of any law, or by reason of the interpretation placed thereon by any court, this Agreement shall be construed as not containing such provision and the invalidity of such provision shall not affect the validity of any other provision hereof, and any and all other provisions hereof which otherwise are lawful and valid shall remain in full force and effect.

9.7 This Agreement shall inure to the benefit of the successors and assigns of Pledgee and shall be binding upon the heirs, legatees, administrators, legal representatives, successors and assigns of Pledgor.

9.9 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall be one and the same instrument.

9.10 This Agreement shall be governed by the laws and decisions of the State of Illinois.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first above written.

Pledgor

/s/ Dorothy M. Wehmer

Dorothy M. Wehmer

Accepted By: Pledgee

WINTRUST FINANCIAL CORPORATION

By /s/ David A. Dykstra

Its Executive Vice President

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to Employment Agreement is made this 31st day of January, 2000, by and between WINTRUST FINANCIAL CORPORATION ("Wintrust"), an Illinois banking company and EDWARD J. WEHMER, an individual resident in the State of Illinois ("Executive").

WITNESSETH THAT:

WHEREAS, Wintrust and Executive have previously entered into an Employment Agreement, dated the 22nd day of December, 1998, which was amended by the First Amendment to Employment Agreement dated May 22, 1999 (the "Employment Agreement"); and ;

WHEREAS, concurrently with the execution of this Second Amendment, Wintrust, in consideration of the outstanding efforts of the Executive on behalf of Wintrust, has entered into a secured loan transaction (the "Loan") with Executive and, in consideration of the Executive's continued employment with Wintrust, the parties hereto desire to amend the Employment Agreement to provide for additional consideration payable to Executive relating to the Loan.

NOW, THEREFORE, the Employment Agreement is amended as follows:

1. Section 2 of the Employment Agreement is amended by the inclusion of the following sentences at the end of said section:

"In addition to the foregoing, during the term of this Employment Agreement, Wintrust shall pay Executive a special annual bonus in a gross amount equal to the annual accrued interest on that certain Note made by Executive dated January 31, 2000 and payable to Wintrust in the principal amount of \$1,200,000.00 (the "Note"). This special bonus shall be deemed paid to the Executive one business day prior to each anniversary of the date of the Note, including the due date of the Note. This bonus shall apply only to interest accruing on the Note prior to the due date of the principal balance of the Note, including any accelerated maturity of the principal of the Note. The bonus shall be subject to applicable employment withholding taxes." This special bonus shall be considered part of Executive's aggregate benefits.

2. Section 9(d) of the Employment Agreement is amended to read as follows:

d. Termination Without Cause. In the event Executive's employment is terminated without Cause (as such term is defined in Section 9(h) hereof) by Wintrust other than upon the expiration of the initial term or the expiration of any succeeding one (1) year term of this Agreement,

Wintrust shall pay Executive (a) a special severance payment equal to all accrued interest then due and owing on the Note, and (b) Severance Pay in an amount equal to two (2) times the sum of (i) Executive's base annual salary in effect at the time of Executive's termination plus (ii) an amount equal to any bonuses paid to Executive during the twelve (12) month period prior to termination (excluding, however the special bonus described in the last four sentences of Section 2 hereof). Severance Pay under this Section 9(d) shall be paid to the Executive ratably over a twenty-four (24) month period beginning on the first payroll period following such termination and on each payroll period thereafter during the twenty-four (24) month Severance Pay period. The amount of Severance Pay under this Section 9(d) shall be reduced by any income earned by Executive, whether paid to Executive immediately or deferred until a later date, during the twenty-four (24) month Severance Pay period from employment or any sort, including without limitation full, part time or temporary employment or work as an independent contractor or as a consultant. Executive agrees to promptly notify Wintrust if he obtains employment of any sort during the twenty-four (24) month Severance Pay period and to provide Wintrust with a copy of any W-2 or 1099 forms or other payroll or income records and a summary of contributions received under any deferred compensation arrangement. Notwithstanding the foregoing, Executive's Severance Pay to be paid under this

Section 9(d) shall be not less than an amount to provide Executive with a monthly payment of \$4,166.67 during the twenty-four (24) month Severance Pay period. All severance payments provided for in this Section 9(d) shall be net of all applicable employment withholding taxes.

3. Section 9 of the Employment Agreement is further amended by the addition of the following new Subsection 1 to read as follows:

"1. Notwithstanding any other provision of this Section 9, in the event that within eighteen (18) months of a Change of Control of Wintrust, Executive terminates employment with the Company for any reason or Executive is terminated by Wintrust (or the successor thereto) from employment for any reason other than termination for Cause, and any amount remains outstanding on the Note, Wintrust (or the successor thereto) shall pay to Executive, as a special severance payment, a gross amount equal to all accumulated interest then owing on the Note. The Company shall pay apply this severance payment (net of all applicable withholding taxes) to the outstanding amount of interest then due and owing on the Note. This special severance payment shall be an addition to the severance payment due Executive under Section

9(f) hereof, but will be excluded for the purpose of calculating the severance payments due to Executive under Section 9(f) hereof. Such amount will be deemed paid to Executive on the date that the principal amount of Note becomes payable as the result of Executive's termination of employment. Wintrust (or the successor thereto) shall have no obligation to make additional severance payments under this Section 9(1) to Executive with respect to any post-maturity interest accruing on the Note arising as the result of the failure of Executive to pay the principal amount of the Note when due and payable. The parties hereto agree that this special severance payment obligation of Wintrust (or its successor) shall not relieve Executive from its obligations to pay all accumulated interest and principal on the Note in accordance with its terms."

4. Section 9 of the Employment Agreement is further amended by the addition of the following new Subsection (m) to read as follows:

"m. Wintrust reserves the right (but not the obligation) to maintain key man life insurance or other insurance on the life of the Executive in the principal amount of the Note, it being understood that such insurance shall be the property of Wintrust. If Executive should die while any principal balance remains due and owing on the Note, Wintrust shall apply the proceeds from such key man life insurance policy to the principal balance outstanding on the Note. Wintrust reserves the right to cancel, amend or modify any such key man life insurance policy."

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Second Amendment to Employment Agreement as of the dates written below.

WINTRUST FINANCIAL CORPORATION:

EXECUTIVE:

By: /s/ David A. Dykstra

/s/ Edward J. Wehmer

Its: Executive Vice President

Edward J. Wehmer

Dated: 1/31/2000

Dated: 1/31/2000

Computation of Ratio of Earnings to Fixed Charges

The following table presents the calculation of the ratio of earnings to fixed charges for the last five years (dollars in thousands)

		Years Ended December 31,				
		2000	1999	1998	1997	1996
Income (loss) before income taxes	A	16,448	14,151	4,709	1,058	(2,283)
Interest expense:						
Interest on deposits		78,670	56,026	49,069	37,375	22,760
Interest on short-term borrowings, notes payable and long-term debt	C	8,514	5,571	2,146	964	1,395
Total interest expense	B	87,184	61,597	51,215	38,339	24,155
Ratio of earnings to fixed charges:						
Including deposit interest	(A+B) / B	1.19	1.23	1.09	1.03	*
Excluding deposit interest	(A+C) / C	2.93	3.54	3.19	2.10	*

* Earnings were inadequate to cover fixed charges in the year ended December 31, 1996 by \$2.3 million

[GRAPH OMITTED]

(Show graph of WTFC compound growth rate
in assets, earnings and revenues)

[TOTAL ASSETS BAR CHART OMITTED]

[EARNINGS PER SHARE BAR CHART OMITTED]

[NET INCOME BAR CHART OMITTED]

[PRE-TAX INCOME BAR CHART OMITTED]

[BOOK VALUE PER COMMON SHARE BAR CHART OMITTED]

[RETURN ON AVERAGE EQUITY BAR CHART OMITTED]

SELECTED FINANCIAL HIGHLIGHTS

	Years Ended December 31,				
	2000	1999	1998	1997	1996
(dollars in thousands, except per share data)					
Selected Financial Condition Data (at end of year):					
Total assets	\$ 2,102,806	\$ 1,679,382	\$ 1,348,048	\$ 1,053,400	\$ 706,037
Total deposits	1,826,576	1,463,622	1,229,154	917,701	618,029
Total net loans	1,558,020	1,278,249	992,062	712,631	492,548
Notes payable	27,575	8,350	-	20,402	22,057
Long term debt - trust preferred securities	51,050	31,050	31,050	-	-
Total shareholders' equity	102,276	92,947	75,205	68,790	42,620
Selected Statements of Operations Data:					
Net interest income	\$ 61,000	\$ 47,734	\$ 36,764	\$ 26,772	\$ 14,882
Total net revenues	79,306	57,542	44,839	31,716	22,414
Income (loss) before income taxes	16,448	14,151	4,709	1,058	(2,283)
Net income (loss)	11,155	9,427	6,245	4,846	(973)
Net income (loss) per common share-basic	1.28	1.14	0.77	0.62	(0.16)
Net income (loss) per common share-diluted	1.25	1.10	0.74	0.60	(0.16)
Cash dividends declared per common share	0.10	-	-	-	-
Selected Financial Ratios and Other Data:					
Performance Ratios:					
Net interest margin	3.66%	3.54%	3.43%	3.41%	2.91%
Core net interest margin (1)	3.91	3.75	3.50	3.41	2.91
Net interest spread	3.29	3.23	3.00	2.92	2.40
Non-interest income to average assets	0.99	0.66	0.69	0.58	1.34
Non-interest expense to average assets	3.12	2.65	3.04	3.18	4.05
Net overhead ratio	2.13	2.00	2.36	2.60	2.71
Net overhead ratio - excluding fraud charge	1.90	2.00	2.36	2.60	2.71
Return on average assets	0.60	0.63	0.53	0.56	(0.17)
Return on average equity	11.51	11.58	8.68	7.88	(2.33)
Average total assets	\$ 1,853,582	\$ 1,496,566	\$ 1,177,745	\$ 858,084	\$ 562,244
Average shareholders' equity	96,918	81,381	71,906	61,504	41,728
Ending loan-to-deposit ratio	85.3%	87.3%	80.7%	77.7%	79.7%
Average-loan-to-average-deposit ratio	87.7	86.6	80.1	80.1	69.8
Average interest earning assets to average interest bearing liabilities	107.24	106.96	108.92	109.93	110.73
Asset Quality Ratios:					
Non-performing loans to total net loans	0.62%	0.54%	0.55%	0.59%	0.36%
Non-performing assets to total assets	0.46	0.41	0.45	0.40	0.25
Allowance for possible loan losses to:					
Total loans	0.67	0.69	0.71	0.72	0.74
Non-performing loans	107.75	126.10	129.66	121.64	204.15
Common Share Data at end of year:					
Market price per common share	\$ 15.94	\$ 15.25	\$ 19.63	\$ 17.00	\$ 14.75
Book value per common share	11.87	10.60	9.23	8.47	6.45
Other Data at end of year:					
Number of:					
Bank subsidiaries	7	6	6	6	5
Non-bank subsidiaries	3	3	2	1	1
Banking offices	28	24	21	17	14

(1) The core net interest margin excludes the interest expense associated with the Company's Trust Preferred Securities.

TO OUR FELLOW SHAREHOLDERS,

Welcome to our fifth annual report. Overall, 2000 was a good year for Wintrust Financial Corporation. Growth in loans and deposits remained very strong, and core operating earnings continued to improve every quarter. With compound growth rates in assets and earnings that are much higher than the industry and with our de novo franchises maturing and generating even greater profitability, the future of Wintrust looks very bright indeed.

As we have done every year in this report, we'd like to start off by thanking all of our employees who went above and beyond in providing our customers with the best service around, bar none. And we'd like to thank our more than 100 directors of Wintrust Financial Corporation and our subsidiaries whose sage advice and local contacts have helped us profitably build our business. And we'd like to thank our customers, old and new, for entrusting us to manage and grow their financial assets. And finally we'd like to thank our shareholders, for keeping us focused on what we do best--profitably growing our franchises by delivering our unique brand of superior customer service.

[NET REVENUE BAR GRAPH OMITTED]

In our fourth full year as a corporation, we made terrific progress on all fronts. By balancing de novo growth and improved profitability, we have been able to achieve something that few banks around the country can boast about these days--compound growth rates in both earnings and assets that exceed our peer group by a large margin. Our core earnings are now growing very quickly as our de novo banks mature and we reap the benefits of becoming an asset-driven organization.

While many companies would have been satisfied with an 18% annual growth in net income, we are not. That's because our overall earnings performance was diminished by a sizeable business fraud to one of our non-bank subsidiaries. Without this after-tax charge of \$2.6 million, our net income would have been up 46% from the prior year. However, we still posted record profitability for the year, our run rate is very strong, and we continue to pursue various avenues of recovery of the loss.

We also continue to invest in growth for all parts of our business--our community banking operations via de novo expansion, our trust and investment business (Wintrust Asset Management), our premium finance business (First Insurance Funding), and our payroll funding and processing business for the temporary staffing industry (Tricom, Inc.). This investment in growth, while reducing current earnings, will pay big dividends down the road in terms of even greater profitability for the Company.

As the chart below illustrates, Wintrust's compound growth rates for key measurement areas over the last five years are significant and outpace the banking industry sector. While some banks are successful in growing either earnings (by consolidating and shrinking operations) or assets (with significantly reduced earnings or lowered share price due to acquisition), very few have been able to simultaneously grow both earnings and assets at the levels we have.

	One year	Three year	Five year
Revenue growth	37.8%	35.7%	34.2%
Net income growth*	46.0%	41.6%	55.8%
Total assets growth	25.2%	25.9%	34.9%
Total loans growth	21.9%	29.8%	43.3%
Total deposits growth	24.8%	25.8%	35.1%

* excludes the non-recurring after-tax charge of \$2.6 million reported in 2000

We are very proud of the growth rates we have established and believe that this consistently strong growth validates our approach to community banking. In short, having terrific people who provide exceptional service with good products and competitive rates is still a simple recipe for success.

One of the reasons our earnings and balance sheet show consistent growth is the de novo growth strategy we have employed thus far in our history. Our de novo banks have generally produced approximately \$50 million of asset growth per year. This steady growth progression can be seen in all of our banks, from top to bottom. So it's not just the young Wintrust banks that are growing. We continue to grow our more "mature" banks as well through new branches and increased market

share in existing locations. This is a good indication of the sustainability of our growth through our community banking strategy.

[ASSET GROWTH BY BANK LINE CHART OMITTED]

With that growth comes continued improvement in overall profitability because we more effectively utilize the infrastructure established for each de novo bank. For example, in the fourth quarter of 2000, the return on average assets (ROA) of each of our subsidiary banks was as follows:

Bank	Year Est.	ROA
Lake Forest Bank & Trust	1991	1.4%
Hinsdale Bank & Trust	1993	1.5%
North Shore		
Community Bank & Trust	1994	0.9%
Libertyville Bank & Trust	1995	0.7%
Barrington Bank & Trust	1996	0.7%
Crystal Lake Bank & Trust	1997	0.3%
Northbrook Bank & Trust	2000	NM

As can be seen above, the profitability of our banks increases with maturity. Because we use the same general "recipe" for starting and growing each of our banks, we think that the younger banks should achieve increased profitability as they mature. Certainly the "seeding" of these younger de novo banks and branches into our community bank portfolio reduces current earnings. But long term, as they mature, future profitability will be greatly enhanced. We call this our "hidden earnings potential." And it also allows us to sustain above average growth rates relative to most banks.

Given the above growth rates, we truly believe that the current price/earnings ratio of about 10x the 2001 consensus earnings and 9x 2002's consensus earnings seems low. Although the ratios are close to the average for banks our size, the majority of the banks our size do not exhibit the growth rates shown above.

To get our story across, we will continue to promote the Company via investment conferences, media interviews, presentations to our market makers, and other means. We sincerely believe that demand for the stock (and hence, the stock price) will increase as our Company's story gains widespread publicity.

Please enjoy the next sections of our 2000 Annual Report, which highlight the following areas:

- o Where We Have Come From
- o Year In Review
- o What's Happening At Our Operating Companies
- o Where We Are Going
- o Audited Consolidated Financial Statements and Notes
- o Management's Discussion and Analysis of Financial Condition and Results of Operations
- o Directors and Officers Listing
- o Corporate Locations
- o Corporate Information

We are grateful for your support of our organization and are enthusiastic about making the year 2001 an even better year in terms of growth in earnings and assets.

Thank you for being a shareholder.

Sincerely,

/s/ John S. Lillard

John S. Lillard
Chairman

/s/ Edward J. Wehmer

Edward J. Wehmer
President & CEO

WHERE WE HABE COME FROM

Community banking, Wintrust style, had its modest beginnings in Lake Forest, Illinois in 1991. Here are some excerpts from Lake Forest Bank & Trust's employee handbook that detail our humble start.

IT WAS OBVIOUS. LOCAL RESIDENTS AND BUSINESSES NEEDED A NEW, OLD BANK

The idea of opening an old-fashioned community bank for Lake Forest began in early 1991. At that time, many of the banks had become owned and operated by giant corporations with headquarters in other cities, other states, even other countries. Lake Forest's branches of these megabanks had to satisfy big investors, pay lots of overhead and support long, expensive chains-of-command.

That meant that these banks were now charging fees for things that used to be free. They even started to charge for talking to a teller. Banking hours grew shorter. Major corporations and large "preferred" customers took priority over small businesses and most local folks. Policies were made for the good of the bank, not for the good of its customers.

[NUMBER OF BANK FACILITIES BAR CHART OMITTED]

Old-fashioned personal service had become more and more impersonal as it became more and more automated. The best employees, the ones you liked, were promoted to someplace else. Restrictions and rate structures were designed to accommodate huge areas of the globe instead of being in tune with the unique needs of a smaller community. Loan applications had a long way to travel for approvals. Everybody looked like strangers. You felt like a stranger yourself when you went in to cash a check. And that's exactly how you were treated if you needed help--like a stranger.

The local neighborhood bank with friendly personal service had become a thing of the past.

[THANKS FOR A GREAT TIME AD GRAPHIC OMITTED]

OUR BEGINNINGS

At 7:00am, December 27, 1991, Lake Forest Bank & Trust Company, with her 12 employees, opened for business. Up until then, we wondered if the back to "community banking" concept would be accepted. It sure was! People sitting in half a dozen cars with their engines running couldn't wait to be our first depositors.

For the next month, we had lines waiting to open accounts. Since our space was so small, we sent our new customers next door to the Lake Forest Food & Wine Shop, bought them coffee and then brought them back into the bank, where we could give them our full attention and open their accounts. We processed new accounts until 9:00 or 10:00 each night. Wow, what a beginning! But, little did we know it was only the beginning.

It is important to remember that Wintrust Financial and its subsidiaries are extremely young--our seven community banks average less than five years of age--and that most of our growth has been generated on a de novo basis. Ten years ago none of our banks and other subsidiaries existed. Investing in de novo growth when you are a young, fledgling company with low (but growing) profitability takes courage. Courage on the part of our management team, our directors, and most importantly, our shareholders.

Wintrust has enjoyed unprecedented growth in assets and earnings due to our belief in and strict adherence to

our operating philosophy and principles. These guiding strategies help our community banks and other subsidiaries effectively compete with the bigger banks and larger corporations who are our competition. These operating and growth principles are also our road map for long term growth in shareholder equity.

- o Hire and retain the best people
- o Provide the best customer service -- bar none
- o Open/operate de novo community banks in affluent markets where deposits per household leverage is high
- o Manage each community bank locally with strong participatory boards, experienced local management and local decision making
- o Be lean and responsive in our decision making and organizational structure
- o Hire better, more highly qualified and productive individuals
- o Build employee productivity and loyalty with stock incentives, options and a strong corporate culture
- o Build customer bases and market share with aggressive (and entertaining!) marketing and loyalty building programs
- o Utilize advanced technology to more effectively deliver current products and services and the internet as a new distribution vehicle and portal for marketing and distributing new products
- o Be asset-driven (i.e. generate more loans than deposits) to augment our community banks' loan portfolios and maximize our profitability and growth potential
- o Take advantage of the operational and cross-marketing synergy provided by our diverse organizational structure
- o Evaluate the acquisition of existing community banks in high opportunity markets and financial services firms to expand our portfolio of asset niches and fee revenues

[NORTHBROOK BANK AD GRAPHIC OMITTED]

We open and operate all of our community banks with this same entrepreneurial spirit, customer service focus and let's-take-on-the-big-banks attitude that was prevalent back in 1991 with the Lake Forest Bank & Trust staff. Even Northbrook Bank and Trust, our seventh and newest Wintrust bank, opened (November, 2000) in its humble, temporary location with this same spirit and attitude. And it is paying off as we grow our franchises at the expense of the big banks.

Since December 1991, we have successfully opened seven community banks and 29 banking facilities in affluent suburban communities around Chicago. All of these banks and branches have been introduced and grown on a de novo (from scratch) basis. And we have been able to grow most of these mature banks to the number one, two or three deposit share position in their respective market areas. Not bad from our humble beginnings almost ten years ago.

[WINTRUST FINANCIAL CORPORATION LOCATIONS MAP OMITTED]

YEAR IN REVIEW

2000 HIGHLIGHTS

Wintrust had a terrific year. In addition to the accomplishments noted in the "To Our Fellow Shareholders" section, here is a short listing of some of your Company's other accomplishments in 2000:

- * We achieved record earnings in 2000 and surpassed the \$2.1 billion asset level;
- * Fourth quarter earnings increased 36% over the prior year quarter and reached \$3.8 million;
- * In November, we opened our seventh de novo bank in Northbrook, Illinois. At the end of February 2001, it has already surpassed the \$40 million asset level. We also opened three other branch locations during 2000;
- * Our asset quality remains strong, as the level of non-performing assets is very manageable;
- * During 2000, all of our community banks reached record deposit and asset levels and improved upon their profitability;
- * Wintrust Asset Management, our trust and investment subsidiary, increased its revenue level to \$2.0 million from \$1.2 million in 1999, an increase of 68%;
- * First Insurance Funding had record growth in premium finance receivables volume. We now are one of the top five premium finance companies in the industry;
- * Tricom, Inc. experienced record volume and earnings for the year and the transition of that acquisition went smoothly. 2000 was our first full year of ownership of Tricom and its results exceeded our expectations;
- * Our return on average equity (excluding the one-time fraud charge) increased 23% for the year and stood at 14.2% for the year;
- * The Company initiated its first ever dividend in 2000;
- * The Company initiated and substantially completed a share repurchase program that took advantage of a stock market that seemingly was under-valuing our common stock;

[TOTAL DEPOSITS BAR CHART OMITTED]

[2000 QUARTERLY EARNINGS PER SHARE GROWTH BAR CHART OMITTED]

NON-RECURRING FRAUD CHARGE AND ITS SILVER LINING

Not all of our news in 2000 was good. On September 7, 2000 we announced that the Company would take a one-time charge of up to \$2.7 million to its third quarter earnings. We recorded that charge during the quarter. The charge was attributed to the discovery of a series of fraudulent loan transactions against the Company's premium finance subsidiary perpetrated by and isolated to one independent insurance agency located in Florida.

The Company took immediate steps to review and enhance its controls to mitigate such risks in the future. We have commenced legal action against the agency and related parties and are vigorously pursuing all avenues of recovery. At this time, no assurances can be given to the amount or timing of future recoveries, if any. Any recovery achieved will be recognized in the quarter it occurs.

While this loss impacted earnings, it did not slow down our momentum for the year. It does, however, make us even more diligent to ensure we avoid these kind of externally caused problems in the future. We are a stronger company because of the new systems and internal control procedures we have put in place and are even more determined to overcome this short-term set back.

FORCE EQUALS MASS TIMES ACCELERATION

Sir Isaac Newton, the renowned British physicist and mathematician, published his important "Newton's Second Law of Motion" in the late 1600's. Newton correctly identified that the acceleration of an object is directly proportional to the resultant force acting on it, or $F=ma$. Little did he know that this same law could be used to predict the success of a twenty-first century de novo community-banking corporation located in suburban Chicago, Illinois.

Taken literally, Wintrust's force is a product of its size times its acceleration. However, for our non-physicists shareholders, please allow us to translate. As Sir Isaac Newton correctly predicted more than three centuries ago, the force of Wintrust's future share value is directly proportional to our growing asset size (currently \$2.1 billion) and our accelerating earnings growth. Few banks these days are able to combine rapid de novo growth in asset size with sharply accelerating growth in earnings. This unique two-prong success story will be a key driver for Wintrust to grow its share price and realize a higher price/earnings multiple relative to our peers.

[NORTHBROOK BANK AD GRAPHIC OMITTED]

AND 2000 WAS ANOTHER "ACCELERATING" YEAR FOR WINTRUST

We are truly pleased with the progress made in our core operations in 2000 and are confident we have significant momentum to carry us forward into the coming years. For the year ended December 31, 2000, the Company generated net income of \$13.8 million, excluding the non-recurring charge, compared to \$9.4 million for the same period year ago, a 46% increase. This equates to earnings per share on a fully diluted basis of \$1.54, up from \$1.10 in 1999. Including the impact of the charge, net earnings for 2000 were \$11.2 million, or \$1.25 per diluted common share.

FOURTH QUARTER "RUN RATE" INDICATES EVEN GREATER EARNINGS POTENTIAL ENERGY As a young de novo bank group that is aggressively growing both assets and earnings, looking at our "total year" numbers can understate our true performance. If we were to annualize the fourth quarter's net income and earnings per share and project those out for a year, here's where we stand before any improvement in performance:

- o Net after-tax income of \$15.3 million

- o Diluted earnings per share of \$1.72

This would represent a 11% pro-forma increase in net income and a 12% pro-forma increase in earnings per share over core 2000 results, before any expected improvement. Most companies would be satisfied with those increases in year-over-year results, but we have plans and momentum to continue to grow the earnings at a higher rate. If we were to factor in growth, which is reasonable given our track record and the continued maturation of our young franchise, we conclude that Wintrust Financial Corporation should have another impressive year in 2001.

EARNING ASSET NICHES ARE AN IMPORTANT KEY TO OUR GROWTH AND PROFITABILITY The typical community bank can generate local consumer and small business loans that represent about 60% of their deposit base without compromising credit quality. That's because in most suburban communities, there are more consumer and small business deposit opportunities than there are loans.

We augment our community banks' loan portfolios with additional earning assets generated by our specialty finance niches. This not only allows us to improve the profitability of our community banks by optimizing their

earning asset base, but also allows them to diversify their loan portfolios. Our ability to compete in the future will be materially aided by this asset strategy.

We generate additional loan volume from a number of specialty asset niches:

- o Commercial premium finance lending
- o Temporary staffing industry financing
- o Indirect auto lending
- o Equipment leasing o Condominium and association lending
- o Mortgage warehouse lending
- o Small craft aviation lending

We are also investigating additional specialty lending areas either by de novo start-up or acquisition.

