

WINTRUST FINANCIAL CORP

FORM 10-Q (Quarterly Report)

Filed 5/15/2000 For Period Ending 3/31/2000

Address	727 N BANK LANE LAKE FOREST, Illinois 60045
Telephone	847-615-4096
CIK	0001015328
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

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

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2000
Commission File Number 0-21923

WINTRUST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Illinois

36-3873352

(State of incorporation of organization)

(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)

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 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 ☒ No ☐

Indicate the number of shares outstanding of each of issuer's class of common stock, as of the last practicable date.

Common Stock - no par value, 8,756,177 shares, as of May 8, 2000.

TABLE OF CONTENTS

PART I. -- FINANCIAL INFORMATION

	Page
ITEM 1. Financial Statements. _____	1-7
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. _____	8-25
ITEM 3. Quantitative and Qualitative Disclosures About Market Risks. ____	26-28

PART II. -- OTHER INFORMATION

ITEM 1. Legal Proceedings. _____	29
ITEM 2. Changes in Securities. _____	29
ITEM 3. Defaults Upon Senior Securities. _____	29
ITEM 4. Submission of Matters to a Vote of Security Holders. _____	29
ITEM 5. Other Information. _____	29
ITEM 6. Exhibits and Reports on Form 8-K. _____	29
Signatures _____	30
Exhibit Index _____	31

PART I

ITEM 1 FINANCIAL STATEMENTS

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION (UNAUDITED)
(In thousands)

	March 31, 2000	December 31, 1999	March 31, 1999
ASSETS			
Cash and due from banks	\$ 42,664	\$ 53,066	\$ 32,989
Federal funds sold	97,099	28,231	28,945
Interest-bearing deposits with banks	288	2,547	3,545
Available-for-Sale securities, at fair value	210,825	205,795	195,142
Loans, net of unearned income	1,307,796	1,278,249	1,071,016
Less: Allowance for possible loan losses	9,359	8,783	7,518
Net loans	1,298,437	1,269,466	1,063,498
Premises and equipment, net	74,891	72,851	61,966
Accrued interest receivable and other assets	36,382	35,943	31,972
Goodwill and other intangible assets, net	11,305	11,483	1,379
Total assets	\$ 1,771,891	\$1,679,382	\$1,419,436
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Non-interest bearing	\$ 155,507	\$ 154,034	\$ 117,463
Interest bearing	1,378,154	1,309,588	1,135,336
Total deposits	1,533,661	1,463,622	1,252,799
Short-term borrowings	68,721	59,843	40,033
Notes payable	14,050	8,350	2,000
Long-term debt - trust preferred securities	31,050	31,050	31,050
Accrued interest payable and other liabilities	29,574	23,570	16,330
Total liabilities	1,677,056	1,586,435	1,342,212
Shareholders' equity:			
Preferred stock	-	-	-
Common stock	8,838	8,771	8,161
Surplus	83,487	82,792	73,001
Common stock warrants	100	100	100
Treasury stock, at cost	(1,306)	-	-
Retained earnings (deficit)	6,235	3,555	(4,038)
Accumulated other comprehensive loss	(2,519)	(2,271)	-
Total shareholders' equity	94,835	92,947	77,224
Total liabilities and shareholders' equity	\$ 1,771,891	\$ 1,679,382	\$ 1,419,436

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
	2000	1999
=====		
INTEREST INCOME		
Interest and fees on loans	\$ 28,738	\$ 21,663
Interest bearing deposits with banks	16	71
Federal funds sold	247	193
Securities	3,308	2,351

Total interest income	32,309	24,278

INTEREST EXPENSE		
Interest on deposits	16,599	12,550
Interest on short-term borrowings and notes payable	1,107	177
Interest on long-term debt - trust preferred securities	735	735

Total interest expense	18,441	13,462

NET INTEREST INCOME	13,868	10,816
Provision for possible loan losses	1,141	784

Net interest income after provision for possible loan losses	12,727	10,032

NON-INTEREST INCOME		
Fees on mortgage loans sold	483	1,298
Service charges on deposit accounts	469	334
Trust fees	472	225
Gain on sale of premium finance receivables	1,241	-
Administrative services revenue	1,013	-
Net securities gains	3	-
Other	597	451

Total non-interest income	4,278	2,308

NON-INTEREST EXPENSE		
Salaries and employee benefits	6,335	5,079
Occupancy, net	1,010	676
Equipment expense	1,149	628
Data processing	680	482
Advertising and marketing	249	369
Professional fees	295	310
Amortization of intangibles	178	35
Other	2,213	1,957

Total non-interest expense	12,109	9,536

Income before income taxes	4,896	2,804
Income tax expense	1,774	970

NET INCOME	\$ 3,122	\$ 1,834
=====		
NET INCOME PER COMMON SHARE - BASIC	\$ 0.35	\$ 0.22
=====		
NET INCOME PER COMMON SHARE - DILUTED	\$ 0.35	\$ 0.22
=====		
Weighted average common shares outstanding	8,798	8,155
Dilutive potential common shares	213	323

Average common shares and dilutive common shares	9,011	8,478
=====		

See accompanying notes to unaudited consolidated financial statements.