[TOTAL NET LOANS BAR CHART OMITTED]

THE BENEFITS OF BEING "ASSET DRIVEN"

In 2000, with the help of our growing earning asset niches, we again accomplished our objective of being an "asset driven" organization. Having an excess of loans is beneficial to the Company for a number of reasons. It allows us:

- o To immediately invest new deposit dollars in loans which bear higher interest rates than alternative short-term investments.
- o To diversify our asset mix into various different loan types, thereby reducing any concentration of credit risk.
- o To be more aggressive in key markets where we want to increase market share because we are generating sufficient higher yielding assets to invest the new deposits.
- o To increase revenues on excess loan volumes. In 2000, we sold approximately \$225 million of premium finance receivables to an unrelated financial institution at an after-tax gain of approximately \$2.3 million. We anticipate continuing this practice in the future as we balance growth and earnings. We should note that these assets are also profitable sources of interest income and to the extent we have the future liquidity, capital and opportunity to absorb these excess loan volumes, we will maintain such assets on our books at even higher profit levels.

FEE AND OTHER NON-INTEREST INCOME IS RISING

In 2000, our non-interest income nearly doubled to \$18.3 million from \$9.8 million versus year ago. The growth in non-interest revenue is generated primarily from administrative service revenue at Tricom, trust and investment management fees, gains from the sale of premium finance loans and rental income from operating leases. We realize the importance of increasing non-interest revenue to diversify our income streams.

PERFORMANCE VERSUS GOALS

At Wintrust, we set aggressive goals and evaluate our performance versus those goals. Reaching these financial goals over the next few years will make our Company a high performing bank relative to its peers. We have made good progress towards achieving most of these goals and expect continued improvement as our young franchises-- the de novo community banks, and our other subsidiaries, Wintrust Asset Management, First Insurance Funding and Tricom--mature. The following performance statistics indicate that we are making overall improvement in these areas. We have provided these statistics without the impact of the non-recurring fraud charge.

PERFORMANCE MEASUREMENTS

	Goal	Year ended	
		Dec. 31, 2000	Dec. 31, 1999
Core Net Interest Margin (1)	4 - 4.5%	3.91%	3.75%
Net Overhead Ratio	1.5 - 2%	1.90%	2.00%
Return on Average Equity	20 - 25%	14.20%	11.58%
Return on Average Assets	1.5%	0.74%	0.63%
Earnings per diluted common share		\$1.54	\$1.10
Non-Performing Assets as a percent of total assets		0.46%	0.41%

(1) By definition, our Core Net Interest Margin excludes the impact of interest expense associated with the Company's Trust Preferred Securities offerings.

[NET INTEREST MARGIN BAR CHART OMITTED]

NET INTEREST MARGIN

Core net interest margin has strengthened to almost 4% and our asset quality ratios remain relatively constant and manageable. While we have gradually improved our net interest margin over the last year, this continues to be our number one opportunity to increase earnings. Achieving our goal is primarily dependent upon controlling our funding costs and continuing to be a strong originator of a diversified loan portfolio.

NET OVERHEAD RATIO

Since the third quarter of 1999, we have attained our goal of operating at a net overhead ratio of less than 2% and expect further improvement in that area as we are able to more efficiently leverage our facilities and staff. This bodes well for the future as further maturation of our young franchises takes place.

[NET OVERHEAD RATIO BAR CHART OMITTED]

EARNINGS PERFORMANCE MEASURES

To get a true picture of our core performance versus goal, it is helpful to view our earnings performance measures excluding the non-recurring charge in the third quarter of this year. In doing so, return on average assets, return on average equity and earnings per diluted common share continued to improve over the last year.

ASSET QUALITY

Your management understands that maintaining good credit quality is extremely important to overall profitability. To that end, we are pleased to report that non-performing asset levels remain relatively low. While you read about many other banks experiencing higher levels of problem loans, our conservative lending strategy is resulting in a low level of non-performing assets. In fact, less than 30 credits comprise the core non-performing loans total. The small number of such non-performing loans allows management to effectively monitor the status of these credits. Careful underwriting of loans and diversification of credit risks contributes to the low level of problem loans.

BUYING BACK WINTRUST STOCK WHILE IT IS UNDERVALUED

As previously reported to you, the Board of Directors of the Company authorized the repurchase of 300,000 shares of Wintrust Financial Corporation common stock. Through the fourth quarter of this year, the Company has repurchased 242,300 shares at an average price of \$15.94 per share. We will continue to evaluate further repurchases from time-to-time.

[TOTAL SHAREHOLDERS' EQUITY BAR CHART OMITTED]

ANOTHER DIVIDEND PAID

During 2000, we paid two semi-annual dividends totaling \$0.10 per common share. That equated to roughly 10% of the prior year's earnings. Now that we have demonstrated consistent profitability levels, we are pleased to provide shareholders with a modest dividend payment. However, we intend to continue to retain approximately 90% of our earnings to support the continued growth of our Company. Along those lines, the Board of Directors authorized an increase in the semi-annual dividend amount to \$0.07 per common share in 2001, or an annual rate of \$0.14 per common share.

WHAT'S HAPPING AT OUR OPERATING COMPANIES

OUR COMMUNITY BANKS

As the "elderly" member of the Wintrust family, Lake Forest Bank & Trust celebrated its ninth birthday in 2000. Not even a teenager yet, its total assets reached \$581 million, up 16% versus a year ago. This further strengthens our position as the number two bank in the market. The bank's newest facility, Bank of Highwood-Fort Sheridan, opened in early 2000 and is off to a great start. LFB&T now operates seven facilities in Lake Forest, West Lake Forest, Lake Bluff and Highwood.

[LFB COMMUNITY PICTURE OMITTED]

Hinsdale Bank & Trust enjoyed its seventh year of operation, while its Clarendon Hills branch (Clarendon Hills Bank) celebrated its fourth birthday and its Western Springs branch (The Community Bank of Western Springs) is now three years old. Total assets reached \$401 million, a 14% increase versus 1999. In total, the bank now operates five facilities including a drive-through ATM in downtown Clarendon Hills. In late 2001, we anticipate opening a new branch in another nearby community.

While it celebrated its sixth birthday, North Shore Community Bank & Trust reached \$450 million in total assets, up 25% from last year. The bank operates seven facilities in the affluent north shore markets of Wilmette, Winnetka, Glencoe and now Skokie. In 2001, a new Winnetka facility will be opened to replace the current branch whose location is less than ideal. We are also looking for a drive-thru location for Skokie.

Libertyville Bank & Trust, in its fifth year of operation, increased its assets by 31% to \$287 million. In 2000, LB&T introduced Wauconda Community Bank when it opened two facilities (a temporary main bank and a drive-thru) in this northwest community. We will soon be starting construction on a new permanent main bank and drive-thru facility on our property right across from the big bank competitor in town.

Barrington Bank & Trust continues to experience strong growth in only its fourth full year of operation. Total assets reached \$241 million, an increase of 36% versus a year ago. In addition to growing its core banking business, this bank enjoys growth from the development of its Community Advantage(R) condo and association lending program. BB&T is also planning to open its new Hoffman Estates Community Bank branch during the latter half of 2001. Construction on this new facility has already begun.

[HINSDALE JUNIOR SAVERS PICTURE OMITTED]

Crystal Lake Bank & Trust turned the ripe old age of three in late 2000. Its assets reached \$125 million in 2000, up 39% versus a year ago. In February 2001, they opened a new branch in McHenry, Illinois under the name, McHenry Bank & Trust. This gives CLB&T a total of four facilities in the fast growing McHenry County area. Land has been purchased for a new main bank with an attached drive-thru facility.

Our newest "baby", Northbrook Bank & Trust, opened in November 2000. At the writing of this report, NB&T was off to a great start with assets over \$40 million! Not bad in only three months while operating out of a temporary

facility with no drive-thru location. NB&T recently received approval on their new permanent main bank facility with an attached drive-thru. Construction will start shortly with a grand opening scheduled for early 2002.

[TRUST REVENUE (000's) BAR CHART OMITTED]

WINTRUST ASSET MANAGEMENT COMPANY

Wintrust Asset Management Company, our trust and investment subsidiary, continues to increase its revenue stream. For the year, Wintrust Asset Management generated approximately \$2.0 million in fee income versus approximately \$1.2 million of fee income during 1999. Revenue generated from our trust and investment activities is an important source of fee income that will help Wintrust diversify its revenue base.

In 2000, we updated our operational platform with state of the art investment software that allows us to process more customers, more efficiently. We also added additional qualified staff of experienced professionals. We are poised to move the business to a higher level of growth in assets under management.

We think we have a tremendous staff that will be able to provide strong growth into the future. Just like our banking strategy, we strive to give the best service available to our trust and investment clients. In most of our communities, we are the clear choice for clients with investment assets of \$500,000 to \$3,000,000 because we give more tailored service and products than our big bank competitors. Given the demographics of our banks' marketplaces, we look to trust and investment revenue to be an ongoing major source of non-interest income for the Company.

FIRST INSURANCE FUNDING CORP.

FIRST Insurance Funding Corp. had another very good year in the growth of its business. With approximately \$1.1 billion in volume for the year ending December 31, 2000, FIRST's volume grew by 56% over 1999 levels. This level of production is comfortable for us to operate efficiently and effectively. Going forward, we anticipate continued volume increases in this business but at lower growth rates.

We are now focusing on delivering the best customer service in the industry and providing state of the art delivery to our customers. As such, we are being selective in the new business relationships that we establish and we are eliminating the less profitable relationships. We want to cement our reputation as the premier provider of high quality products with unmatched service in the premium finance industry.

We expect to improve FIRST's profitability in the future through additional investment in technology, automation, enhancement of credit quality techniques and the filtering out of the marginally profitable business. This business has been a key part of our asset generation strategy and has provided solid profitability to our Company since our inception.

[TRICOM REVENUE BAR CHART OMITTED]

TRICOM, INC.

Tricom had a very good year in 2000. During its first full year of operations in the Wintrust family, it contributed \$9.3 million of revenue to the Company. Tricom now processes payrolls with associated billings of approximately \$250 million. This was a record year for Tricom in terms of profitability and revenues. Also, as of year-end 2000, Tricom's outstanding receivable balances were 16% higher than the prior year-end balance. Their number of clients increased and they have successfully implemented an enhanced processing system that enhances customer service and will lead to greater operating efficiencies. In sum, 2000 results for Tricom exceeded our expectations and we are pleased to have this high quality team as a part of our organization.

WHERE WE ARE GOING

GROWTH STRATEGIES FOR THE FUTURE

Wintrust continues to be one of the fastest growing publicly traded bank groups in the country. Future growth will be fueled by adhering to a variety of current strategies that have proven successful and some from new strategies that will enable us to continue this growth:

- o Growing our current franchises--Increase market share by 1) cross selling existing customers additional products and services, 2) attracting new customers, and 3) adding new branches;
- o Creating new de novo franchises--Introduce new de novo banks in high opportunity markets that contain the right mix of demographic and competitive variables (high wealth, high big bank competition, low community bank competition);
- o Partnering with or acquiring existing community banks in high opportunity markets;
- o Partnering with or acquiring financial services firms to expand our portfolio of asset niches and fee revenues; and,
- o Utilizing the internet as a new distribution vehicle for current products and a portal to marketing and distributing new products.

[BARRINTON BANK AD GRAPHIC OMMITTED]

GROWING OUR CURRENT FRANCHISES

We have built our current de novo franchises from scratch with aggressive consumer marketing which includes both customer acquisition and cross selling programs. We like to utilize creative advertising that positions our community banks as the good "David" versus the evil big bank "Goliath's". You'll see a number of these ads scattered throughout this report. While the big banks don't take too kindly to this "elbow in the ribs" approach, folks sure enjoy the ads and this advertising does bring in lots of big bank refugees who have grown tired of the increasing fees and decreasing customer service.

Unlike the big banks, we tailor our products to fit local needs. A good example of this is our Clarendon Hills Community Account(R) which offers not only a bundle of products and services including a free NOW Account, but also offers customers discounts at participating local Clarendon Hills merchants. Since over 80% of local merchants participate, the value-added benefit to customers is compelling. Participating merchants and the local Chamber also like the inherent "shop at local merchants" incentives that this program provides. The big banks haven't been able to match a program like this.

[NORTH SHORE BANK AND TRUST COMMUNITY PICTURE OMITTED]

Community events are also a big part of positioning our banks as different--the bank that really cares about the community and families and children. In 2000, we orchestrated hundreds of events across our markets, ranging from a petting zoo for the kids, to a free community carnival, to a senior outing to see the Rockettes, to a Harry Potter summer reading program for our Junior Savers. But local involvement doesn't just apply to event marketing. Employees from all of our banks are very involved in the local community. Their dedication and commitment are not only good for the community, but become a key source of new business opportunities for our banks.

We augment this high touch event marketing with some very sophisticated database marketing capabilities. We have an in-house MCIF (Marketing Customer Information File) database that allows us to segment and target current customers (cross sell) and non-customers (acquisition) with very precise direct marketing programs. We also have some very efficient and speedy in-house production capabilities to get these mailings out the door. In the world of marketing, speed is a real asset, and we can certainly "out quick" big bank competition.

Considering we have started all of our banks to date on a de novo basis, we are proud of the marketing statistics we have achieved in our mature primary markets:

- o #1 or #2 share position
- o Deep household penetration--20-40%
- o Strong checking penetration--two thirds of our retail customer households have their checking account at our banks
- o Solid cross sell ratio--2.61 accounts/customer HH. That's pretty good considering the young age and de novo start of our banks
- o Affluent customers with significantly higher balances versus average US households--e.g. 238% higher checking balances per household

Our long-term goal for a mature bank is 50% household penetration and 5.0 accounts per household. So, you can easily see that there is plenty of growth left in our existing markets.

DE NOVO EXPANSION

We continue to selectively expand our current franchises into new high opportunity market areas. We have generally allocated about ten to fifteen cents per share to de novo growth. Depending on the opportunities available in the marketplace, we may deviate from that amount, but we believe that level of investment is prudent. Clearly, the additional market share garnered by this de novo expansion should add to future earnings growth and increased franchise value.

In 2000, we opened the following de novo banks and branches:

[WAUCONDA COMMUNITY BANK GRAPHIC OMITTED]

- o Wauconda Community Bank (2 Locations)
- o Bank of Highwood-Fort Sheridan
- o Northbrook Bank & Trust

In February 2001 we also opened McHenry Bank & Trust. Construction has also started on Barrington Bank & Trust's new branch--Hoffman Estates Community Bank. Land has also been purchased for a new branch of Libertyville Bank & Trust. We are also evaluating locations for an additional branch of Hinsdale Bank & Trust.

NON DE NOVO EXPANSION

As our stock price rises and our "currency" becomes more valuable, acquisitions become a more viable avenue for future growth and enhanced shareholder value. We continue to be approached by Chicagoland community banks with the goal of partnering with us by merging their community-based bank or branches into the Wintrust family of banks. Wintrust is a logical partner for many smaller community banks because of the liquidity and value-added operational benefits we could bring, and the fact that we would allow the bank to continue to operate locally with their own name and management team.

Your management team and Board of Directors are dedicated to being disciplined with regard to pricing potential acquisitions to be accretive to earnings per share. We will keep evaluating potential acquisitions and will update you regularly on our progress.

We also continue to look to add earning asset niche or fee generation businesses, either as de novo operations or through acquisition. This type of growth will add diversified earning asset and fee-based business niches to supplement Wintrust's banking revenues.

.COMMUNITY BANKING(TM), WINTRUST STYLE

In April 2000, we launched new community bank web sites and a number of on-line financial services, including on-line banking, bill pay and investment portfolio review (accessing your Wintrust Asset Management portfolio). These new web sites and their corresponding on-line financial and community services, called .COMMUNITY BANKING(TM) are among the most sophisticated offered by any community

bank and rival what many of the big banks offer. We have received a lot of positive feedback on these sites and services and currently have between 7-12% of our banks' customer households signed up for on-line banking.

[NORTHBROOK BANK WEB PAGE GRAPHIC OMITTED]

In February 2001 we introduced a series of enhancements to our on-line financial services including:

- o 24 Hour Availability
- o Wireless Access--access on-line banking via cell phone or other hand held devices
- o Key Sites--securely store important Internet links and associated User ID's and passwords

We also are planning to launch some additional new online financial services in 2001. These include:

- o Check Register--which allows users to better manage payments, help reconcile these items with their bank statements,
- o On-line Mortgage Application--which allows users to easily enter their home loan application data on-line and provide quick on-line approval,
- o On-line Brokerage--which allows users to buy and sell stocks, bonds and mutual funds at rates competitive with national discount brokers.

BRING IT HOME TO YOUR COMMUNITY BANK

With the technology available today, community banks like ours can provide on-line services every bit as sophisticated as the big banks. The introduction of On-line Brokerage, will allow us to offer all of the key on-line financial services that most consumers want--on-line banking, bill pay and discount brokerage. And since our customer base would appreciate being able to conduct their financial business with one provider--their local community bank--the benefits of a full service on-line offering is obvious.

So if your local, community bank can now provide a full array of on-line financial and investment services, who would you rather do business with? An uncaring, fee-driven big bank? An inflexible and expensive brokerage firm? Some cyberspace stranger that just wants your money? Or your friendly, neighborly (and now high tech) community bank that has the sophisticated on-line financial services you need?

[THECDBANK.COM WEB PAGE GRAPHIC OMITTED]

THECDBANK.COM, OUR NEW INTERNET-ONLY BANK

We will also soon be launching our new internet initiative--TheCDBank(TM). Given that the primary purpose of this internet-only bank is to quickly source CD deposits when we need to fund our excess loans, it makes strategic sense to position this new bank around the primary

product it will sell--CDs. This positioning separates us from the general internet banks and gives us a powerful reason for being--we are the internet bank that focuses on CDs and delivers the best CD prices and service. Initially, this bank will be a cyber-branch of Hinsdale Bank & Trust. However, as it grows in size, we may elect to capitalize it and make TheCDBank a separate bank. Check us out soon at www.thecdbank.com.

RECENT STOCK PRICE PERFORMANCE

While we recognize that we cannot control the movements of the stock market, we can continue to execute a strategy designed to produce consistent growth in earnings, revenues and assets. Such results will be rewarded in due course.

We are pleased that at the date of this writing (March 15, 2001) the stock price of Wintrust stood at \$18.63 per share, or 25% higher than a year earlier. By contrast the Nasdaq Bank Index was up 33% and the Nasdaq Composite Index was down 58%. We continue to believe that we can achieve further meaningful increases in share value as we continue to execute our strategy.

[WINTRUST FINANCIAL CORPORATION WEB PAGE GRAPHIC OMITTED]

INVESTOR RELATIONS PROGRAM

In 2001 we are continuing our investor relations program which includes:

presentations at investor conferences, providing interviews and story ideas to financial publications, distributing investor packages to interested investors through various programs, and making presentations to interested institutional buyers. We believe that communicating our story is important to creating awareness about our Company and thereby creating demand for our stock.

We have also created a new investor relations web site complete with a new look and sophisticated navigation system and many new features, including authorizing Wintrust to automatically e-mail interested investors key reports and updates when they become available.

Five respected investment firms are writing research on Wintrust (that's a lot for a bank group of our size) and all are currently recommending the purchase of Wintrust common stock.

- o Advest, Inc.
- o Howe Barnes Investments, Inc.
- o Keefe, Bruyette & Woods
- o Stifel, Nicolaus & Company, Inc.
- o U.S. Bancorp Piper Jaffray

SUMMARY

In summary, we are pleased with the Company's significant growth for the year. This was a very good year in terms of executing our strategy of balancing growth in the balance sheet with growth in earnings. For the future, we are confident in our corporate strategy and believe we have strong momentum going into 2001. We are comfortable that we will be able to meet or exceed the analysts' consensus earnings estimates for 2001 of \$1.84 per share.

We are grateful for your support of our organization and are enthusiastic about making the year 2001 another good year in terms of growth in earnings and assets.

[SPECIAL OFFER TO OUR SHAREHOLDERS GRAPHIC OMITTED]

[HINSDALE BANK & TRUST COMPANY AD PAGE OMITTED]

CONSOLIDATED FINANCIAL STATEMENTS

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share data)

	December 31,	
	2000	1999
ASSETS		
Cash and due from banks	\$ 65,413	53,066
Federal funds sold and securities purchased under resale agreements	164,641	28,231
Interest bearing deposits with banks	182	2,547
Available-for-sale securities, at fair value	193,105	205,795
Loans, net of unearned income	1,558,020	1,278,249
Less: Allowance for possible loan losses	10,433	8,783
Net loans	1,547,587	1,269,466
Premises and equipment, net	86,386	72,851
Accrued interest receivable and other assets	34,722	35,943
Goodwill and other intangible assets, net of accumulated amortization of \$1,233 in 2000 and \$520 in 1999	10,770	11,483
Total assets	\$ 2,102,806	1,679,382
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 198,319	154,034
Interest bearing	1,628,257	1,309,588
Total deposits	1,826,576	1,463,622
Short-term borrowings	43,639	59,843
Notes payable	27,575	8,350
Long-term debt - trust preferred securities	51,050	31,050
Accrued interest payable and other liabilities	51,690	23,570
Total liabilities	2,000,530	1,586,435
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, of which 100,000 shares are designated as Junior Serial Preferred Stock A; no shares issued and outstanding at December 31, 2000 and 1999	-	-
Common stock, no par value; \$1.00 stated value; 30,000,000 shares authorized; 8,856,695 and 8,770,805 issued at December 31, 2000 and 1999, respectively	8,857	8,771
Surplus	83,710	82,792
Common stock warrants	100	100
Treasury stock, at cost; 242,300 shares at December 31, 2000	(3,863)	-
Retained earnings	13,835	3,555
Accumulated other comprehensive loss	(363)	(2,271)
Total shareholders' equity	102,276	92,947
Total liabilities and shareholders' equity	\$ 2,102,806	1,679,382

See accompanying notes to consolidated financial statements

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Years Ended December 31,		
	2000	1999	1998
INTEREST INCOME			
Interest and fees on loans	\$ 130,910	97,270	75,369
Interest bearing deposits with banks	26	204	2,283
Federal funds sold	1,627	1,536	2,327
Securities	15,621	10,321	8,000
Total interest income	148,184	109,331	87,979
INTEREST EXPENSE			
Interest on deposits	78,670	56,026	49,069
Interest on short-term borrowings and notes payable	4,371	2,633	1,399
Interest on long-term debt - trust preferred securities	4,143	2,938	747
Total interest expense	87,184	61,597	51,215
NET INTEREST INCOME	61,000	47,734	36,764
Provision for possible loan losses	5,055	3,713	4,297
Net interest income after provision for possible loan losses	55,945	44,021	32,467
NON-INTEREST INCOME			
Fees on mortgage loans sold	2,911	3,206	5,569
Service charges on deposit accounts	1,936	1,562	1,065
Trust fees	1,971	1,171	788
Gain on sale of premium finance receivables	3,831	1,033	-
Administrative services revenue	4,402	996	-
Net available-for-sale securities gains (losses)	(40)	5	-
Other	3,295	1,835	653
Total non-interest income	18,306	9,808	8,075
NON-INTEREST EXPENSE			
Salaries and employee benefits	28,119	20,808	18,944
Equipment expense	5,101	3,199	2,221
Occupancy, net	4,252	2,991	2,435
Data processing	2,837	2,169	1,676
Advertising and marketing	1,309	1,402	1,612
Professional fees	1,681	1,203	1,654
Amortization of intangibles	713	251	120
Premium finance defalcation	4,320	-	-
Other	9,471	7,655	7,171
Total non-interest expense	57,803	39,678	35,833
Income before income taxes	16,448	14,151	4,709
Income tax expense (benefit)	5,293	4,724	(1,536)
NET INCOME	\$ 11,155	9,427	6,245
NET INCOME PER COMMON SHARE - BASIC	\$ 1.28	1.14	0.77
NET INCOME PER COMMON SHARE - DILUTED	\$ 1.25	1.10	0.74

See accompanying notes to consolidated financial statements

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except share data)

	Compre- hensive income (loss)	Common stock	Surplus	Common stock warrants	Treasury stock	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 1997	\$ 8,118	72,646	100	-	(12,117)	43	68,790	
Comprehensive income:								
Net income	\$ 6,245	-	-	-	-	6,245	-	6,245
Other comprehensive loss, net of tax:								
Unrealized losses on securities, net of reclassification adjustment	(94)	-	-	-	-	-	(94)	(94)
Comprehensive income	6,151							
Common stock issued upon exercise of stock options		32	232	-	-	-	-	264
Balance at December 31, 1998	8,150	72,878	100	-	(5,872)	(51)	75,205	
Comprehensive income:								
Net income	9,427	-	-	-	-	9,427	-	9,427
Other comprehensive loss, net of tax:								
Unrealized losses on securities, net of reclassification adjustment	(2,220)	-	-	-	-	-	(2,220)	(2,220)
Comprehensive Income	7,207							
Common stock issuance, net of costs		581	9,403	-	-	-	-	9,984
Common stock issued upon exercise of stock options		32	371	-	-	-	-	403
Common stock issued through employee stock purchase plan		8	140	-	-	-	-	148
Balance at December 31, 1999	8,771	82,792	100	-	3,555	(2,271)	92,947	
COMPREHENSIVE INCOME:								
NET INCOME	11,155	-	-	-	-	11,155	-	11,155
OTHER COMPREHENSIVE INCOME, NET OF TAX:								
UNREALIZED GAINS ON SECURITIES, NET OF RECLASSIFICATION ADJUSTMENT	1,908	-	-	-	-	-	1,908	1,908
COMPREHENSIVE INCOME	\$ 13,063							
CASH DIVIDENDS DECLARED ON COMMON STOCK		-	-	-	-	(875)	-	(875)
PURCHASE OF 242,300 SHARES OF COMMON STOCK		-	-	-	(3,863)	-	-	(3,863)
COMMON STOCK ISSUED UPON EXERCISE OF STOCK OPTIONS		77	801	-	-	-	-	878
COMMON STOCK ISSUED THROUGH EMPLOYEE STOCK PURCHASE PLAN		9	117	-	-	-	-	126
BALANCE AT DECEMBER 31, 2000	\$ 8,857	83,710	100	(3,863)	13,835	(363)	102,276	

See accompanying notes to consolidated financial statements

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
OPERATING ACTIVITIES:			
Net income	\$ 11,155	9,427	6,245
Adjustments to reconcile net income to net cash used for, or provided by, operating activities:			
Provision for possible loan losses	5,055	3,713	4,297
Depreciation and amortization	6,619	4,246	2,952
Deferred income tax expense (benefit)	597	(835)	(1,961)
Net (accretion) amortization of securities	1,775	(490)	(340)
Originations of mortgage loans held for sale	(161,017)	(263,857)	(399,007)
Proceeds from sales of mortgage loans held for sale	158,716	273,765	390,528
Gain on sale of premium finance receivables	(3,831)	(1,033)	-
Purchase of trading securities	(2,940)	(5,558)	-
Proceeds from sale of trading securities	2,945	5,567	-
Gain on sale of trading securities	(5)	(9)	-
(Gain) loss on sale of Available-for-Sale securities	40	(5)	-
Loss on sale of premises and equipment, net	18	-	-
Increase in accrued interest receivable and other assets, net	(404)	(3,585)	(12,603)
Increase in accrued interest payable and other liabilities, net	28,120	5,580	1,625
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	46,843	26,926	(8,264)
INVESTING ACTIVITIES:			
Proceeds from maturities of Available-for-Sale securities	235,275	368,889	481,297
Proceeds from maturities of Held-to-Maturity securities	-	5,000	-
Proceeds from sales of Available-for-Sale securities	675,458	15,166	-
Purchases of Available-for-Sale securities	(896,922)	(383,723)	(588,296)
Proceeds from sales of premium finance receivables	229,277	68,875	-
Acquisition of Tricom, Inc. of Milwaukee, net of cash acquired	-	(4,227)	-
Net decrease in interest bearing deposits with banks	2,365	5,316	77,237
Net increase in loans	(506,321)	(346,778)	(273,918)
Purchases of premises and equipment, net	(19,459)	(17,217)	(15,459)
NET CASH USED FOR INVESTING ACTIVITIES	(280,327)	(288,699)	(319,139)
FINANCING ACTIVITIES:			
Increase in deposit accounts	362,954	234,468	311,453
Increase (decrease) in short-term borrowings, net	(16,204)	41,254	(35,493)
Increase (decrease) in notes payable, net	19,225	8,350	(20,402)
Proceeds from trust preferred securities offering	20,000	-	31,050
Issuance of common stock, net of issuance costs	-	5,984	-
Common stock issued upon exercise of stock options	878	403	264
Common stock issued through employee stock purchase plan	126	148	-
Purchase of common stock	(3,863)	-	-
Dividends paid	(875)	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	382,241	290,607	286,872
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	148,757	28,834	(40,531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	81,297	52,463	92,994
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 230,054	81,297	52,463
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 85,581	60,667	51,158
Income taxes	4,084	4,241	787
Acquisition of Tricom, Inc. of Milwaukee:			
Fair value of assets acquired	-	22,116	-
Goodwill recorded from acquisition	-	10,052	-
Fair value of liabilities assumed	-	23,941	-
NON-CASH INVESTING ACTIVITIES:			
Common stock issued for acquisition of Tricom, Inc. of Milwaukee	-	4,000	-
Transfer to other real estate owned from loans	-	-	587

See accompanying notes to consolidated financial statements

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accounting and reporting policies of Wintrust Financial Corporation and subsidiaries ("Wintrust" or "Company") conform to generally accepted accounting principles. In the preparation of the consolidated financial statements, management is required to make certain estimates and assumptions that affect the reported amounts contained in the consolidated financial statements. Management believes that the estimates made are reasonable; however, changes in estimates may be required if economic or other conditions change beyond management's expectations. Reclassifications of certain prior year amounts have been made to conform with the current year presentation. The following is a summary of the more significant accounting policies of the Company.

DESCRIPTION OF THE BUSINESS

Wintrust is a financial services holding company currently engaged in the business of providing community banking services, trust and investment services, commercial insurance premium financing, short-term accounts receivable financing, and certain administrative services, such as data processing of payrolls, billing and cash management services. Wintrust provides banking services to customers in the Chicago metropolitan area through its seven wholly-owned banking subsidiaries (collectively, "Banks"), all of which started as de novo institutions, including Lake Forest Bank & Trust Company ("Lake Forest Bank"), Hinsdale Bank & Trust Company ("Hinsdale Bank"), North Shore Community Bank & Trust Company ("North Shore Bank"), Libertyville Bank & Trust Company ("Libertyville Bank"), Barrington Bank & Trust Company, N.A. ("Barrington Bank"), Crystal Lake Bank & Trust Company, N.A. ("Crystal Lake Bank") and Northbrook Bank & Trust Company ("Northbrook Bank"). Wintrust provides trust and investment services at each of the Wintrust banks through Wintrust Asset Management Company, N.A. ("WAMC"). The Company provides financing for the payment of commercial insurance premiums ("premium finance receivables"), on a national basis, through First Insurance Funding Corp. ("FIFC"), a wholly-owned subsidiary of Crabtree Capital Corporation ("Crabtree"), which is a wholly-owned subsidiary of Lake Forest Bank. Tricom, Inc. ("Tricom"), a wholly-owned subsidiary of Hinsdale Bank, provides short-term accounts receivable financing ("Tricom finance receivables") and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of Wintrust have been prepared in conformity with generally accepted accounting principles and prevailing practices of the banking industry. Intercompany accounts and transactions have been eliminated in the consolidated financial statements.

SECURITIES

The Company classifies securities upon purchase in one of three categories: trading, held-to-maturity, or available-for-sale. Trading securities are bought principally for the purpose of selling them in the near term. Held-to-maturity securities are those debt securities in which the Company has the ability and positive intent to hold until maturity. All other securities are currently classified as available-for-sale as they may be sold prior to maturity.

Held-to-maturity securities are stated at amortized cost which represents actual cost adjusted for premium amortization and discount accretion using methods that approximate the effective interest method. Available-for-sale securities are stated at fair value. Unrealized gains and losses on available-for-sale securities, net of related taxes, are included as other comprehensive income and reported as a separate component of shareholders' equity.

Trading account securities are stated at fair value. Realized and unrealized gains and losses from sales and fair value adjustments are included in other non-interest income. The Company did not maintain any trading account securities at December 31, 2000 or 1999.

A decline in the market value of any available-for-sale or held-to-maturity security below cost that is deemed other than temporary is charged to earnings, resulting in the establishment of a new cost basis for the security. Dividend and interest income are recognized when earned. Realized gains and losses for securities classified as available-for-sale and held-to-maturity are included in non-interest income and are derived using the specific identification method for determining the cost of securities sold.

LOANS AND ALLOWANCE FOR POSSIBLE LOAN LOSSES

Loans, which include lease financing, premium finance receivables and Tricom finance receivables, are recorded at the principal amount outstanding. Interest income is recognized when earned. Loan origination fees and certain direct origination costs associated with loans retained in the portfolio are deferred and amortized over

the expected life of the loan as an adjustment of yield using methods that approximate the effective interest method. Finance charges on premium finance receivables are earned over the term of the loan based on actual funds outstanding, beginning with the funding date, using a method which approximates the effective yield method.

Mortgage loans held for sale are carried at the lower of aggregate cost or market, after consideration of related loan sale commitments, if any. Fees received from the sale of these loans into the secondary market are included in non-interest income.

Interest income is not accrued on loans where management has determined that the borrowers may be unable to meet contractual principal and/or interest obligations, or where interest or principal is 90 days or more past due, unless the loans are adequately secured and in the process of collection. Cash receipts on non-accrual loans are generally applied to the principal balance until the remaining balance is considered collectible, at which time interest income may be recognized when received.

The allowance for possible loan losses is maintained at a level adequate to cover losses inherent in the portfolio. In estimating potential losses, the Company evaluates loans for impairment. A loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due. Impaired loans are generally considered by the Company to be commercial and commercial real estate loans that are non-accrual loans, restructured loans or loans with principal and/or interest at risk, even if the loan is current with all payments of principal and interest. Impairment is measured by estimating the fair value of the loan based on the present value of expected cash flows, the market price of the loan, or the fair value of the underlying collateral. If the estimated fair value of the loan is less than the recorded book value, a valuation allowance is established as a component of the allowance for possible loan losses.

MORTGAGE SERVICING RIGHTS

The Company originates mortgage loans for sale to the secondary market, the majority of which are sold without retaining servicing rights. There are certain loans, however, that are originated and sold to a governmental agency, with servicing rights retained. Mortgage servicing rights associated with loans originated and sold, where servicing is retained, are capitalized and included in other assets in the consolidated statements of condition. The Company capitalizes the rights to service these originated mortgage loans at the time of sale. The capitalized value of loan servicing rights is amortized in proportion to, and over the period of, estimated net future servicing revenue. Mortgage servicing rights are periodically evaluated for impairment. For purposes of measuring impairment, the servicing rights are stratified into pools based on loan type, interest rate and term. Impairment represents the excess of the remaining capitalized cost of a stratified pool over its fair value, and is recorded through a valuation allowance. The fair value of each servicing rights pool is evaluated based on the present value of estimated future cash flows using a discount rate commensurate with the risk associated with that pool, given current market conditions. Estimates of fair value include assumptions about prepayment speeds, interest rates and other factors which are subject to change over time. Changes in these underlying assumptions could cause the fair value of mortgage servicing rights, and the related valuation allowance, if any, to change significantly in the future.

SALES OF PREMIUM FINANCE RECEIVABLES

Gains on the sales of premium finance receivables are determined by the difference between the sales proceeds plus the allocated basis of the servicing right and interest only strip retained less the Company's recourse obligation compared to the carrying amount of the loan. The interest only strip represents the present value of estimated future cash flows resulting from the difference between the yield of the underlying loans sold and the rate due to the purchaser of the loans.

PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for major additions and improvements are capitalized, and maintenance and repairs are charged to expense as incurred.

COMPUTER SOFTWARE DEVELOPMENT COSTS

Salary costs related to the configuration and installation of new software and the modification of existing software that provides additional functionality are capitalized and amortized over periods of three to five years.

OTHER REAL ESTATE OWNED

Other real estate owned is comprised of real estate acquired in partial or full satisfaction of loans and is included in other assets at the lower of cost or fair market value less estimated selling costs. When the property is acquired through foreclosure, any excess of the related

loan balance over the adjusted fair market value less expected selling costs, is charged against the allowance for possible loan losses. Subsequent write-downs or gains and losses upon sale, if any, are charged to other non-interest expense.

INTANGIBLE ASSETS

Goodwill, representing the cost in excess of the fair value of net assets acquired, is primarily amortized on a straight-line basis over periods of fifteen to twenty years. The Company periodically evaluates the carrying value and remaining amortization period of intangible assets and other long-lived assets for impairment, and adjusts the carrying amounts, as appropriate.

TRUST PREFERRED SECURITIES OFFERING COSTS

In connection with the Company's October 1998 and June 2000 offering of Cumulative Trust Preferred Securities ("Trust Preferred Securities"), approximately \$1.4 million and \$1.1 million, respectively, of offering costs were incurred, including underwriting fees, legal and professional fees, and other costs. These costs are included in other assets and are being amortized over a ten year period as an adjustment of interest expense using a method that approximates the effective interest method. See Note 10 for further information about the Trust Preferred Securities.

TRUST ASSETS

Assets held in fiduciary or agency capacity for customers are not included in the consolidated financial statements as they are not assets of Wintrust or its subsidiaries. Fee income is recognized on an accrual basis for financial reporting purposes and is included as a component of non-interest income.

INCOME TAXES

Wintrust and its subsidiaries file a consolidated Federal income tax return. The subsidiaries provide for income taxes on a separate return basis and remit to Wintrust amounts determined to be currently payable.

Wintrust and subsidiaries record income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using currently enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ADVERTISING COSTS

All advertising costs incurred by the Company are expensed in the period in which they are incurred.

CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, Wintrust considers cash on hand, cash items in the process of collection, non-interest bearing amounts due from correspondent banks, federal funds sold and securities purchased under resale agreements to be cash equivalents.

EARNINGS PER SHARE

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of this entity.

STOCK OPTION PLANS

The Company follows the disclosure requirements of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), rather than the recognition provisions of SFAS No. 123, as allowed by the statement. The Company follows APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized by the Company for its stock option plans as the exercise price is equal to the market value on the option grant date. Further disclosures are presented in Note 13.

START-UP COSTS

In April 1998, AcSEC issued Statement of Position 98-5 ("SOP 98-5"), "Reporting on the Costs of Start-up Activities", which requires that the unamortized portion of previously capitalized start-up costs be written-off as a cumulative effect of a change in accounting principle. Subsequent to adoption of SOP 98-5, start-up and organization costs must be expensed as incurred. In the first quarter of 1999, in accordance with SOP 98-5, the Company expensed approximately \$200,000 of remaining unamortized deferred organizational costs. This write-off, however, was not material to be presented as a cumulative effect of a change in accounting principle. Beginning in 1999, all start-up and organizational costs are being expensed as incurred.

RECENT ACCOUNTING PRONOUNCEMENTS

Derivatives and Hedging Activities - In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138 in June 1999 and June 2000, respectively. These statements require that all derivative instruments be recorded in the statement of condition at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or foreign currency hedges, and establishes accounting standards for reporting changes in the fair value of the derivative instruments. Upon adoption, the Company will be required to adjust hedging instruments to fair value in the balance sheet and recognize the offsetting gains or losses as adjustments to be reported in net income or other comprehensive income, as appropriate. The Company will adopt these statements as of January 1, 2001. The adoption will result in a \$254,000 charge, net of tax, from a cumulative effect of a change in accounting principle to be reported in the first quarter of 2001.

Transfers and Servicing of Financial Assets - In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," that replaces, in its entirety, SFAS No. 125. Although SFAS 140 has changed many of the rules regarding securitizations, it continues to require an entity to recognize the financial and servicing assets it controls and the liabilities it has incurred and to derecognize financial assets when control has been surrendered in accordance with the criteria provided in the Statement. As required, the Company will apply the new rules prospectively to transactions beginning in the second quarter of 2001. Since the Company does not currently securitize any of its financial assets, the application of the new rules will not have a material impact on its financial statements.

(2) SECURITIES A summary of the securities portfolio presenting carrying amounts and gross unrealized gains and losses as of December 31, 2000 and 1999 is as follows (in thousands):

	DECEMBER 31, 2000				December 31, 1999			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale:								
U.S. Treasury	\$ 29,987	45	(45)	29,987	40,587	-	(1,416)	39,171
U.S. Government agencies	61,937	57	(123)	61,871	70,664	-	(480)	70,184
Municipal securities	5,020	130	(8)	5,142	4,046	-	(8)	4,038
Corporate notes and other	30,208	31	(1,042)	29,197	40,152	2	(1,129)	39,025
Mortgage-backed securities	54,182	239	(147)	54,274	46,613	-	(489)	46,124
Federal Reserve/FHLB stock and other equity securities	12,358	317	(41)	12,634	7,253	-	-	7,253
Total available-for-sale securities	\$ 193,692	819	(1,406)	193,105	209,315	2	(3,522)	205,795

The amortized cost and fair value of securities as of December 31, 2000 and 1999, by contractual maturity, are shown in the following table. Contractual maturities may differ from actual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Mortgage-backed securities are not included in the maturity categories in the following maturity summary as actual maturities may differ from contractual maturities because the underlying mortgages may be called or prepaid without any penalties.

	DECEMBER 31, 2000		December 31, 1999	
	AMORTIZED COST	FAIR VALUE	Amortized Cost	Fair Value
(in thousands)				
Available-for-sale securities:				
Due in one year or less	\$ 58,515	58,392	66,020	65,841
Due in one to five years	51,159	51,116	69,934	68,086
Due in five to ten years	4,579	4,707	5,949	5,904
Due after ten years	12,899	11,982	13,546	12,587
Mortgage-backed securities	54,182	54,274	46,613	46,124
Federal Reserve/FHLB stock and other equity securities	12,358	12,634	7,253	7,253
Total available-for-sale securities	\$ 193,692	193,105	209,315	205,795

In 2000 and 1999, the Company had gross realized gains on sales of available-for-sale securities of \$79,000 and \$19,000, respectively. During 2000 and 1999, gross realized losses on sales of available-for-sale securities totaled \$119,000 and \$14,000, respectively. There were no sales of available-for-sale securities in 1998. Proceeds from sales of available-for-sale securities during 2000 and 1999 were \$675,458,000 and \$15,166,000, respectively. At December 31, 2000 and 1999, securities having a carrying value of \$116,774,000 and \$139,185,000, respectively, were pledged as collateral for public deposits, trust deposits and securities sold under agreements to repurchase.

(3) LOANS A summary of the loan portfolio, including commercial lease financing receivables, at December 31, 2000 and 1999 is as follows (in thousands):

	2000	1999
Commercial and commercial real estate	\$ 647,947	485,776
Premium finance receivables	321,711	225,239
Indirect auto	203,572	255,434
Home equity	179,168	139,194
Residential real estate	141,919	111,026
Tricom finance receivables	20,354	17,577
Installment and other	51,995	49,925
Total loans	1,566,666	1,284,171
Less: Unearned income	8,646	5,922
Total loans, net of unearned income	\$ 1,558,020	1,278,249

Residential mortgage loans held for sale totaled \$10,424,000 and \$8,123,000 at December 31, 2000 and 1999, respectively.

Certain residential real estate and home equity loans with balances totaling approximately \$142.0 million and \$142.1 million, at December 31, 2000 and 1999, respectively, were pledged as collateral to secure the availability of borrowings from certain Federal agency banks.

Certain officers and directors of Wintrust and its subsidiaries and certain corporations and individuals related to such persons borrowed funds from the Banks. These loans, totaling \$30,499,000 and \$22,148,000 at December 31, 2000 and 1999, respectively, were made at substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other borrowers.

(4) ALLOWANCE FOR POSSIBLE LOAN LOSSES A summary of the allowance for possible loan losses for the years ended December 31, 2000, 1999 and 1998 is as follows (in thousands):

	Year Ended December 31,		
	2000	1999	1998
Allowance at beginning of year	\$ 8,783	7,034	5,116
Provision	5,055	3,713	4,297
Acquired allowance for loan losses	-	175	-
Charge-offs	(3,756)	(2,449)	(2,737)
Recoveries	351	310	358
Allowance at end of year	\$ 10,433	8,783	7,034

At December 31, 2000, 1999 and 1998, non-accrual loans totaled \$4,329,000, \$4,338,000 and \$3,137,000, respectively. At December 31, 2000 and 1999, loans that were considered to be impaired totaled \$770,000 and \$1,768,000, respectively. At December 31, 2000 and 1999, impaired

loans totaling \$214,000 and \$458,000, respectively, had allocated specific allowance for loan losses of approximately \$214,000 and \$125,000, at each year-end. The average balance of impaired loans during 2000, 1999 and 1998 was approximately \$1,212,000, \$1,295,000 and \$4,167,000, respectively. During 2000, 1999 and 1998, interest income recognized on impaired loans totaled approximately \$6,000, \$14,000 and \$155,000, respectively. Management evaluated the

value of the impaired loans primarily by using the fair value of the collateral. During 2000, 1999 and 1998, the effect of non-performing loans reduced interest income by approximately \$111,000, \$100,000 and \$197,000, respectively.

(5) **MORTGAGE SERVICING RIGHTS** The remaining principal balance of mortgage loans serviced for others, which are not included in the Consolidated Statements of Condition, totaled \$97.2 million and \$87.1 million at December 31, 2000 and 1999, respectively. The following is a summary of the changes in mortgage servicing rights for the years ended December 31, 2000 and 1999 (in thousands):

	Year Ended December 31,	
	2000	1999
Balance at beginning of year	\$ 648	715
Servicing rights capitalized	146	214
Amortization of servicing rights	(161)	(281)
Valuation allowance	-	-
Balance at end of year	\$ 633	648

At December 31, 2000 and 1999, the aggregate fair value of mortgage servicing rights was \$895,000 and \$793,000, respectively. Fair values are determined by discounting anticipated future net cash flows from servicing activities considering market consensus loan prepayment speeds, interest rates, servicing costs and other economic factors.

(6) **PREMISES AND EQUIPMENT, NET** A summary of premises and equipment at December 31, 2000 and 1999 is as follows (in thousands):

	2000	1999
Land	\$ 15,294	10,606
Buildings and improvements	57,015	50,591
Furniture, equipment and computer software	22,911	19,244
Equipment under leasing contracts	5,278	2,704
Construction in progress	1,418	1,437
	101,916	84,582
Less: Accumulated depreciation and amortization	15,530	11,731
Premises and equipment, net	\$ 86,386	72,851

Equipment under leasing contracts represents the Company's investment in equipment leased to others under operating lease agreements. The portfolio consists of various types of equipment including medical, technological and machine tools.

(7) **TIME DEPOSITS** Certificates of deposit in amounts of \$100,000 or more approximated \$564,747,000 and \$432,982,000, respectively, at December 31, 2000 and 1999. Interest expense related to these deposits approximated \$20,993,000, \$14,365,000 and \$12,003,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

(8) **SHORT-TERM BORROWINGS** At December 31, 2000, short-term borrowings totaled \$43,639,000 and was comprised entirely of securities sold under agreements to repurchase. At December 31, 1999, short-term borrowings totaled \$59,843,000 and was comprised of \$54,277,000 of securities sold under agreements to repurchase, \$5,000,000 of federal funds purchased and \$566,000 of other short-term borrowings. As of December 31, 2000 and 1999, the weighted average borrowing rate was 4.35% and 5.65%, respectively.

(9) **NOTES PAYABLE** The notes payable balances of \$27,575,000 at December 31, 2000 and \$8,350,000 at December 31, 1999 represent the balances on a revolving credit line agreement ("Agreement") with an unaffiliated bank. Currently, the total amount of the revolving credit line is \$40 million and interest is calculated at a floating rate equal to, at the Company's option, either the lender's prime rate or LIBOR plus 1.25%. The maturity date is August 30, 2001. The Agreement is secured by the stock of all Banks, except Northbrook Bank, and contains several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and other indebtedness. This Agreement may be utilized, as needed, to provide capital to fund continued growth at its existing bank subsidiaries, expand WAMC, fund possible acquisitions of financial institutions or other finance related companies, purchase treasury stock or other general corporate matters.

(10) **LONG-TERM DEBT - TRUST PREFERRED SECURITIES** In October 1998, Wintrust Capital Trust I ("WCT I") issued \$31,050,000 of 9.00% Trust Preferred Securities with a maturity date of September 30, 2028. In June 2000, Wintrust Capital Trust II ("WCT II") issued \$20,000,000 of 10.50% Trust Preferred Securities with a maturity date of June 30, 2030.

WCT I and WCT II are statutory business trusts ("Trusts") created by the Company solely for the purpose of issuing the Trust Preferred

Securities. WCT I and WCT II issued \$960,000 and \$619,000, respectively, of common securities, all of which are owned by the Company.
The Trust

Preferred Securities represent preferred undivided beneficial interests in the assets of the respective Trusts. The Trusts invested the proceeds from the issuances of the Trust Preferred Securities along with the proceeds from the common securities in Subordinated Debentures issued by the Company. The assets of WCT I and WCT II consist solely of \$32,010,000 and \$20,619,000, respectively, of Subordinated Debentures with the same maturities and interest rates as the respective Trust Preferred Securities. Subject to certain limitations, the Company has the right to defer payment of interest on the Subordinated Debentures at any time, or from time to time, for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities are subject to mandatory redemption, in whole or in part, upon repayment of the Subordinated Debentures at maturity or their earlier redemption. The Subordinated Debentures of WCT I and WCT II are redeemable in whole or in part prior to maturity, at the discretion of the Company, on or after September 30, 2003 and June 30, 2005, respectively, if certain conditions are met, and only after the Company has obtained Federal Reserve approval, if then required under applicable guidelines or regulations.

The Company has guaranteed the payment of distributions and payments upon liquidation or redemption of the Trust Preferred Securities, in each case to the extent of funds held by WCT I and WCT II. The Company and the Trusts believe that, taken together, the obligations of the Company under the guarantees, the subordinated debentures, and other related agreements provide, in the aggregate, a full, irrevocable and unconditional guarantee, on a subordinated basis, of all of the obligations of the Trusts under the Trust Preferred Securities.

The Trust Preferred Securities, subject to certain limitations, qualify as Tier 1 capital of the Company for regulatory capital purposes. Interest expense on the Trust Preferred Securities is deductible for income tax purposes.

(11) MINIMUM LEASE COMMITMENTS Gross rental expense related to the Company's premises was \$1,129,000, \$1,106,000 and \$922,000 in 2000, 1999 and 1998, respectively. Gross rental income related to the Company's buildings totaled \$486,000, \$415,000 and \$390,000, in 2000, 1999 and 1998, respectively. In 2000, 1999 and 1998, the Company also recorded equipment lease income of approximately \$1,263,000, \$397,000 and \$55,000, respectively. Future minimum gross rental payments for office space, future minimum gross rental income, and equipment lease income as of December 31, 2000 for all noncancelable leases are as follows (in thousands):

	FUTURE MINIMUM GROSS RENTAL PAYMENTS	FUTURE MINIMUM GROSS RENTAL INCOME	FUTURE MINIMUM EQUIPMENT LEASE INCOME
2001	\$ 845	321	1,556
2002	584	282	1,143
2003	413	227	819
2004	323	150	593
2005	203	82	161
2006 and thereafter	149	264	-
Total minimum future amounts	\$ 2,517	1,326	4,272

(12) INCOME TAXES Income tax expense (benefit) for the years ended December 31, 2000, 1999 and 1998 is summarized as follows (in thousands):

	Year Ended December 31,		
	2000	1999	1998
Current income taxes:			
Federal	\$ 4,509	5,571	571
State	187	-	-
Total current income taxes	4,696	5,571	571
Deferred income taxes:			
Federal	847	(1,240)	(2,378)
State	(250)	393	271
Total deferred income taxes	597	(847)	(2,107)
Total tax expense (benefit)	\$ 5,293	4,724	(1,536)

The exercise of certain stock options produced tax benefits of \$151,000 in 2000, \$90,000 in 1999 and \$95,000 in 1998 which were recorded directly to shareholders' equity.

Income taxes for 2000, 1999 and 1998 differ from the expected tax expense for those years (computed by applying the applicable statutory U.S. Federal income tax rate of 35% in 2000 and 1999 and 34% in 1998 to income before income taxes) as follows (in thousands):

	Year Ended December 31,		
	2000	1999	1998
Computed "expected" income tax expense	\$ 5,757	4,953	1,601
Increase (decrease) in tax resulting from:			
Decrease in valuation allowance for deferred tax assets	(346)	(460)	(3,357)
Other, net	(118)	231	220
Income tax expense (benefit)	\$ 5,293	4,724	(1,536)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2000 and 1999 are presented below (in thousands):

	2000	1999
Deferred tax assets:		
Allowance for possible loan losses	\$ 4,065	3,313
Net unrealized losses on securities	224	1,249
Federal net operating loss carryforward	4,653	5,984
State net operating loss carryforward	563	660
Deferred compensation	392	315
Premises and equipment	-	235
Other	-	380
Total gross deferred tax assets	9,897	12,136
Less: Valuation allowance	-	346
Total deferred tax assets	9,897	11,790
Deferred tax liabilities:		
Premises and equipment	26	-
Deferred loan fees	1,076	860
Accrual to cash adjustment	58	261
Other	439	749
Total gross deferred tax liabilities	1,599	1,870
Net deferred tax assets	\$ 8,298	9,920

During 1998 and 1999, management determined that a valuation allowance should be established for a portion of the deferred tax asset based on management's assessment regarding realization of such deferred tax assets considering the profitability attained by the Company and its operating subsidiaries during each of the years and future earnings estimates. In 2000, management believes that realization of the recorded net deferred tax asset is more likely than not.

At December 31, 2000, Wintrust and its subsidiaries had Federal net operating losses of approximately \$13.3 million and state net operating losses of approximately \$12.1 million. Such amounts are available for carryforward to offset future taxable income and expire in 2003 - 2010. Utilization of the net operating losses are subject to certain statutory limitations.

(13) EMPLOYEE BENEFIT AND STOCK PLANS The Wintrust Financial Corporation 1997 Stock Incentive Plan ("the Plan") provides options to purchase shares of Wintrust's common stock at the fair market value of the stock on the date the option was granted. The Plan permits the grant of incentive stock options, nonqualified stock options, rights and restricted stock. The Plan covers substantially all employees of Wintrust.

On May 25, 2000, the Company's shareholders approved an amendment to the Plan increasing the total number of shares of Common Stock as to which awards may be granted by 450,000 to a maximum of 2,387,359. The incentive and nonqualified options expire at such time as the Compensation Committee shall determine at the time of grant, however, in no case shall they be exercisable later than ten years after the grant.

A summary of the aggregate activity of the Plan for 2000, 1999 and 1998 is as follows:

WEIGHTED COMMON RANGE OF AVERAGE SHARES STRIKE PRICES STRIKE PRICE

Outstanding at December 31, 1997	1,459,088	\$ 5.80 - 21.13	\$ 11.90
Granted	150,400	17.88 - 21.75	18.71
Exercised	31,423	5.80 - 14.53	8.30
Forfeited or canceled	53,081	9.30 - 19.86	16.25
Outstanding at December 31, 1998	1,524,984	5.80 - 21.75	12.49
Granted	261,169	16.69 - 20.06	17.38
Exercised	31,933	7.75 - 14.53	9.79
Forfeited or canceled	41,791	10.77 - 19.25	17.73
Outstanding at December 31, 1999	1,712,429	5.80 - 21.75	13.15
Granted	137,700	13.81 - 17.88	15.50
Exercised	76,929	5.80 - 14.53	9.45
Forfeited or canceled	99,902	7.75 - 21.75	18.27

Outstanding at				
December 31, 2000	1,673,298	\$	5.80 - 21.75	\$ 13.20
=====				

At December 31, 2000, 1999 and 1998, the weighted-average remaining contractual life of outstanding options was 5.6 years, 6.2 years and 6.6 years, respectively. Additionally, at December 31, 2000, 1999 and 1998, the number of options exercisable was 1,223,925, 1,185,697 and 887,514, respectively, and the weighted-average per share exercise price of those options was \$11.78, \$11.23 and \$9.38, respectively. Expiration dates for the options range from December 28, 2001 to October 27, 2010.

The following table presents certain information about the outstanding options and the currently exercisable options as of December 31, 2000:

OPTIONS OUTSTANDING					OPTIONS CURRENTLY EXERCISABLE		
RANGE OF EXERCISE PRICES	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING TERM	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE		
\$ 5.80 - 7.75	384,584	\$ 6.91	2.12 years	384,584	\$ 6.91		
8.29 - 12.42	309,246	10.29	4.14 years	309,246	10.29		
12.43 - 15.25	269,458	14.10	5.93 years	208,522	14.04		
15.38 - 17.00	249,517	16.56	9.07 years	145,217	16.98		
17.03 - 17.94	87,896	17.49	8.19 years	25,636	17.49		
18.00 - 18.00	310,897	18.00	6.94 years	131,340	18.00		
18.44 - 21.75	61,700	19.27	7.95 years	19,380	19.38		
\$ 5.80 - 21.75	1,673,298	\$ 13.20	5.57 years	1,223,925	\$ 11.78		

The Company applies APB No. 25, and related Interpretations, in accounting for its stock option plan. Accordingly, no compensation cost has been recognized for its stock option plan. Had compensation cost for the Company's stock option plan been determined based on the fair value at the date of grant for awards under the stock option plan consistent with the method of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below (in thousands, except per share data):

YEAR ENDED DECEMBER 31,

	2000	1999	1998
Net income			
As reported	\$ 11,155	9,427	6,245
Pro forma	10,453	8,082	5,659
Earnings per share-Basic			
As reported	\$ 1.28	1.14	0.77
Pro forma	1.20	0.98	0.70
Earnings per share-Diluted			
As reported	\$ 1.25	1.10	0.74
Pro forma	1.17	0.94	0.67

The pro forma amounts indicated above may not be representative of the effects on reported net income for future years. The fair value of each option grant was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants during the years ended December 31, 2000, 1999 and 1998, respectively: dividend yield of 0.7% for 2000, 0.6% for 1999 and 0.0% for 1998; expected volatility of 25.6% for 2000, 27.5% for 1999 and 24.2% for 1998; risk free rate of return of 6.2% for 2000, 5.6% for 1999 and 5.3% for 1998; and, expected life of 7.3 years for 2000, 7.2 years for 1999 and 7.5 years for 1998. The per share weighted average fair value of stock options granted during 2000, 1999 and 1998 was \$6.07, \$6.98 and \$7.54, respectively.

Wintrust and its subsidiaries also provide 401(k) Retirement Savings Plans ("401(k) Plans"). The 401(k) Plans cover all employees meeting certain eligibility requirements. Contributions by employees are made through salary reductions at their direction, limited to \$10,500 in 2000 and \$10,000 in both 1999 and 1998. Employer contributions to the 401(k) Plans are made at the employer's discretion. Generally, participants completing 501 hours of service are eligible to share in an allocation of employer contributions. The Company's expense for the employer contributions to the 401(k) Plans was approximately \$151,000, \$57,000 and \$52,000 in 2000, 1999 and 1998, respectively.

The Wintrust Financial Corporation Employee Stock Purchase Plan ("SPP") is designed to encourage greater stock ownership among employees, thereby enhancing employee commitment to the Company. The SPP gives eligible employees the right to accumulate funds over an offering period to purchase shares of Common Stock. The Company has reserved 250,000 shares of its authorized Common Stock for the SPP. All shares offered under the SPP will be either newly issued shares of the Company or shares issued from treasury, if any. In accordance with the SPP, the purchase price of the shares of Common Stock may not be lower than the lesser of 85% of the fair market value per share of the Common Stock on the first day of the offering period or 85% of the fair market value per share of the Common Stock on the last date for the offering period. The Company's Board of Directors authorized a purchase price calculation at 90% of fair market value for each of the offering periods. During 2000 and 1999, a total of 8,961 shares and 8,349 shares, respectively, were issued to participant accounts

and approximately \$23,000 and \$19,000, respectively, was recognized as compensation expense. The fifth offering period concludes on March 31, 2001. The Company plans to continue to periodically offer Common Stock through this SPP subsequent to March 31, 2001.

The Company does not currently offer other postretirement benefits such as health care or other pension plans.

(14) REGULATORY MATTERS Banking laws place restrictions upon the amount of dividends which can be paid to Wintrust by the Banks. Based on these laws, the Banks could, subject to minimum capital requirements, declare dividends to Wintrust without obtaining regulatory approval in an amount not exceeding (a) undivided profits, and (b) the amount of net income reduced by dividends paid for the current and prior two years. During 2000 and 1998, cash dividends totaling \$16 million and \$8.25 million, respectively, were paid to Wintrust by the Banks. No cash dividends were paid to Wintrust by the Banks for the year ended December 31, 1999. As of January 1, 2001, the Banks had approximately \$11.2 million available to be paid as dividends to Wintrust, subject to certain capital limitations.

The Banks are also required by the Federal Reserve Act to maintain reserves against deposits. Reserves are held either in the form of vault cash or balances maintained with the Federal Reserve Bank and are based on the average daily deposit balances and statutory reserve ratios prescribed by the type of deposit account. At December 31, 2000 and 1999, reserve balances of approximately \$12.5 million and \$11.7 million, respectively, were required.

The Company and the Banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. 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's and the Banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Banks to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and Tier 1 leverage capital (as defined) to average quarterly assets (as defined). Management believes, as of December 31, 2000 and 1999, that the Company and the Banks met all minimum capital adequacy requirements.

As of December 31, 2000, the most recent notification from the Banks' primary federal regulators, the Banks were categorized as either well capitalized or adequately capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately capitalized, the Banks must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since the most recent notification that management believes would materially affect the Banks' regulatory capital categories. The Company's and the Banks' actual capital amounts and ratios as of December 31, 2000 and 1999 are presented in the following table (dollars in thousands):

	DECEMBER 31, 2000				December 31, 1999			
	ACTUAL		TO BE ADEQUATELY CAPITALIZED BY REGULATORY DEFINITION		Actual		To Be Adequately Capitalized by Regulatory Definition	
	AMOUNT	RATIO	AMOUNT	RATIO	Amount	Ratio	Amount	Ratio
TOTAL CAPITAL (TO RISK WEIGHTED ASSETS):								
Consolidated	\$ 153,354	8.4%	\$145,482	8.0%	\$ 123,466	8.4%	\$118,312	8.0%
Lake Forest	43,889	9.1	38,725	8.0	37,541	8.9	33,779	8.0
Hinsdale	31,089	9.8	25,449	8.0	24,755	9.0	21,975	8.0
North Shore	34,594	9.3	29,747	8.0	27,095	8.5	25,452	8.0
Libertyville	24,288	10.3	18,813	8.0	16,444	9.1	14,470	8.0
Barrington	20,679	10.5	15,832	8.0	14,903	9.8	12,189	8.0
Crystal Lake	11,666	11.3	8,248	8.0	8,893	13.0	5,474	8.0
TIER 1 CAPITAL (TO RISK WEIGHTED ASSETS):								
Consolidated	\$ 126,085	6.9%	\$ 72,741	4.0%	\$ 114,683	7.8%	\$ 59,156	4.0%
Lake Forest	41,052	8.5	19,362	4.0	35,106	8.3	16,889	4.0
Hinsdale	29,017	9.1	12,724	4.0	22,839	8.3	10,988	4.0
North Shore	32,415	8.7	14,873	4.0	25,239	7.9	12,726	4.0
Libertyville	22,674	9.6	9,406	4.0	15,224	8.4	7,235	4.0
Barrington	19,583	9.9	7,916	4.0	14,063	9.2	6,094	4.0
Crystal Lake	11,031	10.7	4,124	4.0	8,376	12.2	2,737	4.0
TIER 1 LEVERAGE CAPITAL (TO AVERAGE QUARTERLY ASSETS):								
Consolidated	\$ 126,085	6.3%	\$ 80,164	4.0%	\$ 114,683	7.1%	\$ 65,047	4.0%
Lake Forest	41,052	6.6	25,038	4.0	35,106	6.9	20,274	4.0
Hinsdale	29,017	7.9	14,681	4.0	22,839	6.9	13,227	4.0
North Shore	32,415	7.3	17,693	4.0	25,239	7.1	14,199	4.0
Libertyville	22,674	8.0	11,314	4.0	15,224	6.9	8,845	4.0
Barrington	19,583	8.4	9,321	4.0	14,063	8.3	6,793	4.0
Crystal Lake	11,031	9.1	4,858	4.0	8,376	9.7	3,447	4.0

The ratios required for the Banks to be "well capitalized" by regulatory definition are 10.0%, 6.0%, and 5.0% for the Total Capital-to-Risk Weighted Assets, Tier 1 Capital-to-Risk Weighted Assets and Tier 1 Leverage Capital-to-Average Quarterly Assets, respectively.

Northbrook Bank, which is "well-capitalized" in all capital categories is not presented above. Northbrook Bank opened in November 2000 and its capital ratios at December 31, 2000 are not meaningful.

(15) COMMITMENTS AND CONTINGENCIES The Company has outstanding, at any time, a number of commitments to extend credit to its customers. These commitments include revolving home line and other credit agreements, term loan commitments and standby letters of credit. These commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the Consolidated Statements of Condition. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. Commitments to extend credit at December 31, 2000 and 1999 were \$511.2 million and \$431.9 million, respectively. Standby and commercial letters of credit amounts were \$27.5 million and \$13.5 million at December 31, 2000 and 1999, respectively.

In the ordinary course of business, there are legal proceedings pending against the Company and its subsidiaries. Management considers that the aggregate liabilities, if any, resulting from such actions would not have a material adverse effect on the financial position of the Company.

(16) DERIVATIVE FINANCIAL INSTRUMENTS The Company enters into certain derivative financial instruments as part of its strategy to manage its exposure to market risk. Market risk is the possibility that, due to changes in interest rates or other economic conditions, the Company's net interest income will be adversely affected. The derivative financial instruments that are currently being utilized by the Company to manage this risk include interest rate cap contracts. The amounts potentially subject to market and credit risks are the streams of interest payments under the contracts and not the notional principal amounts used to express the volume of the transactions. As of December 31, 2000, the Company had \$400 million of notional principal amounts of interest rate caps with maturities ranging from January 2001 to January 2003. These contracts were purchased to mitigate the effect of rising rates on certain floating rate deposit products and provide for the receipt of payments when the 91-day Treasury bill rate exceeds predetermined strike rates that range from 5.37% to 6.50%. The payment amounts, if any, are determined and received on a monthly basis and are recorded as an adjustment to net interest income. Premiums paid for the purchase of interest rate cap contracts are amortized over the term of the agreement as an adjustment to net interest income. See Recent Accounting Pronouncements in Note 1 regarding implementation of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," effective January 1, 2001. The Company may enter into other derivative financial instruments in the future to more effectively manage its market risk.

Periodically, the Company will sell options to a bank or dealer for the right to purchase certain securities held within the Banks' investment portfolios. These covered call option transactions are designed primarily to increase the total return associated with holding these securities as earning assets. The option premium income generated by these transactions is recognized as other non-interest income. As of December 31, 2000, the Company was obligated pursuant to the exercise of a covered call option to deliver \$30 million of securities it had previously committed to purchase with a forward settlement date in January 2001. In January 2001, the securities were purchased and subsequently sold in settlement of the option. No gain or loss was recognized on the sale of these securities. There were no call options outstanding as of December 31, 2000 or 1999.

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The following table presents the carrying amounts and estimated fair values of Wintrust's financial instruments at December 31, 2000 and 1999 (in thousands):

	AT DECEMBER 31, 2000		At December 31, 1999	
	CARRYING VALUE	FAIR VALUE	Carrying Value	Fair Value
Financial assets:				
Cash and demand balances from banks	\$ 65,413	65,413	53,066	53,066
Federal funds sold and securities purchased under resale agreements	164,641	164,641	28,231	28,231
Interest bearing deposits with banks	182	182	2,547	2,547
Available-for-sale securities	193,105	193,105	205,795	205,795
Loans, net of unearned income	1,558,020	1,547,571	1,278,249	1,272,395
Accrued interest receivable	10,850	10,850	8,843	8,843
Financial liabilities:				
Non-maturity deposits	749,448	749,448	609,860	609,860
Deposits with stated maturities	1,077,128	1,080,224	853,762	856,600
Short-term borrowings	43,639	43,639	59,843	59,843
Notes payable	27,575	27,575	8,350	8,350
Long-term borrowings-trust preferred securities	51,050	48,166	31,050	30,119
Accrued interest payable	4,360	4,360	2,757	2,757
Off-balance sheet derivative contracts:				
Interest rate cap agreements - positive value	472	57	450	464

Cash, demand balances from banks, Federal funds sold and securities purchased under resale agreements: The carrying value of cash, demand balances from banks, Fed funds sold and securities purchased under resale agreements approximates fair value due to the short maturity of those instruments. Securities purchased under resale agreements are short term and have a fixed sales price equal to the carrying amount.

Interest-bearing deposits with banks and securities: Fair values of these instruments are based on quoted market prices, when available. If quoted market prices are not available, fair values are based on quoted market prices of comparable assets.

Loans: Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are analyzed by type such as commercial, residential real estate, etc. Each category is further segmented into fixed and variable interest rate terms.

For variable-rate loans that reprice frequently, estimated fair values are based on carrying values. The fair value of residential real estate loans is based on secondary market sources for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value for other loans is estimated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate inherent in the loan.

Accrued interest receivable and accrued interest payable: The carrying value of accrued interest receivable and accrued interest payable approximates market value due to the relatively short period of time to expected realization.

Deposit liabilities: The fair value of deposits with no stated maturity, such as non-interest bearing deposits, savings, NOW accounts and money market accounts, is equal to the amount payable on demand as of year-end (i.e. the carrying value). The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently in effect for deposits of similar remaining maturities.

Short-term borrowings: The carrying value of short-term borrowings approximates fair value due to the relatively short period of time to maturity or repricing.

Notes payable: The carrying value of notes payable approximates fair value due to the relatively short period of time to repricing of variable interest rates.

Long-term borrowings: The fair value of long-term borrowings, which consists entirely of Trust Preferred Securities, was determined based on the quoted market prices as of the last business day of the year.

Interest rate cap agreements: The carrying value of interest rate cap agreements represents the remaining unamortized cost of the contracts. The fair value is based on quoted market prices as of the last business day of the year.

Commitments to extend credit and standby letters of credit: The fair value of commitments to extend credit is based on fees currently charged to enter into similar arrangements, the remaining term of the agreement, the present creditworthiness of the counterparty, and the difference between current interest rates and committed interest rates on the commitments. Because most of Wintrust's commitment agreements were recently entered into and/or contain variable interest rates, the carrying value of Wintrust's commitments to extend credit approximates fair value. The fair value of letters of credit is based on fees currently charged for similar arrangements. The fair value of such commitments is not material and is not shown here.

The above fair value estimates were made at a point in time based on relevant market information and other assumptions about the financial instruments. As no active market exists for a significant portion of the Company's financial instruments, fair value estimates were based on judgements regarding current economic conditions, future expected cash flows and loss experience, risk characteristics and other factors. These estimates are subjective in nature and involve uncertainties and therefore cannot be calculated with precision. Changes in these assumptions could significantly affect these estimates. In addition, the fair value estimates only reflect existing on and off-balance sheet financial instruments and do not attempt to assess the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. For example, the value of depositor relationships, premises and equipment, intangible assets and the Company's trust and investment business have not been considered.

(18) WARRANTS TO ACQUIRE COMMON STOCK The Company has issued warrants to acquire common stock. The warrants entitle the holder to purchase one share of the Company's common stock at purchase prices ranging from \$14.85 to \$15.00 per share. There were 155,433 outstanding warrants to acquire common stock at December 31, 2000 and 1999, respectively, with expiration dates ranging from December 2002 through November 2005.

(19) **COMPREHENSIVE INCOME** Comprehensive income includes net income plus certain transactions that are reported directly within shareholders' equity, such as unrealized gains and losses on available-for-sale securities.. A reconciliation of the transactions affecting accumulated other comprehensive income included in the Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, is presented below (in thousands):

	Pretax	Tax effect	Net of tax
=====			
1998			

Unrealized losses on available-for-sale securities	\$ (153)	59	(94)

Total	(153)	59	(94)

1999			

Unrealized losses on available-for-sale securities	(3,460)	1,243	(2,217)
Reclassification adjustment for gains realized in net income	(5)	2	(3)

Total	(3,465)	1,245	(2,220)

2000			

Unrealized gains on available-for-sale securities	2,895	(1,013)	1,882
Reclassification adjustment for losses realized in net income	40	(14)	26

Total	2,935	(1,027)	1,908
	=====		

(20) **SEGMENT INFORMATION** The Company's operations consist of five primary segments: banking, premium finance, indirect auto, Tricom and trust. Through its seven bank subsidiaries located in several affluent suburban Chicago communities, the Company provides traditional community banking products and services to individuals and businesses such as accepting deposits, advancing loans, administering ATMs, maintaining safe deposit boxes, and providing other related services. The premium finance operations consist of financing the payment of commercial insurance premiums, on a national basis, through FIFC. A significant portion of the loans originated by FIFC are sold to the Banks and are retained in each of their loan portfolios. The indirect auto segment is operated from one of the Company's bank subsidiaries and is in the business of providing high quality new and used auto loans through a large network of auto dealerships within the Chicago metropolitan area. All loans originated by this segment are currently retained within the Banks' loan portfolios. The Tricom segment encompasses the operations of the Company's non-bank subsidiary that provides short-term accounts receivable financing and value-added outsourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients throughout the United States. The operating segment information of Tricom is included in the following tables since October 1, 1999, the effective date of the Company's acquisition of Tricom. The trust segment is operated through WAMC, which was formed in September 1998 to offer trust and investment management services at each of the Banks. In addition to offering these services to existing customers of the Banks, WAMC targets newly affluent individuals and small to mid-size businesses whose needs command personalized attention by experienced trust professionals. Prior to the formation of WAMC, trust services were provided through a department of the Lake Forest Bank.

Each of the five reportable segments are strategic business units that are separately managed as they offer different products and services and have different marketing strategies. In addition, each segment's customer base has varying characteristics. The banking and indirect auto segments also have a different regulatory environment than the premium finance, Tricom and trust segments. While the Company's chief decision makers monitor each of the seven bank subsidiaries' operations and profitability separately, these subsidiaries have been aggregated into one reportable operating segment due to the similarities in products and services, customer base, operations, profitability measures, and economic characteristics.

The segment financial information provided in the following tables has been derived from the internal profitability reporting system used by management and the chief decision makers to monitor and manage the financial performance of the Company. The accounting policies of the segments are generally the same as those described in the Summary of Significant Accounting Policies in Note 1 to the Consolidated Financial Statements. The Company evaluates segment performance based on after-tax profit or loss and other appropriate profitability measures common to each segment. Certain indirect expenses have been allocated based on actual volume measurements and other criteria, as appropriate. Intersegment revenue and transfers are generally accounted for at current market prices. The other category reflects parent company information.

The following is a summary of certain operating information for reportable segments (in thousands):

	Year Ended December 31,		
	2000	1999	1998
NET INTEREST INCOME:			
Banking	\$ 57,220	44,293	34,245
Premium finance	14,824	12,643	9,714
Indirect auto	6,489	8,201	5,595
Tricom	3,640	826	N/A
Trust	508	469	359
Intersegment eliminations	(16,468)	(15,511)	(11,168)
Other	(5,213)	(3,187)	(1,981)
Total	\$ 61,000	47,734	36,764
NON-INTEREST INCOME:			
Banking	\$ 8,627	7,140	7,700
Premium finance	3,831	1,033	-
Indirect auto	2	1	2
Tricom	4,476	1,009	N/A
Trust	1,971	1,171	788
Intersegment eliminations	(618)	(606)	(418)
Other	17	60	3
Total	\$ 18,306	9,808	8,075
PROVISION FOR POSSIBLE LOAN LOSSES (NON-CASH ITEM):			
Banking	\$ 4,833	3,774	4,403
Premium finance	1,409	263	401
Indirect auto	1,640	1,665	855
Tricom	15	10	N/A
Trust	-	-	-
Intersegment eliminations	(2,842)	(1,999)	(1,362)
Total	\$ 5,055	3,713	4,297
DEPRECIATION AND AMORTIZATION (NON-CASH ITEM):			
Banking	\$ 4,551	3,245	2,457
Premium finance	381	294	284
Indirect auto	47	36	30
Tricom	1,215	248	N/A
Trust	87	58	48
Intersegment eliminations	-	-	(62)
Other	338	365	195
Total	\$ 6,619	4,246	2,952
INCOME TAX EXPENSE (BENEFIT):			
Banking	\$ 8,045	5,831	3,046
Premium finance	1,705	2,697	1,276
Indirect auto	1,050	1,692	1,168
Tricom	1,113	238	N/A
Trust	(264)	(299)	(114)
Intersegment eliminations	(3,514)	(3,726)	(5,424)
Other	(2,842)	(1,709)	(1,488)
Total	\$ 5,293	4,724	(1,536)
SEGMENT PROFIT (LOSS):			
Banking	\$ 14,771	10,284	5,131
Premium finance	2,589	4,273	2,022
Indirect auto	1,596	2,680	1,850
Tricom	1,630	340	N/A
Trust	(413)	(559)	(189)
Intersegment eliminations	(4,536)	(4,764)	(99)
Other	(4,482)	(2,827)	(2,470)
Total	\$ 11,155	9,427	6,245

	AT DECEMBER 31,	
	2000	1999
SEGMENT ASSETS:		
Banking	\$ 2,071,147	1,676,983
Premium finance	360,218	260,323
Indirect auto	209,813	266,040
Tricom	31,883	29,213
Trust	5,492	2,578
Intersegment eliminations	(583,269)	(559,139)
Other	7,522	3,384
Total	\$ 2,102,806	1,679,382

The premium finance and indirect auto segment information shown in the above tables was derived from their internal profitability reports, which assumes that all loans originated and sold to the banking segment are retained within the segment that originated the loans. All related loan interest income, allocations for interest expense, provisions for possible loan losses and allocations for other expenses are included in the premium finance and indirect auto segments. The banking segment information also includes all amounts related to these loans, as these loans are retained within the Banks' loan portfolios. Accordingly, the intersegment eliminations shown in the above tables includes adjustments necessary for each category to agree with the related consolidated financial amounts. The intersegment eliminations amount reflected in the Income Tax Expense (Benefit) category also includes the recognition of income tax benefits from the realization of previously unvalued tax loss benefits.

CONDENSED BALANCE SHEET

(in thousands):

	December 31,	
	2000	1999
ASSETS		
Cash	\$ 312	269
Other Investments	1,609	-
Loans	1,200	-
Investment in subsidiaries	176,501	130,967
Other assets	4,401	3,115
Total assets	\$ 184,023	134,351
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other liabilities	\$ 1,543	1,044
Notes payable	27,575	8,350
Long-term debt - trust preferred securities	52,629	32,010
Shareholders' equity	102,276	92,947
Total liabilities and shareholders' equity	\$ 184,023	134,351

CONDENSED STATEMENTS OF INCOME

(in thousands):

	Year Ended December 31,		
	2000	1999	1998
INCOME			
Dividends from subsidiaries	\$ 16,000	-	8,250
Other income	101	60	3
Total income	16,101	60	8,253
EXPENSES			
Interest expense	5,297	3,187	1,981
Salaries and employee benefits	641	252	1,095
Amortization of goodwill and organizational costs	104	212	161
Other expenses	1,382	945	724
Total expenses	7,424	4,596	3,961
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	8,677	(4,536)	4,292
Income tax benefit	(2,841)	(1,709)	(1,488)
Income (loss) before equity in undistributed net income of subsidiaries	11,518	(2,827)	5,780
Equity in undistributed net income (loss) of subsidiaries	(363)	12,254	465
Net income	\$ 11,155	9,427	6,245

CONDENSED STATEMENTS OF CASH FLOWS

(in thousands):

	Year Ended December 31,		
	2000	1999	1998
Operating activities:			
Net income	\$ 11,155	9,427	6,245
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	338	365	195
Deferred income taxes	(337)	(249)	519

Increase in other assets	(1,286)	(237)	(450)
Increase in other liabilities	401	320	568
Equity in undistributed net (income) loss of subsidiaries	363	(12,254)	(465)

Net cash provided by (used for) operating activities	10,634	(2,628)	6,612

Investing activities:			
Capital contributions to subsidiaries	(44,169)	(14,300)	(17,026)
Other investing activity, net	(2,532)	-	-

Net cash used for investing activities	(46,701)	(14,300)	(17,026)

Financing activities:			
Increase (decrease) in notes payable, net	19,225	8,350	(20,402)
Proceeds from long-term debt	20,619	-	32,010
Common stock issuance, net	-	5,984	-
Common stock issued upon exercise of stock options	878	403	264
Common stock issued through employee stock purchase plan	126	148	-
Cash dividends paid	(875)	-	-
Purchase of common stock	(3,863)	-	-

Net cash provided by financing activities	36,110	14,885	11,872

Net increase (decrease) in cash	43	(2,043)	1,458
Cash at beginning of year	269	2,312	854

Cash at end of year	\$ 312	269	2,312
	=====		

(22) EARNINGS PER SHARE The following table sets forth the computation of basic and diluted earnings per common share for 2000, 1999 and 1998 (in thousands, except per share data):

		2000	1999	1998
Net income	(A)	\$ 11,155	9,427	6,245
Average common shares outstanding	(B)	8,711	8,249	8,142
Effect of dilutive common shares		230	309	353
Weighted average common shares and effect of dilutive common shares	(C)	8,941	8,558	8,495
Net earnings per average common share - Basic	(A/B)	\$ 1.28	1.14	0.77
Net earnings per average common share - Diluted	(A/C)	\$ 1.25	1.10	0.74

The effect of dilutive common shares outstanding results from stock options, stock warrants and shares to be issued under the SPP, all being treated as if they had been either exercised or issued, and are computed by application of the treasury stock method.

(23) QUARTERLY FINANCIAL SUMMARY (UNAUDITED) The following is a summary of quarterly financial information for the years ended December 31, 2000 and 1999 (in thousands, except per share data):

	2000 QUARTERS				1999 Quarters			
	FIRST	SECOND	THIRD	FOURTH	First	Second	Third	Fourth
Interest income	\$ 32,309	35,074	38,908	41,893	24,278	26,114	28,084	30,855
Interest expense	18,441	20,225	23,268	25,250	13,462	14,516	15,862	17,757
Net interest income	13,868	14,849	15,640	16,643	10,816	11,598	12,222	13,098
Provision for possible loan losses	1,141	1,223	1,307	1,384	784	933	990	1,006
Net interest income after provision for possible loan losses	12,727	13,626	14,333	15,259	10,032	10,665	11,232	12,092
Non-interest income, excluding net securities gains (losses)	4,275	4,532	4,562	4,977	2,308	2,118	2,002	3,375
Net securities gains (losses)	3	(28)	(69)	54	-	-	15	(10)
Non-interest expense (1)	12,109	12,889	18,126	14,679	9,536	9,528	9,430	11,184
Income before income taxes	4,896	5,241	700	5,611	2,804	3,255	3,819	4,273
Income tax expense (benefit)	1,774	1,922	(199)	1,796	970	995	1,292	1,467
Net income	\$ 3,122	3,319	899	3,815	1,834	2,260	2,527	2,806
Net income per common share:								
Basic	\$ 0.35	0.38	0.10	0.44	0.22	0.28	0.31	0.33
Diluted	\$ 0.35	0.37	0.10	0.43	0.22	0.27	0.30	0.32
Cash dividends declared per common share	\$ 0.05	-	0.05	-	-	-	-	-

(1) During the third quarter of 2000, the Company recorded a non-recurring \$4.5 million pre-tax charge (\$2.7 million after tax) related to a fraudulent loan scheme perpetrated against its premium finance subsidiary. During the fourth quarter of 2000, a partial recovery of \$200,000 related to this fraud was recorded as a reduction of the charge reported in the previous quarter.

INDEPENDENT AUDITORS' REPORTS

The Board of Directors
Wintrust Financial Corporation

We have audited the accompanying consolidated statements of condition of Wintrust Financial Corporation and subsidiaries (the "Company") as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

*Chicago, Illinois
February 2, 2001*

The Board of Directors
Wintrust Financial Corporation:

We have audited the accompanying consolidated statements of income, changes in shareholders' equity, and cash flows of Wintrust Financial Corporation and subsidiaries (the "Company") for the year ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Wintrust Financial Corporation and subsidiaries for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

*Chicago, Illinois
March 19, 1999*

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion highlights the significant factors affecting the operations and financial condition of Wintrust for the three years ended December 31, 2000. This discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, and Selected Financial Highlights appearing elsewhere within this report. This discussion contains forward-looking statements concerning the Company's business that are based on estimates and involve risks and uncertainties. Therefore, future results could differ significantly from management's current expectations and the related forward-looking statements. See the last section of this discussion for further information regarding forward-looking statements.

OPERATING SUMMARY

Wintrust's net income, excluding a non-recurring charge discussed below, increased 46% in 2000 compared to 1999, after increasing 51% in 1999 over 1998. Wintrust's key measures of profitability and balance sheet growth continued to show impressive improvement in 2000, as evidenced by the table below (in thousands, except per share data):

	Year Ended 12/31/00	Year Ended 12/31/99	Percent Improvement
Net income(1)	\$ 13,761	\$ 9,427	46.0%
Net income per common share - Diluted(1)	1.54	1.10	40.0
Net revenues	79,306	57,542	37.8
Net interest income	61,000	47,734	27.8
Net interest margin	3.66%	3.54%	3.4
Net overhead ratio(1)	1.90	2.00	5.0
Return on average assets(1)	0.74	0.63	17.5
Return on average equity(1)	14.20	11.58	22.6
At end of period:			
Total assets	\$ 2,102,806	\$ 1,679,382	25.2
Total net loans	1,558,020	1,278,249	21.9
Total deposits	1,826,576	1,463,622	24.8
Book value per common share	\$ 11.87	10.60	12.0

(1) Excludes net non-recurring charge of \$4.52 million, net of a \$200,000 partial recovery, (\$2.61 million after tax) reported in 2000 related to a fraudulent loan scheme perpetrated against the Company's premium finance subsidiary.

Please refer to the Consolidated Results of Operations section later in this discussion for further analysis of the Company's operations for the past three years.

OVERVIEW AND STRATEGY

Wintrust's operating subsidiaries were organized within the last nine years, with an average life of its seven subsidiary banks of approximately five years. The Company has grown rapidly during the past few years and its Banks have been among the fastest growing community-oriented de novo banking operations in Illinois and the country. Because of the rapid growth, the historical financial performance of the Company has been affected by costs associated with growing market share, establishing new de novo banks, opening new branch facilities, and building an experienced management team. The Company's financial performance over the past several years generally reflects improving profitability of the Banks, as they mature, offset by the costs of opening new banks and branch facilities. The Company's experience has been that it generally takes 13-24 months for new banking offices to first achieve operational profitability. Similarly, management currently expects a start-up phase for WAMC of a few years before its operations become profitable.

While committed to a continuing growth strategy, management's current focus is to balance further asset growth with earnings growth by seeking to more fully leverage the existing capacity within each of the Banks, FIFC, WAMC and Tricom. One aspect of this strategy is to continue to pursue specialized earning asset niches in order to maintain the mix of earning assets in higher-yielding loans. Another aspect of this strategy is a continued focus on less aggressive deposit pricing at the Banks with significant market share and more established customer bases.

FIFC is the Company's most significant specialized earning asset niche and originated approximately \$1.1 billion in premium finance receivable volume during 2000. Although a large portion of this receivable volume is retained within the Banks' loan portfolios, FIFC sold approximately \$225 million of these receivables to an unrelated third party in 2000 as a result of continued volume growth. The Company began selling the excess of FIFC's originations over the capacity to retain such loans within the Banks' loan portfolios during the second quarter of 1999. In addition to recognizing gains on the sale of these receivables, the proceeds provide the Company with additional liquidity. Consistent with the Company's strategy to be asset-driven, it is probable that similar sales of these receivables will occur in the future,

depending on the level of new volume growth in relation to the capacity to retain such loans within the Banks' loan portfolios.

DE NOVO BANK FORMATION AND BRANCH OPENING ACTIVITY

The following table illustrates the progression of bank and branch openings that have impacted the Company's growth and results of operations since inception.

MONTH	YEAR	BANK	LOCATION	TYPE OF FACILITY
February	2001	Crystal Lake Bank	McHenry, Illinois (5)	Branch
November	2000	Northbrook Bank	Northbrook, Illinois	Bank (temporary facility)
July	2000	Libertyville Bank	Wauconda, Illinois (4)	Branch
May	2000	Libertyville Bank	Wauconda, Illinois (4)	Drive-up
February	2000	Lake Forest Bank	Highwood, Illinois (3)	Branch
October	1999	North Shore Bank	Skokie, Illinois	Branch
September	1999	Crystal Lake Bank	Crystal Lake, Illinois	Branch
June	1999	Lake Forest Bank	Lake Forest, Illinois	Bank/Corporate expansion
March	1999	Crystal Lake Bank	Crystal Lake, Illinois	Drive-up/walk-up
January	1999	Hinsdale Bank	Western Springs, Illinois (2)	New permanent facility
December	1998	Lake Forest Bank	Lake Forest, Illinois	Branch
October	1998	Libertyville Bank	Libertyville, Illinois	Branch
September	1998	Crystal Lake Bank	Crystal Lake, Illinois	New permanent facility
May	1998	North Shore Bank	Glencoe, Illinois	Drive-up/walk-up
April	1998	North Shore Bank	Wilmette, Illinois	Walk-up
December	1997	Crystal Lake Bank	Crystal Lake, Illinois	Bank
November	1997	Hinsdale Bank	Western Springs, Illinois (2)	Branch
February	1997	Lake Forest Bank	Lake Forest, Illinois	Drive-up/walk-up
December	1996	Barrington Bank	Barrington, Illinois	Bank
August	1996	Hinsdale Bank	Clarendon Hills, Illinois (1)	Branch
May	1996	North Shore Bank	Winnetka, Illinois	Branch
November	1995	North Shore Bank	Wilmette, Illinois	Drive-up/walk-up
October	1995	Hinsdale Bank	Hinsdale, Illinois	Drive-up/walk-up
October	1995	Libertyville Bank	Libertyville, Illinois	Bank
October	1995	Libertyville Bank	Libertyville, Illinois	Drive-up/walk-up
October	1995	North Shore Bank	Glencoe, Illinois	Branch
May	1995	Lake Forest Bank	West Lake Forest, Illinois	Branch
December	1994	Lake Forest Bank	Lake Bluff, Illinois	Branch
September	1994	North Shore Bank	Wilmette, Illinois	Bank
April	1994	Lake Forest Bank	Lake Forest, Illinois	New permanent facilities
October	1993	Hinsdale Bank	Hinsdale, Illinois	Bank
April	1993	Lake Forest Bank	Lake Forest, Illinois	Drive-up/walk-up
December	1991	Lake Forest Bank	Lake Forest, Illinois	Bank

(1) Operates in this location as Clarendon Hills Bank, a branch of Hinsdale Bank.

(2) Operates in this location as Community Bank of Western Springs, a branch of Hinsdale Bank.

(3) Operates in this location as Bank of Highwood-Fort Sheridan, a branch of Lake Forest Bank.

(4) Operates in this location as Wauconda Community Bank, a branch of Libertyville Bank.

(5) Operates in this location as McHenry Bank & Trust, a branch of Crystal Lake Bank.

The October 1999 acquisition of Tricom was another significant step in the Company's strategy to pursue specialized earning asset niches. Tricom is a Milwaukee-based company that has been in business for approximately ten years and specializes in providing, on a national basis, short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to clients in the temporary staffing industry. Tricom currently finances and processes payrolls with associated billings in excess of \$250 million and generated approximately \$8.1 million in net revenues in 2000. By virtue of the Company's funding resources, this acquisition has provided Tricom with additional capital necessary to expand its financing services in a national market. Tricom's revenue principally consists of interest income from financing activities and fee-based revenues from administrative services. In addition to expanding the Company's earning asset niches, this acquisition has added to the level of fee-based income.

Other specialized earning asset niches include Lake Forest Bank's MMF Leasing Services ("MMF") equipment leasing division, a previously established small business that was acquired in July 1998, and Barrington Bank's program that provides lending, deposit and cash management services to condominium, homeowner and community associations. In addition, Hinsdale Bank's mortgage warehouse lending program provides loan and deposit services to approximately thirty mortgage brokerage companies located predominantly in the Chicago metropolitan area. The Company plans to continue pur-

suing the development or acquisition of other specialty earning asset niches or finance businesses that generate assets suitable for bank investment and/or secondary market sales.

With the formation of WAMC in September 1998, the Company is expanding the trust and investment management services that were previously provided through the trust department of the Lake Forest Bank. With a separately chartered trust subsidiary, the Company is better able to offer trust and investment management services to all communities served by Wintrust banks, which management believes are some of the best trust markets in Illinois. In addition to offering these services to existing bank customers at each of the Banks, the Company believes WAMC can successfully compete for trust business by targeting small to mid-size businesses and newly affluent individuals whose needs command the personalized attention offered by WAMC's experienced trust professionals. Services offered by WAMC typically include traditional trust products and services, as well as investment management, financial planning and 401(k) management services.

Similar to starting a de novo bank, the introduction of expanded trust services has caused relatively high overhead levels when compared to fee income generated by WAMC. The overhead consists primarily of the salaries and benefits of experienced trust professionals. Management anticipates that WAMC will be successful in attracting trust business over the next two years, increasing trust fees to a level sufficient to absorb the overhead of WAMC.

GENERAL

The Company's operating profitability depends on its net interest income, provision for possible loan losses, non-interest income and non-interest expense. Net interest income is the difference between the income the Company receives on its loan and security portfolios and its cost of funds, which consists of interest paid on deposits, short-term borrowings, notes payable and trust preferred securities. The provision for possible loan losses reflects the cost of credit risk in the Company's loan portfolio. Non-interest income consists of fees on mortgage loans sold, service charges on deposit accounts, trust fees, gains on sales of premium finance receivables, administrative services revenue and other miscellaneous fees and income. Non-interest expense includes salaries and employee benefits as well as occupancy, equipment, data processing, advertising and marketing, professional fees, amortization of intangible assets and other operating expenses.

Net interest income is dependent on the amounts and yields of interest-earning assets as compared to the amounts and rates on interest-bearing liabilities. Net interest income is sensitive to changes in market rates of interest and the Company's asset/liability management actions. The provision for loan losses is dependent on increases in the loan portfolio, management's assessment of the collectibility of the loan portfolio, net loans charged-off, historical loss experience, as well as economic conditions and other market factors. Fees on mortgage loans sold relate to the Company's practice of originating long-term fixed-rate mortgage loans for sale into the secondary market in order to satisfy customer demand for such loans while avoiding the interest-rate risk associated with holding long-term fixed-rate mortgage loans in the Banks' portfolios. These fees are highly dependent on the mortgage interest rate environment and the volume of real estate transactions and mortgage refinancing activity. The Company earns trust fees for managing and administering trust and investment accounts for individuals and businesses. Gains on sales of premium finance receivables result from FIFC's sale of a portion of new origination volumes to an unaffiliated third party. Administrative services revenue results from various value-added services that Tricom provides to its temporary staffing service clients such as data processing of payrolls, billing and cash management services. Miscellaneous fees and income primarily include income generated from other ancillary banking services, premium income from the sale of covered call options and rental income from leased equipment. Non-interest expenses are heavily influenced by the growth of operations, with additional employees necessary to staff new banks, branch facilities and trust expansion, higher levels of occupancy and equipment costs, as well as advertising and marketing expenses necessary to promote the growth. The increase in the number of account relationships directly affects such expenses as data processing costs, supplies, postage, loan expenses, and other miscellaneous operating expenses.

AVERAGE BALANCE SHEETS, INTEREST INCOME AND EXPENSE, AND INTEREST RATE YIELDS AND COSTS

The following table sets forth the average balances, the interest earned or paid thereon, and the effective interest rate yield or cost for each major category of interest-earning assets and interest-bearing liabilities for the years ended December 31, 2000, 1999 and 1998. The yields and costs include loan origination fees and certain direct origination costs which are considered adjustments to yields. Interest income on non-accruing loans is reflected in the year that it is collected, to the extent it is not applied to principal. Such amounts are not material to net interest income or net change in net interest income in any year. Non-accrual loans are included in the average balances and do not have a material effect on the average yield. Net interest income and the related net interest margin have been adjusted to reflect tax-exempt income, such as interest on municipal securities and loans, on a tax-equivalent basis. This table should be referred to in conjunction with this analysis and discussion of the financial condition and results of operations (dollars in thousands).

	2000			1999			1998		
	AVERAGE BALANCE(1)	INTEREST	AVERAGE YIELD/ COST	Average Balance(1)	Interest	Average Yield/ Cost	Average Balance(1)	Interest	Average Yield/ Cost
ASSETS									
Interest bearing deposits									
with banks	\$ 439	\$ 26	5.92%	\$ 3,840	\$ 204	5.31%	\$ 40,094	\$ 2,283	5.69%
Securities (2)	237,025	15,669	6.61	187,258	10,336	5.52	142,770	8,000	5.60
Federal funds sold	26,202	1,627	6.21	30,844	1,536	4.98	43,784	2,327	5.31
Loans, net of unearned income (2)	1,416,419	131,428	9.28	1,135,200	97,529	8.59	848,344	75,464	8.90
Total earning assets	1,680,085	148,750	8.85	1,357,142	109,605	8.08	1,074,992	88,074	8.19
Cash and due from banks	49,893			39,285			26,585		
Allowance for possible loan losses	(9,929)			(7,980)			(5,983)		
Premises and equipment, net	80,778			65,539			50,681		
Other assets	52,755			42,580			31,470		
Total assets	\$1,853,582			\$1,496,566			\$ 1,177,745		
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits - interest bearing:									
NOW accounts	\$ 152,731	\$ 5,248	3.44%	\$ 123,846	\$ 3,607	2.91%	\$ 89,963	\$ 2,849	3.17%
Savings and money market deposits	351,095	15,313	4.36	309,525	11,194	3.62	256,644	10,480	4.08
Time deposits	946,011	58,109	6.14	751,286	41,225	5.49	611,199	35,740	5.85
Total interest bearing deposits	1,449,837	78,670	5.43	1,184,657	56,026	4.73	957,806	49,069	5.12
Short-term borrowings and notes payable	74,893	4,371	5.84	53,076	2,633	4.96	21,249	1,399	6.58
Long-term debt - trust preferred securities	41,990	4,143	9.87	31,050	2,938	9.46	7,915	747	9.44
Total interest bearing liabilities	1,566,720	87,184	5.56	1,268,783	61,597	4.85	986,970	51,215	5.19
Non-interest bearing deposits	166,050			126,388			100,712		
Other liabilities	23,894			20,014			18,157		
Shareholders' equity	96,918			81,381			71,906		
Total liabilities and shareholders' equity	\$1,853,582			\$1,496,566			\$ 1,177,745		
Net interest income/spread		\$ 61,566	3.29%		\$ 48,008	3.23%		\$ 36,859	3.00%
Net interest margin			3.66%			3.54%			3.43%
Core net interest margin(3)			3.91%			3.75%			3.50%

(1) Average balances were generally computed using daily balances.

(2) Interest income on tax advantaged securities and loans reflects a tax-equivalent adjustment based on a marginal federal tax rate of 35% for both 2000 and 1999 and 34% for 1998. This total adjustment reflected in the above table is \$566, \$274 and \$95 in 2000, 1999 and 1998, respectively.

(3) The core net interest margin excludes the interest expense associated with the Company's Trust Preferred Securities.

CHANGES IN INTEREST INCOME AND EXPENSE

The following table shows the dollar amount of changes in interest income (on a tax-equivalent basis) and expense by major categories of interest-earning assets and interest-bearing liabilities attributable to changes in volume or rate or both, for the periods indicated (in thousands):

	YEAR ENDED DECEMBER 31,					
	2000 COMPARED TO 1999			1999 Compared to 1998		
	CHANGE DUE TO RATE	CHANGE DUE TO VOLUME	TOTAL CHANGE	Change Due to Rate	Change Due to Volume	Total Change
INTEREST INCOME:						
Interest bearing deposits with banks	\$ 22	(200)	(178)	(142)	(1,937)	(2,079)
Federal funds sold	344	(253)	91	(138)	(653)	(791)
Securities	2,274	3,059	5,333	(116)	2,452	2,336
Loans	8,290	25,609	33,899	(2,695)	24,760	22,065
Total interest income	10,930	28,215	39,145	(3,091)	24,622	21,531
INTEREST EXPENSE:						
NOW accounts	717	924	1,641	(247)	1,005	758
Savings and money market deposits	2,488	1,631	4,119	(1,280)	1,994	714
Time deposits	5,308	11,576	16,884	(2,323)	7,808	5,485
Short-term borrowings and notes payable	522	1,216	1,738	(417)	1,651	1,234
Long-term debt - trust preferred securities	131	1,074	1,205	2	2,189	2,191
Total interest expense	9,166	16,421	25,587	(4,265)	14,647	10,382
Net interest income	\$ 1,764	11,794	13,558	1,174	9,975	11,149

The changes in net interest income are created by various changes in both interest rates and volumes and, therefore, require significant analysis. However, it is clear that the change in the Company's net interest income for the periods under review was predominantly impacted by the growth in the volume of the overall interest-earning assets (specifically loans) and interest-bearing deposit liabilities. In the table above, volume variances are computed using the change in volume multiplied by the previous year's rate. Rate variances are computed using the change in rate multiplied by the previous year's volume. The change in interest due to both rate and volume has been allocated between factors in proportion to the relationship of the absolute dollar amounts of the change in each.

ANALYSIS OF FINANCIAL CONDITION

The dynamics of community bank balance sheets are generally dependent upon the ability of management to attract additional deposit accounts to fund the growth of the institution. As several of the Company's banks are still less than five years old, the generation of new deposit relationships to gain market share and establish themselves in the community as the bank of choice is particularly important. When determining a community to establish a de novo bank, the Company generally will only enter a community where it believes the bank can gain the number one or two position in deposit market share. This is usually accomplished by initially paying competitively high deposit rates to gain the relationship and then by introducing the customer to the Company's unique way of providing local banking services.

Deposits. Over the past three years, the Company has experienced significant growth in both the number of accounts and the balance of deposits primarily as a result of de novo bank formations, new branch openings and strong marketing efforts. Total deposit balances increased 24.8% to \$1.83 billion at December 31, 2000 as compared to \$1.46 billion at December 31, 1999, which increased 19.1% when compared to the balance of \$1.23 billion at December 31, 1998.

As can be seen from the following table, the composition of the deposit base has remained relatively consistent when comparing the ending balances as of December 31, 2000, 1999 and 1998 (dollars in thousands):

	2000		1999		1998	
	ENDING BALANCE	PERCENT OF TOTAL	Ending Balance	Percent of Total	Ending Balance	Percent of Total
Non-interest bearing deposits	\$ 198,319	11%	\$ 154,034	11%	\$ 131,309	11%
NOW accounts	180,898	10	130,625	9	114,284	9
Savings and money market deposits	370,231	20	325,201	22	297,932	24
Time deposits	1,077,128	59	853,762	58	685,629	56
Total deposits	\$ 1,826,576	100%	\$ 1,463,622	100%	\$ 1,229,154	100%

Additionally, growth in the deposit base continues to be generated by each of the Banks. The following table presents deposit balances by the Banks and the relative percentage of total deposits held by each Bank at December 31 for the past three years (dollars in thousands):

	2000		1999		1998	
	ENDING BALANCE	PERCENT OF TOTAL	Ending Balance	Percent of Total	Ending Balance	Percent of Total
Lake Forest Bank	\$ 482,119	26%	\$ 416,642	29%	\$ 371,900	30%
Hinsdale Bank	350,407	19	296,127	20	259,333	21
North Shore Bank	410,205	23	327,130	22	270,030	22
Libertyville Bank	245,119	13	191,085	13	171,735	14
Barrington Bank	215,456	12	156,859	11	109,130	9
Crystal Lake Bank	107,555	6	75,779	5	47,026	4
Northbrook Bank	15,715	1	-	-	-	-
Total deposits	\$ 1,826,576	100%	\$ 1,463,622	100%	\$ 1,229,154	100%
Percentage increase from prior year-end	24.8%		19.1%		33.9%	

Short-term borrowings. Short-term borrowings predominantly include securities sold under agreements to repurchase and federal funds purchased and totaled \$43.6 million and \$59.8 million at December 31, 2000 and 1999, respectively. This funding category fluctuates based on daily liquidity needs of the Banks, FIFC and Tricom.

Notes payable. The notes payable balances of \$27.6 million at December 31, 2000 and \$8.4 million at December 31, 1999 represent the balances on a \$40 million revolving credit line agreement with an unaffiliated bank. This revolving credit line is available for corporate purposes such as to provide capital to fund continued growth at existing bank subsidiaries, expansion of WAMC, possible future acquisitions and for other general corporate matters. See Note 9 to the Consolidated Financial Statements for further discussion of the terms of this revolving credit line.

Long-term debt - trust preferred securities. As of December 31, 2000 and 1999, the Company had \$51.05 million and \$31.05 million, respectively, of Cumulative Trust Preferred Securities outstanding which were publicly sold in two offerings. In October 1998, the Company sold \$31.05 million of 9.00% Trust Preferred Securities and in June 2000 sold \$20.0 million at 10.50%. The Trust Preferred Securities offerings increased the Company's regulatory capital, and provided for the continued growth of its banking and trust franchise. The ability to treat these Trust Preferred Securities as regulatory capital under Federal Reserve guidelines and to deduct the related interest expense for Federal income taxes, provides the Company with a cost-effective form of capital. See Note 10 to the Consolidated Financial Statements for further discussion of these Trust Preferred Securities.

Total assets and earning assets. The Company's total assets were \$2.10 billion at December 31, 2000, an increase of \$423.4 million, or 25.2%, when compared to \$1.68 billion at December 31, 1999, which increased \$331.3 million, or 24.6%, over the December 31, 1998 total of \$1.35 billion. Earning assets totaled \$1.92 billion at December 31, 2000, an increase of \$401.1 million, or 26.5%, from the balance of \$1.51 billion a year earlier. Earning assets as a percentage of total assets increased to 91.1% as of December 31, 2000 when compared to 90.2% as of December 31, 1999. This increase was due mainly to an unusually high level of cash and due from

bank balances maintained at the end of 1999 in connection with the Company's contingency and liquidity planning for the Year 2000 issue. The increases in total assets and earning assets since December 31, 1999 were primarily attributable to the \$363.0 million increase in deposits, which mainly resulted from continued market share growth. The Company had a total of 28 banking facilities at the end of 2000 compared to 24 at the end of 1999.

Loans. Total loans, net of unearned income, continued on a solid growth track during 2000 and totaled \$1.56 billion at December 31, 2000, an increase of \$279.8 million, or 21.9%, over the December 31, 1999 balance of \$1.28 billion. This growth occurred in all core and specialty loan categories except the Indirect Auto portfolio. The Company began curtailing the volume of Indirect Auto loans due to the current economic and competitive environment surrounding this portfolio. Total loans, net of unearned income, comprised 81.3% of total earning assets at December 31, 2000 as compared to 84.4% at December 31, 1999. Total loans were 85.3% of total deposits at December 31, 2000 as compared to 87.3% at December 31, 1999. These loan-to-deposit ratios fall within management's desired range of 85%-90%. Deploying the deposits in higher yielding earning assets is consistent with management's objective of being an asset-driven organization whereby excess loan originations can be sold to third parties and new deposit growth can be immediately invested in higher yielding assets. The following table presents loan balances, net of unearned income, by category as of December 31, 2000 and 1999 (dollars in thousands):

	2000		1999	
	BALANCES	PERCENT OF TOTAL	Balances	Percent of Total
Commercial and commercial real estate	\$ 647,947	42%	\$ 485,776	38%
Premium finance, net	313,065	20	219,341	17
Indirect auto, net	203,572	13	255,410	20
Home equity	179,168	12	139,194	11
Residential real estate	141,919	9	111,026	9
Tricom finance receivables	20,354	1	17,577	1
Other loans	51,995	3	49,925	4
Total loans, net of unearned income	\$ 1,558,020	100%	\$ 1,278,249	100%

SPECIALTY LOAN CATEGORIES

In order to minimize the time lag typically experienced by de novo banks in redeploying deposits into higher yielding earning assets, the Company has developed lending programs focused on specialized earning asset niches that generally have large volumes of homogeneous assets that can be acquired for the Banks' portfolios and possibly sold in the secondary market to generate fee income. These specialty niches also diversify the Banks' loan portfolios and add higher yielding earning assets that help to improve the net interest margin. Currently, the Company's two largest specialty loan areas function as separate operating segments and consist of the premium finance and indirect auto segments. Other specialty loan programs include finance receivables from the October 1999 Tricom acquisition, medical and municipal equipment leases through a division of Lake Forest Bank, mortgage broker warehouse lending through Hinsdale Bank, and commercial loans through the Community Advantage program at Barrington Bank, which provides lending, deposit and cash management services to condominium, homeowner and community associations. Management continues to evaluate other specialized types of earning assets to assist with the deployment of deposit funds and to diversify the earning asset portfolio.

Premium finance receivables. The Company originates commercial premium finance receivables through FIFC, which currently sells them to the Banks and an unrelated third party; however, these receivables could be funded in the future through an asset securitization facility. All premium finance receivables, however financed, are subject to the Company's stringent credit standards, and substantially all such loans are made to commercial customers. The Company rarely finances consumer insurance premiums. At December 31, 2000, premium finance receivables totaled \$313.1 million and accounted for 20% of the Company's total loan portfolio. The balance reflects an increase of \$93.7 million, or 42.7%, from the \$219.3 million balance a year earlier. In addition to this growth, FIFC sold approximately \$225 million of new 2000 volume to an unrelated third party and recognized approximately \$3.8 million in gains from the sales of these loans. During 2000, loan originations totaled almost \$1.1 billion, an increase of \$387 million, or 56%,

from the prior year volume level. In July 1999, FIFC entered into a marketing arrangement with a third party pursuant to which FIFC would originate premium finance receivables referred pursuant to the agreement. In 2000, \$249 million of FIFC's total originations of premium finance receivables were a result of this agreement. However, due to high delinquencies associated with these accounts, FIFC began initiatives to substantially curtail the new volume generated from this firm. In addition to this arrangement, other business development efforts, including new product offerings and targeted marketing programs, have been the primary factors for the volume growth during 2000. Despite the curtailment of this relationship, the Company anticipates continued growth in premium finance receivables in 2001, in part due to market increases in insurance premiums. With continued growth expectations in 2001, it is probable that the Company will continue selling a portion of these new receivables to unrelated third parties.

Indirect auto loans. The Company finances fixed rate automobile loans sourced indirectly through an established network of unaffiliated automobile dealers located throughout the Chicago metropolitan area. These indirect auto loans are secured by new and used automobiles and generally have an original maturity of 36 to 60 months with the average actual maturity estimated to be approximately 35 to 40 months. The risk associated with this portfolio is diversified among many individual borrowers. The Company utilizes credit underwriting standards that management believes results in a high quality portfolio. The Company does not currently originate any significant level of sub-prime loans, which are made to individuals with impaired credit histories at generally higher rates, and accordingly, with higher levels of credit risk. Management continually monitors the dealer relationships and the Banks are not dependent on any one dealer as a source of such loans. In 2000, in response to economic conditions and the competitive environment for this product, the Company began to reduce the level of new loans originated. However, the Company continues to maintain its relationships with the dealers and may increase its volume of originations when market conditions indicate it is prudent to do so. As of December 31, 2000, net indirect auto loans totaled \$203.6 million, a decrease of \$51.8 million, or 20.3%, from the previous year-end balance

Tricom finance receivables. These receivables consist of high-yielding short-term accounts receivable financing to Tricom's clients in the temporary staffing industry located throughout the United States. Typically, Tricom also provides value-added out-sourced administrative services to many of these clients, such as data processing of payrolls, billing and cash management services, which generates additional fee income. As of December 31, 2000, Tricom's finance receivables totaled \$20.4 million, an increase of \$2.8 million, or 15.8%, over the previous year-end balance.

CORE LOAN CATEGORIES

Commercial and commercial real estate loans, the largest loan category, totaled \$647.9 million at December 31, 2000 and increased \$162.2 million, or 33.4%, over the December 31, 1999 balance of \$485.8 million. This category comprised 42% of the loan portfolio at the end of 2000 and the increase over the prior year-end balance was mainly due to the combination of increased business development efforts and a continued healthy local economy.

Home equity loans totaled \$179.2 million as of December 31, 2000 and increased \$40.0 million, or 28.7%, when compared to the December 31, 1999 balance of \$139.2 million. This increase was mainly the result of increased line of credit usage and special marketing programs. Unused commitments on home equity lines of credit have increased approximately \$36.6 million, or 19.4%, over the balance at December 31, 1999 and totaled \$224.9 million at December 31, 2000.

Residential real estate loans totaled \$141.9 million at December 31, 2000, and increased \$30.9 million, or 27.8%, over the prior year-end balance. Mortgage loans held for sale are included in this category and totaled \$10.4 million and \$8.1 million at December 31, 2000 and 1999, respectively. The Company collects a fee on the sale of these loans into the secondary market to avoid the interest-rate risk associated with these loans, as they are predominantly long-term fixed rate loans. The remaining loans in this category are maintained within the Banks' loan portfolios and comprise mostly adjustable rate mortgage loans and shorter-term fixed rate mortgage loans.

Liquidity Management Assets. Funds that are not utilized for loan originations are used to purchase investment securities and short-term money market investments, to sell as federal funds and to maintain in interest-bearing deposits with banks. The balances of these assets fluctuate frequently based on deposit inflows and loan demand. As a result of anticipated significant growth in the development of de novo banks, it has been Wintrust's policy to generally maintain its securities portfolio in short-term, liquid, and diversified high credit quality securities at the Banks in order to facilitate the funding of quality loan demand as it emerges and to keep the Banks in

a liquid condition in the event that deposit levels fluctuate. The aggregate carrying value of these earning assets increased to \$357.9 million at December 31, 2000 from \$236.6 million at December 31, 1999. As a percent of total earning assets, total liquidity management assets increased to 18.7% at December 31, 2000 from 15.6% at December 31, 1999. A detail of the carrying value of the individual categories as of December 31, 2000 and 1999 is set forth in the following table (in thousands):

	2000	1999
Federal funds sold and securities purchased under resale agreements	\$ 164,641	28,231
Interest-bearing deposits with banks	182	2,547
Securities	193,105	205,795
Total liquidity management assets	\$ 357,928	236,573

CONSOLIDATED RESULTS OF OPERATIONS

Overview of the Company's profitability characteristics. The following discussion of Wintrust's results of operations requires an understanding that the Company's bank subsidiaries have all been started as new banks since December 1991 and have an average life of approximately five years. The Company's premium finance company, FIFC, began limited operations in 1991 as a start-up company. The Company's trust and investment company, WAMC, began operations in September 1998. Previously, the Company's Lake Forest Bank operated a trust department on a much smaller scale than WAMC. Tricom started operations as a new company in 1989 and was acquired by the Company in 1999. Accordingly, Wintrust is still a young Company that has a strategy of continuing to build its customer base and securing broad product penetration in each marketplace that it serves. The Company has expanded its banking offices from 5 in 1994 to 28 at the end of 2000, adding 4 new offices in 2000, including its seventh de novo bank, and three new offices in 1999. In addition, WAMC hired experienced trust professionals who are located within the banking offices of four of the seven subsidiary banks. These expansion activities have understandably suppressed faster, opportunistic earnings. However, as the Company matures and existing banks become more profitable, the start-up costs associated with future bank and branch openings and other new financial services ventures will not have as significant an impact on earnings. Additionally, the Company's more mature banks have several operating ratios that are either comparable to or better than peer group data, suggesting that as the Banks become more established, the overall earnings level will continue to increase.

COMPARISON OF RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

Earnings summary. Net income for the year ended December 31, 2000 totaled \$11.2 million and increased \$1.7 million, or 18.3%, over the prior year. Net income per diluted common share totaled \$1.25 in 2000 versus \$1.10 in 1999, an increase of \$0.15 per share, or 13.6%. The results for 2000 include the impact of a non-recurring pre-tax charge, net of a partial recovery, of \$4.3 million related to a fraudulent loan scheme perpetrated against the Company's premium finance subsidiary. Excluding this charge, net income for 2000 totaled \$13.8 million, an increase of \$4.3 million, or 46%, compared to 1999. On a per share basis, net income would have been \$1.54 per diluted common share, an increase of \$0.44 per share, or 40% compared to 1999.

Earnings results for 2000 reflect a \$21.8 million, or 37.8%, increase in net revenues fueled by a 27.8% increase in net interest income and an 86.6% increase in non-interest income. Net interest income increased \$13.3 million as a result of a 23.8% increase in average earning assets, particularly a 24.8% increase in average loans outstanding in 2000. Non-interest income increased \$8.5 million and was mainly the result of increases in administrative service revenues resulting from the October 1999 acquisition of Tricom, gains on the sales of premium finance receivables, growth in trust fee income and higher levels of deposit service charges. Excluding the non-recurring charge noted above, non-interest expense increased \$13.8 million. The increase in non-interest expense was due primarily to the growth and expansion realized by the Company during 2000, including the recognition of a full year of Tricom's expenses.

Net interest income. Net interest income totaled \$61.0 million for the year ended December 31, 2000, an increase of \$13.3 million, or 27.8%, when compared to 1999. This increase was primarily attributable to a 23.8% increase in average earning assets, including a 24.8% increase in average loans and an 18.8% increase in average securities and other liquidity management assets. Total average loans as a percentage of total average earning assets were 84.3% and 83.6% in 2000 and 1999, respectively. This improved loan proportion creates a higher net interest margin, as loans earn interest at a higher rate than the Company's other earning assets. The average yield on loans was 9.28% in 2000, an increase of 69 basis points over the 1999 yield. This increase is primarily a result of market rate increases throughout the year. Similarly, the rates paid on interest bearing deposits increased 70 basis points in 2000 compared to 1999. Net interest margin increased to 3.66% in 2000, compared to 3.54% in 1999. The core net interest margin, which excludes the

impact of the Company's Trust Preferred Securities, was 3.91% in 2000, an increase of 16 basis points over the core margin of 3.75% in 1999. These margin increases were primarily the result of solid growth in loans in 2000 and effective deposit pricing strategies. Please refer to the previous sections of this discussion entitled "Average Balance Sheets, Interest Income and Expense, and Interest Rate Yields and Costs" and "Changes in Interest Income and Expense" for detailed tables of information and further discussion of the components of net interest income and the impact of rate and volume changes.

Provision for possible loan losses. The provision for possible loan losses totaled \$5.1 million for the year ended December 31, 2000, a \$1.3 million increase from the total of \$3.7 million in 1999. The higher provision in 2000 was primarily a result of a 22% growth in the loan portfolio and a slightly higher level of net charge-offs as a percentage of average loans in 2000 compared to 1999. Management believes the allowance for possible loan losses is adequate to provide for losses inherent in the portfolio. There can be no assurances, however, that future losses will not exceed the amounts provided for, thereby affecting future results of operations. The amount of future additions to the allowance for possible loan losses will be dependent upon the economy, changes in real estate values, interest rates, the regulatory environment, the level of past-due and non-performing loans, and other factors.

Non-interest income. For the year ended December 31, 2000, total non-interest income was \$18.3 million and increased \$8.5 million, or 86.6%, when compared to \$9.8 million in 1999.

The most significant increase in non-interest income was a \$3.4 million increase in the administrative services revenue generated by Tricom. Tricom was acquired by the Company in October 1999. The acquisition was accounted for as a purchase and as a result, Tricom's administrative revenues for 1999 are included in the Company's financial statements from the date of acquisition. Therefore, the revenues for 2000 of \$4.4 million compare to \$996,000 for a 3-month period of 1999. Tricom's administrative services revenue was the Company's largest source of non-interest income in 2000. This revenue comprises income from administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. Tricom also earns interest and fee income from providing short-term accounts receivable financing to this same client base.

Gains from the sale of premium finance receivables to an unrelated third party resulted in the recognition of \$3.8 million in gains, reflecting an increase of \$2.8 million in gains over the 1999 amount of \$1.0 million. During 2000, the Company sold approximately \$225 million of premium finance receivables, compared to \$69 million in 1999. Wintrust began selling the receivables during the second quarter of 1999 as the level of originations outpaced the Company's capacity to retain such loans within the Banks' loan portfolios. Consistent with Wintrust's strategy to be asset-driven, it is probable that sales of premium finance receivables will occur in the future, depending on the level of new volume growth in relation to the capacity to retain such loans within the Banks' loan portfolios.

Fees on mortgage loans sold include income from originating and selling residential real estate loans into the secondary market. For the year ended December 31, 2000, these fees totaled \$2.9 million, a decline of \$295,000, or 9.2%, from the 1999 total of \$3.2 million. This decline was due to significantly lower levels of mortgage origination volumes, particularly refinancing activity, caused by the higher mortgage interest rate environment in 2000 compared to 1999.

Service charges on deposit accounts totaled \$1.9 million for the year ended December 31, 2000 and increased \$374,000, or 23.9%, when compared to the 1999 total of \$1.6 million. This increase was due mainly to a higher deposit base, up 24.8%, and a larger number of accounts at both the mature banks and the newer de novo banks. The majority of deposit service charges relate to customary fees on overdrawn accounts and returned items. The level of service charges received is substantially below peer group levels as management believes in the philosophy of providing high quality service without encumbering that service with numerous activity charges.

Trust fees totaled \$2.0 million for the year ended December 31, 2000, an increase of \$800,000, or 68.3%, over 1999. This increase was the result of new business development efforts generated by a larger staff of experienced trust officers that were added in late 1998 with the formation of WAMC. Wintrust is committed to growing the trust and investment business in order to better service its customers and create a more diversified revenue stream. However, as the introduction of expanded trust and investment services continues to unfold, it is expected that overhead levels will be high when compared to the fee income that is generated. This overhead will consist primarily of the salaries and benefits of experienced trust professionals. It is anticipated that trust fees will eventually increase to a level sufficient to cover this overhead within the next two years.

Other non-interest income totaled \$3.3 million for the year ended December 31, 2000 and increased \$1.5 million, or 79.6%, over the 1999 total of \$1.8 million. This increase was due primarily to a \$866,000 increase in rental income from equipment leased through the MMF leasing division of Lake Forest Bank, and a \$441,000 increase in premium income from certain call option transactions. The call option transactions were designed to increase the total return associated with holding certain investment securities.

Non-interest expense. For the year ended December 31, 2000, total non-interest expense was \$57.8 million and increased \$18.1 million, or 45.7%, over 1999. Excluding the non-recurring \$4.3 million pre-tax charge reported in the current year as a result of the fraud perpetrated against the Company's premium finance subsidiary, total non-interest expense increased \$13.8 million, or 34.8%, over 1999. The increases in non-interest expense were predominantly caused by the continued growth and expansion of the Banks, WAMC and FIFC, as well as a full year of operating expense related to the October 1999 acquisition of Tricom. During 2000, the Company added four new banking locations, including the opening of its seventh de novo bank. Tricom's non-interest expenses in 2000 were \$5.4 million, compared to \$1.2 million in 1999, which reflected the 3-month period from the date the Company acquired Tricom in October 1999. Since December 31, 1999, total deposits have grown 24.8% and total loan balances have risen 21.9%, requiring higher levels of staffing and other operating costs, such as occupancy, equipment, advertising and data processing, to both attract and service the larger customer base.

Despite the growth and the related increases in many of the non-interest expense categories, Wintrust's net overhead ratio (non-interest expense, excluding the non-recurring fraud charge, less non-interest income to total average assets) declined from 2.00% in 1999 to 1.90% in 2000. The Company is now operating in its previously stated performance goal range of 1.50% - 2.00%. This is a key indicator of operating efficiency and the Company continues to compare favorably with regard to this ratio to its peer group based on the most recent peer group data.

Salaries and employee benefits is the largest component of non-interest expense, accounting for nearly half of the total in 2000. For the year ended December 31, 2000, salaries and employee benefits totaled \$28.1 million, an increase of \$7.3 million, or 35.1%, from the 1999 total of \$20.8 million. Approximately \$2.1 million of the increase relates to the inclusion of Tricom's expenses for a full year in 2000 compared to a three-month period in 1999. Additionally, approximately \$0.3 million related to the opening of the Company's seventh de novo bank in Northbrook, Illinois. The remaining increase in 2000 was directly caused by higher staffing levels necessary to support the continued growth of the Company's balance sheet and fee-based businesses. As previously noted, during 2000 deposits increased 24.8% and loans increased 21.9%. In addition, the Company added four new banking locations, including the opening of its seventh de novo bank, continued to increase the staff of WAMC in accordance with its goal of growing and developing the trust and investment business, and increased staff at FIFC to support its growth in the premium finance business.

Equipment expense, which includes furniture, equipment and computer software depreciation and repairs and maintenance costs, totaled \$5.1 million for year ended December 31, 2000, an increase of \$1.9 million, or 59.5%, over the 1999 total. This increase was caused mainly by higher levels of depreciation expense related to the opening of new facilities, the expansion of existing facilities, the acquisition of Tricom and other growth as discussed earlier.

Net occupancy expenses for the year ended December 31, 2000 increased \$1.3 million, or 42.2%, to \$4.3 million as compared to \$3.0 million for 1999. This increase was due mainly to the opening of four additional facilities in 2000 and the October 1999 acquisition of Tricom.

Data processing expenses totaled \$2.8 million for the year ended December 31, 2000, an increase of \$668,000, or 30.8%, when compared to 1999. This increase was due primarily to the additional transactional charges related to the larger deposit and loan portfolios. Average loan balances increased 24.8% and average deposit balances increased 23.2% in 2000 compared to 1999.

Advertising and marketing expenses totaled \$1.3 million for the year ended December 31, 2000, compared to \$1.4 million in 1999. Marketing costs are necessary to attract loans and deposits at the newly chartered banks, to announce new branch openings, as well as the expansion of trust and investment services through WAMC, and to continue to promote community based products at the more established locations. The level of marketing expenditures declined as management has begun to more effectively utilize targeted marketing programs in the more mature market areas.

Professional fees, which includes legal, audit and tax fees, external loan review costs and normal regulatory exam assessments, totaled \$1.7 million for the year ended December 31, 2000, an increase of \$478,000, or 39.7%, from the 1999 total. The increase is attributable to the general growth in the Company's total assets and fee-based businesses.

Amortization of intangibles expense totaled \$713,000 for the year ended December 31, 2000 as compared to \$251,000 for the same period in 1999. The goodwill and other intangibles primarily relate to the October 1999 Tricom acquisition and the mid-1998 acquisition of the MMF leasing division at Lake Forest Bank. The increase in 2000 reflects the inclusion of a full year of amortization for the Tricom acquisition.

In 2000, the Company recorded a pre-tax charge of \$4.3 million as a result of a fraud perpetrated against the Company's premium finance subsidiary. This charge includes approximately \$300,000 of professional fees associated with the Company's pursuit of recovery of the loss as well as a partial recovery of \$200,000. The Company has commenced legal action against the parties involved and is vigorously pursuing all avenues of recovery. The amount and timing of future recoveries, if any, are not known at this time.

Other non-interest expenses for the year ended December 31, 2000 totaled \$9.5 million and increased \$1.8 million, or 23.7%, over the prior year. This category includes loan expenses, correspondent bank service charges, insurance, postage, stationery and supplies, telephone, directors fees, and other sundry expenses. This increase was generally caused by the Company's expansion activities and the Tricom acquisition, as discussed earlier, including increased costs from the origination and servicing of a larger base of deposit and loan accounts. Income taxes. The Company recorded income tax expense of \$5.3 million for the year ended December 31, 2000 as compared to \$4.7 million in 1999. The effective tax rate in 2000 was 32.2%, compared to 33.4% in 1999. Please refer to Note 12 to the Consolidated Financial Statements for further discussion and analysis of the Company's tax position.

COMPARISON OF RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998

Earnings summary. Net income for the year ended December 31, 1999 totaled \$9.4 million and increased \$3.2 million, or 51.0%, over the prior year. Net income per basic common share totaled \$1.14 in 1999 versus \$0.77 in 1998, an increase of \$0.37 per share, or 48.1%. On a diluted basis, net income per common share totaled \$1.10 in 1999 as compared to \$0.74 in 1998, an increase of \$0.36 per share, or 48.6%. Excluding the impact of the 1998 non-recurring charge mentioned later in the non-interest expense section, the increase in net income for the year ended December 31, 1999 would have been \$2.6 million, or 37.5%, over 1998. On a diluted basis, net income per common share would have increased \$0.29, or 35.8%.

The increase in net income during 1999 was most favorably impacted by a \$11.0 million increase in net interest income that primarily resulted from a higher earning asset base, particularly from growth in the loan portfolio. A \$1.7 million increase in non-interest income also contributed to higher 1999 earnings and was mainly the result of gains from the sale of premium finance receivables, higher levels of deposit service charges, growth in trust fee income and the addition of administrative service revenues resulting from the October 1999 acquisition of Tricom. Partially offsetting these increases was a \$2.4 million decline in fees from the sale of mortgage loans into the secondary market due to significantly lower levels of mortgage origination volumes, particularly refinancing activity, caused by increases in mortgage interest rates. A \$3.8 million increase in total non-interest expense during 1999 also offset a portion of the income growth, and was due primarily to the growth and expansion experienced by the Company during 1999 coupled with the Tricom acquisition.

A significant factor that contributed to the 1998 net income was the recognition of income tax benefits from the realization of previously unvalued tax loss benefits. Due to the 1998 recognition of tax benefits, the Company's true growth in profitability during 1999 has been masked. Therefore, a comparison of pre-tax operating income is more representative of the Company's improvement in operating results. On a pre-tax basis, operating income totaled \$14.2 million in 1999, an increase of \$8.4 million, or 148%, over 1998, exclusive of the previously mentioned 1998 non-recurring charge. This significant improvement in operating results was primarily the result of enhanced performance of the Company's more established subsidiaries and the fourth quarter 1999 acquisition of Tricom.

Net interest income. Net interest income totaled \$47.7 million for the year ended December 31, 1999, an increase of \$11.0 million, or 29.8%, when compared to 1998. This increase was primarily attributable to a 26.2% increase in average earning assets, including a 33.8% increase in average loans and a 2.1% decline in average securities

and other liquidity management assets. Total average loans as a percentage of total average earning assets increased to 83.6% in 1999 from 78.9% in 1998 as a result of solid loan growth. This improved loan proportion creates a higher net interest margin, as loans earn interest at a higher rate than the Company's other earning assets. The net interest margin increased from 3.43% in 1998 to 3.54% in 1999. The core net interest margin, which excludes the impact of the 9.00% Cumulative Trust Preferred Securities offering, was 3.75% in 1999, an increase of 25 basis points over the core margin of 3.50% in 1998. These margin increases were the result of a decline in overall funding cost rates and loan growth. The total deposit funding cost rate declined 39 basis points from 1998 and was 4.73% for the year ended December 31, 1999. This improvement was due mainly to less aggressive deposit pricing in the markets of the more mature banks that have already established significant market share. The average earning asset yield declined to 8.08% in 1999 as compared to 8.19% in 1998, due mostly to the 31 basis point decline in the average loan yield to 8.59% in 1999. This decline was due primarily to a lower average prime lending rate of 8.00% in 1999 versus an average prime lending rate of 8.36% in 1998. Please refer to the previous sections of this discussion entitled "Average Balance Sheets, Interest Income and Expense, and Interest Rate Yields and Costs" and "Changes in Interest Income and Expense" for detailed tables of information and further discussion of the components of net interest income and the impact of rate and volume changes.

Provision for possible loan losses. The provision for possible loan losses totaled \$3.7 million for the year ended December 31, 1999, a \$584,000 decline from the total of \$4.3 million in 1998. The higher provision in 1998 was necessary to cover increased loan charge-offs that occurred at one banking office in early 1998.

Non-interest income. For the year ended December 31, 1999, total non-interest income was \$9.8 million and increased \$1.7 million, or 21.5%, when compared to \$8.1 million in 1998.

The October 1999 acquisition of Tricom added approximately \$1.0 million of administrative services revenue to total non-interest income in 1999. This revenue comprises income from administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States.

During 1999, approximately \$69 million of premium finance receivables were sold by FIFC to an unrelated third party and resulted in the recognition of approximately \$1.0 million in gains. There were no sales of premium finance receivables in 1998.

Fees on mortgage loans sold, the largest category of non-interest income in 1999, includes income from originating and selling residential real estate loans into the secondary market. For the year ended December 31, 1999, these fees totaled \$3.2 million, a decline of \$2.4 million, or 42.4%, from the 1998 total of \$5.6 million. This decline was due to significantly lower levels of mortgage origination volumes, particularly refinancing activity, caused by the increases in mortgage interest rates.

Service charges on deposit accounts totaled \$1.6 million for the year ended December 31, 1999 and increased \$497,000, or 46.7%, when compared to the 1998 total of \$1.1 million. This increase was due mainly to a higher deposit base and a larger number of accounts at both the mature banks and the newer de novo banks.

Trust fees totaled \$1.2 million for the year ended December 31, 1999, an increase of \$383,000, or 48.6%, over 1998. This increase was the result of new business development efforts generated by a larger staff of experienced trust officers that were added in late 1998 with the formation of WAMC.

Other non-interest income totaled \$1.8 million for the year ended December 31, 1999 and increased \$1.2 million, or 181%, over the 1998 total of \$653,000. This increase was due primarily to \$508,000 in premium income from certain call option transactions and a \$355,000 increase in rental income from equipment leased through the MMF leasing division of Lake Forest Bank, a small business that was acquired in mid-1998. The call option transactions were designed to utilize the excess capital at certain banks, increase the total return associated with holding certain securities as earning assets, and yield additional fee income.

Non-interest expense. For the year ended December 31, 1999, total non-interest expense was \$39.7 million and increased \$3.8 million, or 10.7%, over 1998. Excluding the 1998 non-recurring \$1.0 million pre-tax charge related to severance amounts due to the Company's former Chairman and Chief Executive Officer and certain related legal fees, total non-interest expense would have increased \$4.8 million, or 13.9%, over 1998. The increases in non-interest expense were predominantly caused by the continued growth and expansion of the Banks, as discussed in earlier sections of this analysis, the development of WAMC and the October 1999 acquisition of Tricom. For example, the increase in total operating expenses from 1998 to 1999 for Barrington Bank and Crystal Lake Bank were \$485,000 and \$600,000,

respectively, and the September 1998 start-up of WAMC added \$1.5 million to total 1999 non-interest expense when compared to the 1998 total. In addition, the October 1999 acquisition of Tricom added \$1.2 million to 1999 non-interest expense. From December 31, 1998 to December 31, 1999, total deposits grew 19.1% and total loan balances rose 28.8%, requiring higher levels of staffing and other operating costs, such as occupancy, equipment, advertising and data processing, to both attract and service the larger customer base.

Despite the growth and the related increases in many of the non-interest expense categories, Wintrust's ratio of non-interest expense to total average assets declined from 3.04% in 1998 to 2.65% in 1999. In addition, the net overhead ratio for 1999 declined to 2.00% as compared to the 1998 ratio of 2.36%.

Salaries and employee benefits for the year ended December 31, 1999 totaled \$20.8 million, an increase of \$2.8 million, or 15.3%, from the 1998 total, excluding the impact of the 1998 non-recurring severance charge. This increase was directly caused by higher staffing levels necessary to support the continued growth of the Banks, the late 1998 hiring of several experienced trust professionals in conjunction with the start-up of WAMC, approximately \$600,000 related to the October 1999 acquisition of Tricom, and normal salary increases. For the year ended December 31, 1999, salaries and employee benefits as a percent of average assets was 1.39% versus 1.53% in 1998, exclusive of the non-recurring charge.

Equipment expense, which includes furniture, equipment and computer software depreciation and repairs and maintenance costs, totaled \$3.2 million for year ended December 31, 1999, a \$978,000, or 44.0%, increase over the 1998 total. This increase was caused mainly by higher levels of depreciation expense related to the opening of new facilities, the expansion of existing facilities, the acquisition of Tricom and other growth as discussed earlier.

Net occupancy expenses for the year ended December 31, 1999 increased \$556,000, or 22.8%, to \$3.0 million as compared to \$2.4 million for 1998. This increase was due mainly to the opening of three additional facilities in 1999, the expansion of the Lake Forest Bank and corporate office facilities, and the acquisition of Tricom.

Data processing expenses totaled \$2.2 million for the year ended December 31, 1999, an increase of \$493,000, or 29.4%, when compared to 1998. This increase was due primarily to the additional transactional charges related to the larger deposit and loan portfolios, which increased, on an average basis, 23.9% and 33.8%, respectively, in 1999 when compared to 1998.

Advertising and marketing expenses totaled \$1.4 million for the year ended December 31, 1999, a decline of \$210,000, or 13.0%, when compared to 1998. In 1998, higher levels of marketing costs were necessary to attract loans and deposits at the newly chartered Crystal Lake Bank and Barrington Bank and to announce the expansion of trust and investment services through WAMC.

Professional fees, which includes legal, audit and tax fees, external loan review costs and normal regulatory exam assessments, totaled \$1.2 million for the year ended December 31, 1999, a decline of \$451,000, or 27.3%, from the 1998 total. This decline was caused by a higher level of fees in 1998 related to certain non-performing loan work-outs and approximately \$100,000 in legal fees related to the non-recurring severance charge.

Amortization of intangibles expense totaled \$251,000 for the year ended December 31, 1999 as compared to \$120,000 for the same period in 1998. The \$131,000 increase was due to goodwill and other intangibles amortization from the October 1999 Tricom acquisition and amortization expense from the mid-1998 acquisition of MMF.

Other non-interest expenses for the year ended December 31, 1999 totaled \$7.7 million and increased \$484,000, or 6.7%, over the prior year. This category includes loan expenses, correspondent bank service charges, insurance, postage, stationery and supplies, telephone, directors fees, organizational cost amortization, and other sundry expenses. In 1998, one subsidiary bank recorded a \$600,000 operations loss. Without this prior year expense, the 1999 increase would have been \$1.1 million, or 16.5%. This increase was generally caused by the Company's expansion activities and the Tricom acquisition, as discussed earlier, including increased costs from the origination and servicing of a larger base of deposit and loan accounts.

Income taxes. The Company recorded income tax expense of \$4.7 million for the year ended December 31, 1999 as compared to \$1.5 million of income tax benefits in 1998. Prior to the September 1, 1996 merger transaction that formed Wintrust, each of the merging companies, except Lake Forest Bank, had net operating losses and, based upon the start-up nature of the organization, there was not sufficient evidence to justify the full realization of the net deferred tax assets generated by those losses. Accordingly, during 1996, certain valuation allowances were established against deferred tax assets. As the entities became profitable, the recognition of previously unvalued tax loss benefits became available, subject to certain limitations, to offset tax expense generated from profitable operations. The income tax benefit

recorded in 1998 reflected management's determination that certain of the subsidiaries' earnings history and projected future earnings were sufficient to make a judgment that the realization of a portion of the net deferred tax assets not previously valued was more likely than not to occur. Accordingly, unlike prior periods, the Company's results in 1999 and future years will not benefit significantly from the recognition of net operating loss carryforwards. The value of prior net operating losses recognized for financial statement reporting purposes for 1999 and 1998 was approximately \$460,000 and \$3.4 million, respectively.

OPERATING SEGMENT RESULTS

As described in Note 20 to the Consolidated Financial Statements, the Company's operations consist of five primary segments: banking, premium finance, indirect auto, Tricom and trust. The Company's profitability is primarily dependent on the net interest income, provision for possible loan losses, non-interest income and operating expenses of its banking segment. The net interest income of the banking segment includes income and related interest costs from portfolio loans that were purchased from the premium finance and indirect auto segments. For purposes of internal segment profitability analysis, management reviews the results of its premium finance and indirect auto segments as if all loans originated and sold to the banking segment were retained within that segment's operations.

The banking segment's net interest income for the year ended December 31, 2000 totaled \$57.2 million as compared to \$44.3 million for the same period in 1999, an increase of \$12.9 million, or 29.2%. The increase in net interest income for 1999 when compared to the total of \$34.2 million in 1998 was \$10.0 million, or 29.3%. These increases were the direct result of growth in the loan portfolio and an improved net interest margin, as discussed in the Consolidated Results of Operations section. The banking segment's non-interest income totaled \$8.6 million in 2000, an increase of \$1.5 million, or 20.8%, when compared to the 1999 total of \$7.1 million. This increase was due primarily to increases in equipment rental income of \$866,000, call option premium income of \$441,000 and service charges on deposits of \$374,000 and was offset partially by a decrease of \$295,000 in fees from the sale of residential mortgage loans. In 1999, noninterest income for the banking segment declined \$560,000, compared to the prior year amount of \$7.7 million. The decline was due to a \$2.4 million reduction in fees from the sale of residential mortgage loans and was partially offset by increases in deposit service charges, call option premium and leased equipment rental income. The reduction in mortgage fees was mainly caused by increases in mortgage interest rates, which significantly lowered mortgage origination volumes, particularly refinancing activity. The banking segment's net after-tax profit totaled \$14.8 million for the year ended December 31, 2000, an increase of \$4.5 million, or 43.6%, as compared to the 1999 total of \$10.3 million. The total segment profit in 1999 increased \$5.2 million, or 100.4%, over the \$5.1 million that was recorded in 1998. These after-tax segment profit increases were primarily the result of higher levels of net interest income, as noted above, and the general continued maturation and related profitability improvements of the more established de novo bank subsidiaries.

Net interest income for the premium finance segment totaled \$14.8 million for the year ended December 31, 2000 and increased \$2.2 million, or 17.3%, over the \$12.6 million in 1999. This increase resulted from higher levels of premium finance receivables produced from various business development efforts and other new product offerings and targeted marketing programs and a higher interest rate environment in 2000 compared to 1999. In 1999, net interest income for the premium finance segment increased \$2.9 million, or 30.2%, over the 1998 total of \$9.7 million due to new programs and targeted marketing efforts. The premium finance segment non-interest income for the year ended December 31, 2000 totaled \$3.8 million, an increase of \$2.8 million, or 270.9%, over the \$1.0 million recorded in 1999. Noninterest income for this segment reflects the gains from the sale of premium finance receivables to an unrelated third party, as more fully discussed in the Consolidated Results of Operations section. The Company began selling premium finance receivables to an unrelated third party in the second quarter of 1999. Net after-tax profit of the premium finance segment totaled \$2.6 million for the year ended December 31, 2000, as compared to \$4.3 million in 1999. The decrease of segment profits of \$1.7 million primarily relates to the non-recurring charge related to a fraud perpetrated by one independent insurance agent. The charge, net of a partial recovery and taxes, was \$2.6 million. Excluding this one-time charge, the premium finance segment profit in 2000 increased \$922,000, or 21.6%, from the prior year amount. The premium finance segment profit in 1999 increased \$2.3 million from the 1998 amount of \$2.0 million. The improvements in profitability during both 2000 (excluding the one-time charge) and 1999 were due mainly to the combination of higher volumes and the related sales to third parties, and the implementation of upgraded systems.

Net interest income for the indirect auto segment totaled \$6.5 million in 2000, a \$1.7 million, or 20.9%, decrease from 1999. The decrease was primarily a result of higher funding costs in 2000 coupled with a slightly lower level of average outstanding loans and slightly lower yields on such loans. In 1999, total net interest income of \$8.2 million increased \$2.6 million, or 46.6%, over the 1998 total of \$5.6 million, due to a 42.7% increase in average outstanding loans. The indirect auto segment after-tax profit totaled \$1.6 million for the year ended December 31, 2000, a decrease of \$1.1 million, or 40.4%, from the 1999 total of \$2.7 million. The decrease in the segment's profits in 2000 is directly related to the decrease in net interest income noted above. In 1999, after-tax segment profit increased \$830,000, or 44.9%, over the 1998 total and was a result of the higher average outstanding balances in 1999 as compared to 1998.

The Tricom segment's results of operations began to be included in the Company's consolidated earnings as of October 1, 1999, the effective date of the Company's acquisition of Tricom. Net interest income for Tricom totaled \$3.6 million in 2000, compared to \$826,000 for 1999. Non-interest income for 2000 was \$4.5 million, compared to \$1.0 million for 1999. Tricom's segment profit for 2000 was \$1.6 million, compared to \$340,000 for 1999. The increases are all a result of a full year of operations in 2000 versus three months in 1999.

The trust segment relates to the operations of WAMC, a trust and investment subsidiary that began operations on September 30, 1998. Trust segment results prior to the formation of WAMC relate to the operations of the trust department of Lake Forest Bank and, accordingly, certain expenses of the bank were allocated as indirect costs to the trust segment. In addition to trust and investment management fees that are recorded as non-interest income, and in connection with internal profitability analysis, the trust segment includes net interest income related to certain trust account balances that are maintained with the Lake Forest Bank. This net interest income totaled \$508,000 for 2000 as compared to \$469,000 in 1999 and \$359,000 in 1998. Trust fee income totaled \$2.0 million in 2000, as compared to \$1.2 million in 1999, an increase of \$800,000, or 68.3%, due mainly to new business development efforts from a larger staff of experienced trust officers. The increase in 1999 when compared to the 1998 total of \$788,000 was \$383,000, or 48.6%. The trust segment after-tax loss totaled \$413,000 for the year ended December 31, 2000 as compared to losses of \$559,000 in 1999 and \$189,000 in 1998. The losses in each of these years were due to the start-up of WAMC and the related salary and employee benefit costs of hiring experienced trust professionals. See the Overview and Strategy section of this discussion for further explanation of the trust segment expansion through WAMC.

ASSET-LIABILITY MANAGEMENT

As a continuing 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 Company's Board of Directors. The policy establishes 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 repricing periods and interest rate indices of the interest earning assets, interest bearing liabilities, and off-balance sheet 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 off-balance sheet 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 swings in net interest income in future years, as a result of interest rate movements, by performing computerized simulation analysis of potential interest rate environments. If a potential adverse swing in net interest margin and/or net income is identified, management then would take appropriate actions with its asset-liability structure to counter these potentially adverse situations. Please refer to earlier sections of this discussion and analysis for further discussion of the net interest margin.

As the Company's primary source of interest bearing liabilities is customer deposits, the Company's ability to manage the types and terms of such deposits may be somewhat limited by customer preferences and local competition in the market areas in which the Company operates. 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 short-term 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.

One method utilized by financial institutions to limit interest rate risk is to enter into derivative financial instru-

ments. A derivative financial instrument includes interest rate swaps, interest rate caps and floors, futures, forwards, option contracts and other financial instruments with similar characteristics. As of December 31, 2000, the Company had \$400 million notional principal amount of interest rate cap contracts outstanding that mature between January 2001 and January 2003. These contracts were purchased to mitigate the effect of rising rates on certain floating rate deposit products. During 2000, the Company also entered into certain covered call option transactions related to certain securities held by the Company. These transactions were designed to increase the total return associated with holding these securities as earning assets. The Company may enter into other derivative financial instruments in the future to effectively manage its interest rate risk.

The Company's exposure to interest rate risk is reviewed on a regular basis by management and the boards of directors of the Banks and the Company. The objective is to measure the effect on net income and to adjust balance sheet and off-balance sheet instruments to minimize the inherent risk while at the same time maximize income. Tools used by management include a standard gap report and a rate simulation model whereby changes in net interest income are measured in the event of various changes in interest rate indices. An institution with more assets than liabilities repricing over a given time frame is considered asset sensitive and will generally benefit from rising rates, and conversely, a higher level of repricing liabilities versus assets would be beneficial in a declining rate environment. The following table illustrates the Company's estimated interest rate sensitivity and periodic and cumulative gap positions as of December 31, 2000 (dollars in thousands):

	TIME TO MATURITY OR REPRICING				TOTAL
	0-90 DAYS	91-365 DAYS	1-5 YEARS	OVER 5 YEARS	
Rate sensitive assets (RSA)	\$ 963,226	392,543	462,848	284,189	2,102,806
Rate sensitive liabilities (RSL)	1,046,411	501,451	150,472	404,472	2,102,806
Cumulative gap (GAP = RSA - RSL) (1)	(83,185)	(192,093)	120,283		
Cumulative RSA/RSL (1)	0.92	0.88	1.07		
RSA/Total assets	0.46	0.19	0.22		
RSL/Total assets (1)	0.50	0.24	0.07		
Cumulative GAP/Total assets (1)	(4)%	(9)%	6%		
Cumulative GAP/Cumulative RSA (1)	(9)%	(14)%	7%		

(1) The GAP amount and related ratios do not reflect \$400 million notional principal amount of interest rate caps, as discussed in the following paragraph.

While the gap position illustrated above is a useful tool that management can assess for general positioning of the Company's and its subsidiaries' balance sheets, it is only as of a point in time and does not reflect the impact of off-balance sheet interest rate cap contracts. As of December 31, 2000, the Company had \$400 million notional principal amount of interest rate caps that reprice on a monthly basis. These interest rate caps, which mature between January 2001 and January 2003, were purchased to mitigate the effect of rising rates on certain floating rate deposit products. When the gap position in the above table is adjusted for the impact of these interest rate caps, the Company's short-term gap position becomes slightly positive in that the level of rate sensitive assets that reprice within one year exceeds the level of rate sensitive liabilities that reprice within one year.

Management uses an additional measurement tool to evaluate its asset-liability sensitivity that determines exposure to changes in interest rates by measuring the percentage change in net interest income due to changes in interest rates over a two-year time horizon. Management measures its exposure to changes in interest rates using many different interest rate scenarios. One interest rate scenario utilized is to measure the percentage change in net interest income assuming an instantaneous permanent parallel shift in the yield curve of 200 basis points, both upward and downward. This analysis also includes the impact of the interest rate cap agreements mentioned above. Utilizing this measurement concept, the interest rate risk of the Company, expressed as a percentage change in net interest income over a two-year time horizon due to changes in interest rates, at December 31, 2000 and December 31, 1999, is as follows:

	+200 BASIS POINTS	-200 BASIS POINTS
Percentage change in net interest income due to an immediate 200 basis point shift in the yield curve:		
December 31, 2000	5.0%	(1.6%)
December 31, 1999	2.9%	0.1%

LIQUIDITY AND CAPITAL RESOURCES

The following table reflects various measures of the Company's capital at December 31, 2000 and 1999:

	<u>DECEMBER 31,</u>	
	2000	1999
	-----	-----
Average equity-to-average asset ratio	5.2%	5.4%
Leverage ratio	6.3	7.1
Tier 1 risk-based capital ratio	6.9	7.8
Total risk-based capital ratio	8.4	8.4
Dividend payout ratio	8.0	0.0
=====		

The Company's consolidated leverage ratio (Tier 1 capital/total fourth quarter average assets less intangibles) was 6.3% at December 31, 2000, which is in excess of the "well capitalized" regulatory level.

Consolidated Tier 1 and total risk-based capital ratios were 6.9% and 8.4%, respectively. Based on guidelines established by the Federal Reserve Bank, a bank holding company is required to maintain a ratio of Tier 1 capital to risk-based assets of 4.0% and a ratio of total capital to risk-based assets of 8.0% in order to be deemed "adequately capitalized."

The Company's principal source of funds at the holding company level are from dividends from its subsidiaries, borrowings on its revolving credit line with an unaffiliated bank, proceeds from trust preferred securities offerings or additional equity offerings. Refer to Notes 9 and 10 of the Consolidated Financial Statements for further information on the Company's revolving credit line and Trust Preferred Securities offering, respectively. In November 1999, the Company completed a private placement of 352,942 shares of common stock, which were priced at market, and received net proceeds of approximately \$6.0 million. In June 2000, the Company issued \$20.0 million of 10.50% Trust Preferred Securities in a public offering.

Banking laws impose restrictions upon the amount of dividends which can be paid to the holding company by the Banks. Based on these laws, the Banks could, subject to minimum capital requirements, declare dividends to the Company without obtaining regulatory approval in an amount not exceeding (a) undivided profits, and (b) the amount of net income reduced by dividends paid for the current and prior two years. In addition, the payment of dividends may be restricted under certain financial covenants in the Company's revolving credit line agreement. At January 1, 2001, subject to minimum capital requirements at the Banks, approximately \$11.2 million was available as dividends from the Banks without prior regulatory approval. During 2000 and 1998, dividends paid by the subsidiaries to the holding company totaled \$16 million and \$8.25 million, respectively. There were no dividends paid by the subsidiaries to the holding company in 1999.

In January 2000, the Company's Board of Directors approved the first semi-annual cash dividend on its common stock. The dividend in the amount of \$0.05 per share was paid on February 24, 2000 to shareholders of record as of February 10, 2000. In July 2000, the second semi-annual dividend for the same amount was approved and paid on August 24, 2000 to shareholders of record as of August 10, 2000. In January 2001, the Company's Board of Directors approved a 40% increase in its semi-annual cash dividend to \$0.07 per share. The dividend was paid on February 22, 2001 to shareholders of record as of February 8, 2001. Additionally, in January 2000, the Board of Directors approved a stock repurchase program authorizing the purchase of up to 300,000 shares of common stock, from time to time, in open market or privately negotiated transactions. The shares authorized to be repurchased represent approximately 3% of the Company's currently outstanding shares. Through December 31, 2000, the Company repurchased a total of 242,300 shares at an average price of \$15.94 per share.

Liquidity management at the Banks involves planning to meet anticipated funding needs at a reasonable cost. Liquidity management is guided by policies, formulated and monitored by the Company's senior management and each Bank's asset/liability committee, which take into account the marketability of assets, the sources and stability of funding and the level of unfunded commitments. The Banks' principal sources of funds are deposits, short-term borrowings and capital contributions from the holding company. In addition, the Banks are eligible to borrow under Federal Home Loan Bank advances, another source of short-term liquidity.

Core deposits are the most stable source of liquidity for community banks due to the nature of long-term relationships generally established with depositors and the security of deposit insurance provided by the FDIC. Core deposits are generally defined in the industry as deposits with balances less than \$100,000. At December 31, 2000, approximately 60% of the Company's total assets were funded by core deposits with balances less than \$100,000, as compared to approximately 61% at the end of 1999. The remaining assets were funded by other funding sources such as deposits with balances in excess of \$100,000, public fund deposits, borrowed funds, and the capital of the Banks. Due to the Company's strategy of targeting high net worth individuals, the Company believes that many of its deposits with balances in excess of \$100,000 are also a stable source of funds.

Liquid assets refers to money market assets such as Federal funds sold and interest bearing deposits with banks, as well as available-for-sale debt securities and held-to-maturity securities with a remaining maturity less than one year. Net liquid assets represent the sum of the liquid asset categories less the amount of assets pledged to secure public funds. At December 31, 2000, net liquid assets totaled approximately \$164.0 million, compared to approximately \$57.2 million at December 31, 1999.

The Banks routinely accept deposits from a variety of municipal entities. Typically, these municipal entities require that banks pledge marketable securities to collateralize these public deposits. At December 31, 2000 and 1999, the Banks had approximately \$116.8 million and \$139.2 million, respectively, of securities collateralizing such public deposits and other short-term borrowings. Deposits requiring pledged assets are not considered to be core deposits, and the assets that are pledged as collateral for these deposits are not deemed to be liquid assets.

The Company is not aware of any known trends, commitments, events, regulatory recommendations or uncertainties that would have any adverse effect on the Company's capital resources, operations or liquidity.

CREDIT RISK AND ASSET QUALITY

Management believes that the loan portfolio is well diversified and well secured, without undue concentration in any specific risk area. Control of loan quality is continually monitored by management and is reviewed by the Banks' Board of Directors and their Credit Committees on a monthly basis. Independent external review of the loan portfolio is provided by the examinations conducted by regulatory authorities and an independent loan review performed by an entity engaged by the Board of Directors. Additions to the allowance for possible loan losses, which are charged to earnings through the provision for possible loan losses, are determined based on a variety of factors, including actual charge-offs during the year, historical loss experience, delinquent and other potential problem loans, and an evaluation of economic conditions in the market area.

Summary of Loan Loss Experience. The following table summarizes the changes in the allowance for possible loan losses for the periods shown (dollars in thousands).

	2000	1999	1998	1997	1996
Balance at beginning of year	\$ 8,783	7,034	5,116	3,636	2,763
Total loans charged-off:					
Core banking loans	(1,050)	(837)	(1,636)	(448)	(190)
Premium finance	(1,294)	(456)	(455)	(1,126)	(207)
Indirect auto	(1,339)	(1,156)	(646)	(300)	(123)
Tricom finance receivables	(73)	-	-	-	-
Discontinued leasing operations	-	-	-	(241)	(583)
Total loans charged-off	(3,756)	(2,449)	(2,737)	(2,115)	(1,103)
Total recoveries	351	310	358	191	41
Net loans charged-off	(3,405)	(2,139)	(2,379)	(1,924)	(1,062)
Provision for possible loan losses	5,055	3,713	4,297	3,404	1,935
Acquired allowance for possible loan losses	-	175	-	-	-
Balance at end of year	\$ 10,433	8,783	7,034	5,116	3,636
Year-end total loans, net of unearned income	\$ 1,558,020	1,278,249	992,062	712,631	492,548
Average total loans, net of unearned income	1,416,419	1,135,200	848,344	620,801	347,076
Allowance as percent of year-end total loans	0.67%	0.69%	0.71%	0.72%	0.74%
Net loans charged-off to average total loans	0.24	0.19	0.28	0.31	0.31
Net loans charged-off to the provision for possible loan losses	67.36	57.61	55.36	56.52	54.88

Net charge-offs of core banking loans for the year ended December 31, 2000 totaled \$992,000 as compared to a total of \$795,000 for 1999. Net charge-offs of core banking loans as a percentage of average core banking loans decreased slightly in 2000 to 0.11% from 0.12% in 1999.

Premium finance receivable net charge-offs for the year ended December 31, 2000 totaled \$1.2 million as compared to \$289,000 recorded in 1999. Net charge-offs were 0.43% of average premium finance receivables in 2000 versus 0.14% in 1999. The increase in net charge-offs in 2000 was attributable in part to accounts referred to the Company pursuant to a marketing agreement that the Company entered into in mid-1999. Accounts generated from this arrangement have generally had smaller balances and higher delinquencies and charge-offs than the Company's core premium finance portfolio. The Company has begun initiatives to substantially curtail the new volume generated from this relationship. However, management believes the higher level of net charge-offs will likely continue through the first half of 2001.

Indirect auto loan net charge-offs totaled \$1.2 million for the year ended December 31, 2000 as compared to \$1.1 million in 1999. Net charge-offs as a percentage of average indirect auto loans were 0.50% in 2000 in comparison to 0.44% in 1999.

The allowance for possible loan losses as a percentage of total net loans at December 31, 2000 and 1999 was 0.67% and 0.69%, respectively. As a percent of average total loans, total net charge-offs for 2000 and 1999 were 0.24% and 0.19%, respectively. Management believes that the allowance for possible loan losses is adequate to provide for losses inherent in the portfolio.

Past Due Loans and Non-performing Assets. The following table classifies the Company's non-performing loans as of December 31 for each of last five years (dollars in thousands):

	2000	1999	1998	1997	1996
=====					
Past Due greater than 90 days and still accruing:					
Core banking loans	\$ 651	713	800	868	75
Indirect auto loans	397	391	274	11	20
Premium finance receivables	4,306	1,523	1,214	887	-
Total	5,354	2,627	2,288	1,766	95

Non-accrual loans:					
Core banking loans	770	1,895	1,487	782	448
Indirect auto loans	221	298	195	29	-
Premium finance receivables	3,338	2,145	1,455	1,629	1,238
Total non-accrual loans	4,329	4,338	3,137	2,440	1,686

Total non-performing loans:					
Core banking loans	1,421	2,608	2,287	1,650	523
Indirect auto loans	618	689	469	40	20
Premium finance receivables	7,644	3,668	2,669	2,516	1,238
Total non-performing loans	9,683	6,965	5,425	4,206	1,781

Other real estate owned	-	-	587	-	-
Total non-performing assets	\$ 9,683	6,965	6,012	4,206	1,781
=====					
Total non-performing loans by category as a percent of its own respective category:					
Core banking loans	0.14%	0.32%	0.38%	0.37%	0.15%
Indirect auto loans	0.30	0.27	0.22	0.03	0.02
Premium finance receivables	2.44	1.67	1.50	1.96	2.15
Total non-performing loans	0.62	0.54	0.55	0.59	0.36
Total non-performing assets to total assets	0.46	0.41	0.45	0.40	0.25
Non-accrual loans to total loans	0.28	0.34	0.32	0.34	0.34
Allowance for possible loan losses as a percentage of non-performing loans	107.75%	126.10	129.66	121.64	204.15
=====					

NON-PERFORMING CORE BANKING LOANS AND OTHER REAL ESTATE OWNED Total non-performing loans for the Company's core banking business (all loans other than indirect auto loans and premium finance receivables) were \$1.4 million as of December 31, 2000, a decrease of \$1.2 million from the \$2.6 million as of December 31, 1999. As a percentage of total core banking loans, non-performing core banking loans declined to 0.14% at the end of 2000 versus 0.32% a year earlier. Although the outstanding core loan portfolio has increased 25% from a year ago, the amount of non-performing core loans has decreased 46% from the prior year total. Non-performing core banking loans consist primarily of a small number of commercial and real estate loans, which management believes are well secured and in the process of collection. In fact, the loans comprising the non-performing core loan category total less than 30 individual credits. The small number of such non-performing loans allows management to effectively monitor the status of these credits and work with the borrowers to resolve these problems. The Company had no other real estate owned as of December 31, 2000 and 1999.

NON-PERFORMING PREMIUM FINANCE RECEIVABLES

The table below presents the level of non-performing premium finance receivables as of December 31, 2000 and 1999, and the amount of net charge-offs for the years then ended.

	2000	1999
Non-performing premium finance receivables	\$ 7,644,000	3,668,000
- as a percent of premium finance receivables	2.44%	1.67%
Net charge-offs of premium finance receivables	\$ 1,165,000	289,000
- as a percent of average		

premium finance receivables 0.43% 0.14%

Non-performing premium finance receivables have increased over the course of the year. The increase is attributable, in part, to the loans generated from a marketing agreement that the Company entered into in mid-1999. Although the accounts were underwritten by our premium finance subsidiary, the accounts generated from this arrangement have generally had smaller balances and higher delinquencies than the Company's core premium finance portfolio. Approximately 44% of the delinquent accounts and 29% of the delinquent balances relate to accounts associated with the marketing agreement. The volume of small balance delinquent accounts has placed an increased burden on the collection efforts of the premium finance subsidiary. The Company has significantly curtailed volume generated from this arrangement and is focusing significant resources to resolving the level of delinquencies. Management believes the delinquency levels should begin to trend down over the course of 2001.

It is important to note that the net charge-off ratio is substantially less than the non-performing asset ratio. The ratio of non-performing premium finance receivables fluctuates throughout the year due to the nature and timing of canceled account collections from insurance carriers. Collateral for premium finance loans is essentially the unearned portion of the premium related to the underlying policy. Due to the nature of collateral for premium finance receivables, it customarily takes 60-150 days to convert the collateral into cash collections. Accordingly, the level of non-performing premium finance receivables is not necessarily indicative of the loss inherent in the portfolio. In the event of default, the Company has the power to cancel the insurance policy and collect the unearned portion of the premium from the insurance carrier. In the event of cancellation, the cash returned in payment of the unearned premium by the insurer should generally be sufficient to cover the receivable balance, the interest and other charges due. Due to notification requirements and processing time by most insurance carriers, many receivables will become delinquent beyond 90 days while the insurer is processing the return of the unearned premium. Management continues to accrue interest until maturity as the unearned premium is ordinarily sufficient to pay-off the outstanding balance and contractual interest due.

NON-PERFORMING INDIRECT AUTO LOANS

Total non-performing indirect automobile loans were \$618,000 at December 31, 2000 as compared to \$689,000 at the end of 1999. The ratio of these non-performing loans has increased slightly to 0.30% of total net indirect automobile loans at December 31, 2000 from 0.27% at December 31, 1999. These ratios continue to be below standard industry ratios for this type of loan category. These individual loans comprise smaller dollar amounts and collection efforts are active.

Potential Problem Loans. In addition to those loans disclosed under "Past Due Loans and Non-performing Assets," there are certain loans in the portfolio which management has identified, through its problem loan identification system, which exhibit a higher than normal credit risk. However, these loans are still considered performing and, accordingly, are not included in non-performing loans. Examples of these potential problem

loans include certain loans that are in a past-due status, loans with borrowers that have recent adverse operating cash flow or balance sheet trends, or loans with general risk characteristics that the loan officer feels might jeopardize the future timely collection of principal and interest payments. Management's review of the total loan portfolio to identify loans where there is concern that the borrower will not be able to continue to satisfy present loan repayment terms includes factors such as review of individual loans, recent loss experience and current economic conditions. The principal amount of potential problem loans as of December 31, 2000 and 1999 were approximately \$11.9 million and \$14.4 million, respectively

Loan Concentrations. Loan concentrations are considered to exist when there are amounts loaned to a multiple number of borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. The Company had no concentrations of loans exceeding 10% of total loans at December 31, 2000 or 1999, except for loans included in the indirect auto and premium finance operating segments.

EFFECTS OF INFLATION

A banking organization's assets and liabilities are primarily monetary. Changes in the rate of inflation do not have as great an impact on the financial condition of a bank as do changes in interest rates. Moreover, interest rates do not necessarily change at the same percentage as does inflation. Accordingly, changes in inflation are not expected to have a material impact on the Company. An analysis of the Company's asset and liability structure provides the best indication of how the organization is positioned to respond to changing interest rates.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 projected growth, anticipated improvements in earnings, earnings per share and other financial performance measures, and management's long-term performance goals, as well as statements relating to the anticipated effects on financial results of condition from expected development or events, the Company's business and growth strategies, including anticipated internal growth, plans to form additional de novo banks and to open new branch offices, and to pursue additional potential development or acquisition of banks or specialty finance businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- o The level of reported net income, return on average assets and return on average equity for the Company will in the near term continue to be impacted by start-up costs associated with de novo bank formations, branch openings, and expanded trust and investment operations. De novo banks may typically require 13 to 24 months of operations before becoming profitable, due to the impact of organizational and overhead expenses, the start-up phase of generating deposits and the time lag typically involved in redeploying deposits into attractively priced loans and other higher yielding earning assets. Similarly, the expansion of trust and investment services through the Company's newer trust subsidiary, WAMC, is expected to be in a start-up phase for the next two years, before becoming profitable.
- o The Company's success to date has been and will continue to be strongly influenced by its ability to attract and retain senior management experienced in banking and financial services.
- o Although management believes the allowance for possible loan losses is adequate to provide for losses inherent in the existing portfolio of loans and leases, there can be no assurance that the allowance will prove sufficient to cover actual future loan or lease losses.
- o If market interest rates should move contrary to the Company's gap position on interest earning assets and interest bearing liabilities, the "gap" will work against the Company and its net interest income may be negatively affected.
- o The financial services business is highly competitive which may affect the pricing of the Company's loan and deposit products as well as its services.
- o The Company's ability to adapt successfully to technological changes to compete effectively in the marketplace.

o Unforeseen future events that may cause slower than anticipated development and growth of the Tricom business, changes in the temporary staffing industry or difficulties integrating the Tricom ~acquisition.

o Changes in the economic environment, competition, or other factors, may influence the anticipated growth rate of loans and deposits, the quality of the loan portfolio and loan and deposit pricing and may affect the Company's ability to successfully pursue acquisition and expansion strategies.

o The Company's ability to recover on the loss resulting from the fraudulent loan scheme perpetrated against the Company's premium finance subsidiary in the third quarter of 2000.

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Jay P. Ross
Assistant Vice President/Database Marketing

Lake Forest Bank & Trust Company

DIRECTORS

Craig E. Arnesen
Maurice F. Dunne, Jr.
Maxine P. Farrell
Francis Farwell (Emeritus)
Eugene Hotchkiss
Moris T. Hoversten (Emeritus)
John S. Lillard
Frank Mariani
John J. Meierhoff
Albin F. Moschner
Joseph Pasquesi
Genevieve Plamondon
Hollis W. Rademacher
J. Christopher Reyes
Ellen Stirling
Edward J. Wehmer

EXECUTIVE OFFICERS

Edward J. Wehmer
Chairman

Craig E. Arnesen
President and CEO

John J. Meierhoff
Executive Vice President/Lending

LOANS

Rachele L. Wright
President/Bank of Highwood -
Fort Sheridan

Kathryn Walker-Eich
Senior Vice President/Manager,
West Lake Forest

Kurt K. Prinz
Senior Vice President/
Commercial Lending

Mark R. Schubring
Vice President/Commercial Lending

Steve L. Madden
Vice President/Commercial Lending

Janice C. Nelson
Vice President/Consumer Lending

Jerry Piacenza
Assistant Vice President/
Commercial Lending

Lori Higgins
Assistant Vice President/
Loan Administration

Maria Santello
Loan Administration Officer

Pat McNeilly
Mortgage Loan Officer

Laura Cascarano
Loan Administration Officer

Susan Potash
Loan Servicing Officer

MMF LEASING SERVICES

David E. Gross
Senior Vice President

James C. Miller
Leasing Officer

PERSONAL BANKING

Lynn Van Cleave
Vice President/Personal Banking Operations

Twila D. Hungerford
Assistant Vice President/
Manager, Lake Bluff

Piera Dallabattista
Personal Banking Officer

Lee Cankar
Personal Banking Officer

Judy Moloney
Personal Banking Officer

Michelle Parnell
Personal Banking Officer

OPERATIONS/FINANCE/OTHER

Mary Ann Gannon
Vice President/Operations

Richard J. Pasmanski
Vice President/Controller

Margaret Zacher
Assistant Controller

Kathleen E. Bickmore
Assistant Vice President/Operations

Pamela Barker
Assistant Vice President/Operations

Andrea Levitt
Administration Officer

Carolyn P. Szymanski
Public Relations Officer

HINSDALE BANK & Trust Company

DIRECTORS

Peter D. Crist
Diane Dean
Donald Gallagher
Elise Grimes
Robert D. Harnach
Dennis J. Jones
Douglas J. Lipke
James B. McCarthy
James P. McMillin
Mary Martha Mooney
Frank J. Murnane, Sr.
Richard B. Murphy
Joel Nelson
Margaret O'Brien Stock
Hollis W. Rademacher
Ralph J. Schindler
Katharine V. Sylvester
Edward J. Wehmer
Lorraine Wolfe

EXECUTIVE OFFICERS

Dennis J. Jones
Chairman & CEO

Richard B. Murphy
President

David LaBrash
President - Clarendon Hills Bank

Stephen C. Pleimling
President - The Community Bank of Western Springs

LOANS

Richard Stefanski
Senior Vice President/
Indirect Lending

Eric Westberg
Senior Vice President/Mortgages

Kay Olenec
Senior Vice President/Mortgages

Colleen Ryan
Senior Vice President/
Commercial Lending

Robert D. Meyrick
Vice President/Indirect Lending

Cora Mae Corley
Assistant Vice President

Pat Gray
Assistant Vice President

Kathy Oergel

Assistant Vice President

Maria Chialdikis
Loan Processing Officer

PERSONAL BANKING/OPERATIONS

Anne O'Neill
Vice President & Cashier

Michelle Kennedy
Vice President/Controller

Michelle Paetsch
Assistant Vice President

Amy Boburka
Assistant Vice President

Kim Fernandez
Operations Officer

Patricia Mayo
Operations Officer

Kevin Barry
Personal Banking Officer

Jason Bledsoe
Personal Banking Officer

NORTH SHORE COMMUNITY BANK & TRUST COMPANY

DIRECTORS

Brian C. Baker
Gilbert W. Bowen
T. Tolbert Chisum
Thomas J. Dammrich
Maurice F. Dunne, Jr.
James Fox (Director Emeritus)
John W. Haben
Randolph M. Hibben
Gayle Inbinder
Thomas J. McCabe, Jr.
Marguerite Savard McKenna
Robert H. Meeder
Donald L. Olson
Christopher J. Perry
Hollis W. Rademacher
John J. Schornack
Ingrid S. Stafford
Lemuel H. Tate (Chairman)
Elizabeth C. Warren
Edward J. Wehmer
Stanley R. Weinberger
Richard J. Witry

EXECUTIVE OFFICERS

Randolph M. Hibben
President & CEO

Donald F. Krueger

Executive Vice President/Operations

Robert H. Meeder
Executive Vice President/Lending

LOANS

Henry L. Apfelbach
Senior Vice President/Mortgages

Lauretta Burke
Senior Vice President/Lending/
Manager - Skokie

James L. Sefton
Senior Vice President/Lending

John P. Burk
Vice President/Lending

Robert Clausen
Vice President/Commercial Lending

Mary Carole Gavula
Vice President/Mortgages

Susan Mundy
Vice President/Mortgages

Gina Stec
Vice President/Lending - Winnetka

Mark A. Stec
Vice President/Mortgages

Romelia Lemus
Loan Officer

Ann T. Tyler
Vice President/Loan Administration

Kelly Mishka
Loan Operations Officer

PERSONAL BANKING/OPERATIONS

John A. Barnett
Vice President/Controller

James P. Waters
Vice President/Personal Banking

Catherine W. Biggam
Assistant Vice President/Personal Banking

Michael T. Donnelly
Assistant Vice President/Personal Banking

Eric Jordan
Assistant Vice President/Manager, Winnetka

Leslie A. Niemark
Vice President/Manager - Glencoe

Diane Schwartz
Assistant Vice President/Personal Banking - Skokie

Jennifer A. Waters
Assistant Vice President/Human Resources/Marketing

Jorie Gould
Assistant Vice President

Beatrice Borre
Personal Banking Officer

Angelica Escobar
Assistant Controller

LIBERTYVILLE BANK & Trust Company

DIRECTORS

Neville Carr
Bert Carstens
David Dykstra
Bert Getz, Jr.
Donald Gossett
Jeffrey Harger
Scott Lucas
James Mahoney
Susan Milligan
William Newell

Hollis Rademacher
John Schaper
Jane Stein
Jack Stoneman
Edward Wehmer
Edward Werdell

EXECUTIVE OFFICERS

Bert Carstens
Chairman & CEO

Edward Werdell
President

Crystal McClure
President - Wauconda
Community Bank

COMMERCIAL BANKING

Brian Mikaelian
Executive Vice President

William Westerman
Executive Vice President

Ronald Schroeder
Senior Vice-President/Wauconda

Michael Buchert
Vice President

Betty Berg
Vice President/Commercial Banking Services

RESIDENTIAL REAL ESTATE

Michael Spies
Vice President/Residential Real Estate

Rosemarie Garrison
Mortgage Loan Officer

Dorothy Nemsick
Mortgage Representative

PERSONAL BANKING

Sharon Worlin
Sr. Vice President

Ursula Schuebel
Vice President

Bobbie Callese
Assistant Vice President

Deborah Motzer
Assistant Vice President

Julie Rolfsen
Assistant Vice President

Karen Schmid
Assistant Vice President

Colleen Turley
Assistant Vice President

Karen Bouas
Officer

Rachel Denny
Personal Banking

Cindy Tysland
Personal Banking

OPERATIONS/FINANCE

Suzanne Chamberlain
Vice President/Operations

Lynn Dohnalik
Vice President/Controller

Irene Huff
Teller Operations Officer

Dwayne Nicholson
Operations Officer/MIS

Deborah Wrigley
Operations Officer/Loan
Administraion

BARRINGTON BANK & Trust Company, N.A.

DIRECTORS

James H. Bishop
Raynette Boshell
Edwin C. Bruning
Dr. Joel Cristol
Bruce K. Crowther
Scott A. Gaalaas
William C. Graft
Penny Horne
Peter Hyland
Dr. Lawrence Kerns
Sam Oliver
Mary F. Perot
Hollis W. Rademacher
Peter Rusin
George L. Schueppert
Dr. Richard Smith
Richard P. Spicuzza
W. Bradley Stetson
Charles VanFossan
Edward J. Wehmer
Tim Wickstrom

EXECUTIVE OFFICERS

James H. Bishop
Chairman & CEO

W. Bradley Stetson
President

LOANS

Linda J. Schiff
Senior Vice President

Jon C. Stickney
Senior Vice President

Barbara Ringquist-Tomasello
Vice President

John D. Haniotes
Vice President

Charlotte Neault
Vice President

Christopher P. Marrs
Assistant Vice President

Karen G. Smith
Loan Administration Officer

PERSONAL BANKING/OPERATIONS

Paul R. Johnson
Vice President/Retail Banking

James Weiler
Vice President/Controller

Gloria B. Andersen
Assistant Vice President

CRYSTAL LAKE BANK & Trust Company, N.A.

DIRECTORS

Charles D. Collier
Henry L. Cowlin
Linda Decker
John W. Fuhler
Diana Kenney
Dorothy Mueller
Thomas Neis
Marshall Pedersen
Hollis W. Rademacher
Candy Reedy
Nancy Riley
Robert Robinson
Robert Staley
Edward J. Wehmer
Donald Franz
Ronald Bykowski
James Thorpe

EXECUTIVE OFFICERS

Charles D. Collier
President & CEO

Jim Thorpe
Executive Vice President/Loans

Pam Umberger
Senior Vice President/Operations

Phil Oeffling
President - McHenry Bank & Trust

Ormel Prust
Executive Vice President-McHenry
Bank & Trust

LOANS

Monica Garver
Vice President/Manager Residential Loans

Mark J. Peteler
Vice President/Construction Loans

Rosemarie Smith
Vice President - McHenry Bank & Trust

PERSONAL BANKING/OPERATIONS

Pamela L. Bialas
Assistant Vice President

Peter Fidler
Controller

NORTHBROOK BANK & Trust Company

DIRECTORS

Patrick J. Caruso
Daniel E. Craig
David A. Dykstra
Joel S. Garson
David P. Masters
Hollis W. Rademacher
Penelope J. Randel
Richard C. Rushkewicz
Jeffrey B. Steinback
Todd W. Stetson
Edward J. Wehmer

EXECUTIVE OFFICERS

Edward J. Wehmer
Chairman

Richard C. Rushkewicz
President and CEO

David P. Masters
Executive Vice President/Lending

LOANS

Carolyn Elfering
Manager/Residential Loan

PERSONAL BANKING

Kenneth E. Tremaine
Vice President

FINANCE/OPERATIONS

Edward W. Bettenhausen
Vice President

Rosemarie Mann
Operations Officer

WINTRUST ASSET MANAGEMENT COMPANY

DIRECTORS

Joseph Alaimo
Bert A. Getz, Jr.
Robert Harnach
Randolph M. Hibben
John S. Lillard
Hollis W. Rademacher
Richard P. Spicuzza
Robert Staley
Edward J. Wehmer
Stanley Weinberger

OFFICERS

Edward J. Wehmer
Chairman

Joseph Alaimo

President & CEO

Maria Bora
Vice President/Lake Forest

Susan Gavinski
Assistant Vice President/
Lake Forest

Matthew Ketchum
Vice President/Lake Forest

Judith McAndrew
Trust Officer/Lake Forest

Anita E. Morris
Vice President/Lake Forest

Laura H. Olson
Vice President/Lake Forest

Virginia Rickmeier
Trust Officer/Lake Forest

Sandra L. Shinsky
Vice President/Lake Forest

Joseph Vanderbosch
Vice President/Lake Forest

Edward Edens
Vice President/Hinsdale

Gerard B. Leenheers
Vice President/Hinsdale

Kevin D. Mitzit
Vice President/Hinsdale

Kay Stevens
Vice President/Hinsdale

Ann Wiesbrock
Vice President/Hinsdale

T. Tolbert Chisum
Managing Director of Marketing/North Shore

Jennifer Czerwinski
Vice President/North Shore

Mary Anne Glunz Martin
Vice President/North Shore

Elizabeth Karabatsos
Trust Officer/North Shore

Jeanette E. Amstutz
Vice President/Barrington

Timothy J. Keefe
Vice President/Barrington

FIRST INSURANCE FUNDING CORP.

DIRECTORS

Frank J. Burke
David A. Dykstra
Hollis W. Rademacher
Edward J. Wehmer

EXECUTIVE OFFICERS

Frank J. Burke
President & CEO

Joseph G. Shockey
Executive Vice President

Robert G. Lindeman
Executive Vice President/
Information Technology

FINANCE/MARKETING/OPERATIONS

Michelle H. Perry
Senior Vice President/CFO

Matthew E. Doubleday
Senior Vice President/Marketing

Mark A. Steenberg
Senior Vice President/Operations

Mark C. Lucas
Vice President/Asset Management

G. David Wiggins
Vice President/Loan Origination

James R. McGeary
Vice President/Credit

Helene A. Torrenga
Assistant Vice President

Amy J. Evola
Assistant Vice President

TRICOM, INC. OF MILWAUKEE

DIRECTORS

John Leopold
Julie Ann Blazei
Edward J. Wehmer
David A. Dykstra
Mary Martha Mooney
Katharine V. Sylvester
Hollis W. Rademacher
Dennis Jones

SENIOR STAFF

John Leopold
President

Julie Ann Blazei
Operations and Technology Manager

Mary Jo Heim
Accounting Manager

Linda Walsch
Payroll Services Manager

Laura Dykstra
Client Services Manager

Jodi Schellinger
Cash Management Services Manager

CORPORATE LOCATIONS

WINTRUST FINANCIAL CORPORATION

727 North Bank Lane
Lake Forest, IL 60045
(847) 615-4096
www.wintrust.com

LAKE FOREST BANK & Trust Company

Lake Forest Locations

Main Bank

727 North Bank Lane
Lake Forest, IL 60045
(847) 234-2882
www.lakeforestbank.com

Main Drive-thru

780 North Bank Lane
Lake Forest, IL 60045
(847) 615-4022

West Lake Forest

810 South Waukegan Avenue
Lake Forest, IL 60045
(847) 615-4080

West Lake Forest Drive-thru

911 Telegraph Road
Lake Forest, IL 60045
(847) 615-4098

Lake Forest Place

1100 Pembridge Drive
Lake Forest, IL 60045
(847) 615-6620

Lake Bluff

103 East Scranton Avenue
Lake Bluff, IL 60044
(847) 615-4060

Bank of Highwood - Fort Sheridan

507 Sheridan Road
Highwood, IL 60040
(847) 266-7600
www.bankofhwfs.com

MMF Leasing Services

263 East Westminster
Lake Forest, IL 60045
(847) 604-5060

HINSDALE BANK & Trust Company

Hinsdale Locations

Main Bank

25 East First Street
Hinsdale, IL 60521
(630) 323-4404
www.hinsdalebank.com

Drive-thru

130 West Chestnut

Hinsdale, IL 60521
(630) 655-8025

Clarendon Hills Bank
200 West Burlington Avenue
Clarendon Hills, IL 60514
(630) 323-1240
www.clarendonhillsbank.com

ATM Drive-thru
5 South Walker Ave
Clarendon Hills, IL 60514

The Community Bank of Western Springs
1000 Hillgrove Avenue
Western Springs, IL 60558
(708) 246-7100
www.communitybankws.com

NORTH SHORE COMMUNITY BANK & TRUST COMPANY

Wilmette Locations
Main Bank
1145 Wilmette Avenue
Wilmette, IL 60091
(847) 853-1145
www.nscbank.com

Drive-thru
720 12th Street
Wilmette, IL 60091

4th & Linden Walk-up
351 Linden Ave
Wilmette IL 60091

Glencoe Locations
362 Park Avenue
Glencoe, IL 60022
(847) 835-1700

Drive-thru
633 Vernon Avenue
Glencoe, IL 60022

Winnetka
794 Oak Street
Winnetka, IL 60093
(847) 441-2265

Skokie
5049 Oakton Street
Skokie, IL 60077
(847) 933-1900

LIBERTYVILLE BANK & TRUST COMPANY

Libertyville Locations
Main Bank
507 North Milwaukee Avenue
Libertyville, IL 60048
(847) 367-6800
www.libertyvillebank.com

Drive-thru
201 Hurlburt Court
Libertyville, IL 60048
(847) 247-4045

South Libertyville
1167 South Milwaukee Avenue
Libertyville, IL 60048
(847) 367-6800

Wauconda Community Bank
Main Bank
495 West Liberty Street
Wauconda, IL 60084
(847) 487-2500
www.waucondabank.com

Drive-thru
1180 Dato Lane
Wauconda, IL 60084
(847) 487-3770

BARRINGTON BANK & TRUST COMPANY

Main Bank
201 S. Hough Street
Barrington, IL 60010
(847) 842-4500
www.barringtonbank.com

**CRYSTAL LAKE BANK
& TRUST COMPANY**

Crystal Lake Locations
Main Bank
70 N. Williams Street
Crystal Lake, IL 60014
(815) 479-5200
www.crystallakebank.com

Drive-thru
27 N. Main Street
Crystal Lake, IL 60014

South Crystal Lake
1000 McHenry Avenue
Crystal Lake, IL 60014
(815) 479-5715

McHenry Bank & Trust
3322 West Elm Street
McHenry, IL 60050
(815) 344-6600
www.mchenrybank.com

NORTHBROOK BANK & TRUST COMPANY

Main Bank
1340 Shermer Road
Northbrook, Illinois 60062
(847) 418-2800
www.northbrookbank.com

**WINTRUST ASSET MANAGEMENT
COMPANY**

727 North Bank Lane
Lake Forest, IL 60045
(847) 234-2882

25 East First Street
Hinsdale, IL 60521
(630) 323-4404

720 12th Street - 2nd Floor
Wilmette, IL 60091
(847) 853-2093

201 S. Hough Street
Barrington, IL 60010
(847) 842-4500

FIRST INSURANCE FUNDING CORP.

450 Skokie Blvd., Suite 1000
Northbrook, IL 60065
(847) 374-3000
www.firstinsurancefunding.com

TRICOM, INC. OF MILWAUKEE

11270 West Park Place
Suite 100
Milwaukee, WI 53224
(414) 410-2200
www.tricom.com

PUBLIC LISTING AND MARKET SYMBOL

The Company's Common Stock is traded on The Nasdaq Stock Market(R) under the symbol WTFC. The stock abbreviation appears as "WintrstFnI" in the Wall Street Journal.

WEBSITE LOCATION

The Company maintains a financial relations internet website at the following location: www.wintrust.com

ANNUAL MEETING OF SHAREHOLDERS

May 24, 2001
Hyatt Deerfield
1750 Lake Cook Road
Deerfield, Illinois
10:00 A.M.

FORM 10-K

The Form 10-K Annual Report to the Securities and Exchange Commission will be available to holders of record upon written request to the Secretary of the Company. The information is also available on the Internet at the Securities and Exchange Commission's website. The address for the web site is:
<http://www.sec.gov>.

TRANSFER AGENT

Illinois Stock Transfer Company
209 West Jackson Boulevard
Suite 903
Chicago, Illinois 60606
Telephone: (312) 427-2953
Facsimile: (312) 427-2879

PRIMARY MARKET MAKERS FOR WINTRUST FINANCIAL CORPORATION COMMON STOCK

Advest, Inc.
First Union Securities, Inc.
Howe Barnes Investments, Inc.
Keefe, Bruyette & Woods
Sandler O'Neill & Partners
Stifel, Nicolaus & Company, Inc.
U.S. Bancorp Piper Jaffray

Exhibit 21.1

Subsidiaries of the Registrant

Subsidiary	State of Organization or Incorporation
Lake Forest bank and Trust Company	Illinois
North Shore Community Bank and Trust Company	Illinois
Hinsdale Bank and Trust Company	Illinois
Libertyville Bank and Trust Company	Illinois
Barrington Bank and Trust Company, N.A.	National Banking Association
Crystal Lake Bank and Trust Company, N.A.	National Banking Association
Northbrook Bank and Trust Company	Illinois
Crabtree Capital Corporation	Delaware
First Insurance Funding Corporation	Illinois
Tricom, Inc. of Milwaukee	Wisconsin
Upgrad Personnel Services, Inc.	Wisconsin
Wintrust Asset Management Company, N.A.	National Banking Association
Wintrust Capital Trust I	Delaware
Wintrust Capital Trust II	Delaware

CONSENTS OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following documents of our report dated February 2, 2001, with respect to the consolidated financial statements of Wintrust Financial Corporation incorporated by reference in the Annual Report on Form 10-K for the year ended December 31, 2000:

- o Registration Statement (Form S-8 No. 333-33459) pertaining to the Wintrust Financial Corporation Employee Stock Purchase Plan.
- o Registration Statement (Form S-8 No. 333-52650) pertaining to the Wintrust Financial Corporation 1997 Sock Incentive Plan.
- o Registration Statement (Form S-8 No. 333-52652) pertaining to the Wintrust Financial Corporation Retirement Savings Plan.
- o Registration Statement (Form S-3 No. 333-90211) pertaining to shares of Wintrust Financial Corporation issued in connection with the acquisition of Tricom, Inc.
- o Registration Statement (Form S-3 No. 333-92075) pertaining to shares of Wintrust Financial Corporation issued in a private placement.
- o Registration Statement (Form S-3 No. 333-56566) pertaining to shares of Wintrust Financial Corporation issued in a private placement.

/s/ Ernst & Young LLP

*Chicago, Illinois
March 28, 2001*

The Board of Directors
Wintrust Financial Corporation:

We consent to incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-92075, 333-90211, and 333-56566) and on Form S-8 (Nos. 333-33459, 333-52650 and 333-52652) of Wintrust Financial Corporation of our report dated March 19, 1999, relating to the consolidated statements of operations, changes in shareholders' equity, and cash flows of Wintrust Financial Corporation and subsidiaries for the year ended December 31, 1998, which report is incorporated by reference in the December 31, 2000 annual report on Form 10-K of Wintrust Financial Corporation.

/s/ KPMG LLP

*Chicago, Illinois
March 28, 2001*

End of Filing

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