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

	Compre- hensive income -----	Common stock -----	Surplus -----	Common stock warrants -----	Retained earnings (deficit) -----	Treasury Stock -----	Accumulated other compre- hensive income(loss) -----	Total shareholders' equity -----
Balance at December 31, 1998		\$ 8,150	\$ 72,878	\$ 100	\$ (5,872)	\$ -	\$ (51)	\$ 75,205
Comprehensive Income:								
Net income	\$ 1,834	-	-	-	1,834	-	-	1,834
Other Comprehensive Income, net of tax:								
Unrealized gains on securities, net of reclassification adjustment	51	-	-	-	-	-	51	51
Comprehensive Income	\$ 1,885 =====							
Common stock issued upon exercise of stock options		11	123	-	-	-	-	134
----- BALANCE AT MARCH 31, 1999 =====		\$ 8,161	\$ 73,001	\$ 100	\$ (4,038)	\$ -	\$ -	\$ 77,224 =====
Balance at December 31, 1999		\$ 8,771	\$ 82,792	\$ 100	\$ 3,555	\$ -	\$ (2,271)	\$ 92,947
Comprehensive Income:								
Net income	\$ 3,122	-	-	-	3,122	-	-	3,122
Other Comprehensive Income (Loss), net of tax:								
Unrealized losses on securities, net of reclassification adjustment	(248)	-	-	-	-	-	(248)	(248)
Comprehensive Income	\$ 2,874 =====							
Cash dividends declared on common stock		-	-	-	(442)	-	-	(442)
Purchase of treasury stock, 85,200 shares at cost		-	-	-	-	(1,306)	-	(1,306)
Common stock issued upon exercise of stock options		67	695	-	-	-	-	762
----- BALANCE AT MARCH 31, 2000 =====		\$ 8,838	\$ 83,487	\$ 100	\$ 6,235	\$ (1,306)	\$ (2,519)	\$ 94,835 =====
					Three Months Ended March 31,			
					2000	1999		
					-----	-----		
Disclosure of reclassification amount:								
Unrealized holding gains (losses) arising during the period					\$ (439)	\$ 57		
Less: Reclassification adjustment for gains included in net income					3	-		
Less: Income tax expense (benefit)					(194)	6		
					-----	-----		
Net unrealized gains (losses) on securities					\$ (248)	\$ 51		
					=====	=====		

See accompanying notes to unaudited consolidated financial statements.

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

	For the Period Ended March 31,	
	2000	1999
OPERATING ACTIVITIES:		
Net income	\$ 3,122	\$ 1,834
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for possible loan losses	1,141	784
Depreciation and amortization	1,466	993
Deferred income tax benefit	(75)	(370)
Net accretion/amortization of securities	241	(135)
Originations of mortgage loans held for sale	(35,839)	(89,574)
Proceeds from sales of mortgage loans held for sale	43,962	88,575
Purchase of trading securities	(2,940)	-
Proceeds from sale of trading securities	2,945	-
Gain on sale of trading securities	(5)	-
Gain on sale of premium finance receivables	(1,241)	-
Gain on sale of Available-for-Sale securities	(3)	-
Decrease in other assets, net	(176)	(1,614)
Increase in other liabilities, net	6,004	3,691
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,602	4,184
INVESTING ACTIVITIES:		
Proceeds from maturities of Available-for-Sale securities	16,233	144,025
Proceeds from maturities of Held-to-Maturity securities	-	5,000
Proceeds from sale of Available-for-Sale securities	1,998	-
Purchases of Available-for-Sale securities	(23,935)	(129,854)
Proceeds from sale of premium finance receivables	71,414	-
Net decrease in interest-bearing deposits with banks	2,259	4,318
Net increase in loans	(108,408)	(78,255)
Purchases of premises and equipment, net	(3,328)	(5,759)
NET CASH USED FOR INVESTING ACTIVITIES	(43,767)	(60,525)
FINANCING ACTIVITIES:		
Increase in deposit accounts	70,039	23,645
Increase in short-term borrowings, net	8,878	40,033
Proceeds from notes payable	5,700	2,000
Common stock issued upon exercise of stock options	762	134
Repurchase of common stock	(1,306)	-
Dividends paid	(442)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	83,631	65,812
NET INCREASE IN CASH AND CASH EQUIVALENTS	58,466	9,471
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	81,297	52,463
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$139,763	\$ 61,934

See accompanying notes to unaudited consolidated financial statements.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

The consolidated financial statements of Wintrust Financial Corporation and Subsidiaries ("Wintrust" or "Company") presented herein are unaudited, but in the opinion of management reflect all necessary adjustments of a normal or recurring nature for a fair presentation of results as of the dates and for the periods covered by the consolidated financial statements.

Wintrust is a bank holding company currently engaged in the business of providing community banking services through its banking subsidiaries to customers in the Chicago metropolitan area, trust and investment services, financing of commercial insurance premiums, and financing and administrative services to the temporary services industry.

As of March 31, 2000, Wintrust had six wholly-owned bank 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") and Crystal Lake Bank & Trust Company, N.A. ("Crystal Lake Bank").

The Company provides financing of commercial insurance premiums ("premium finance receivables") on a national basis, through its subsidiary, First Insurance Funding Corporation ("FIFC"). FIFC is a wholly-owned subsidiary of Crabtree Capital Corporation ("Crabtree") which is a wholly-owned subsidiary of Lake Forest Bank. On September 30, 1998, Wintrust began operating a wholly-owned trust and investment subsidiary, Wintrust Asset Management Company, N.A. ("WAMC"), which currently provides trust and investment services at four of the Wintrust banks. Previously, the Company provided trust services through the trust department of Lake Forest Bank. In October 1999, Hinsdale Bank acquired Tricom, Inc. of Milwaukee ("Tricom"), a provider of 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 clients located throughout the United States.

The accompanying consolidated financial statements are unaudited and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations or cash flows in accordance with generally accepted accounting principles. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report and Form 10-K for the year ended December 31, 1999. Operating results for the three-month periods presented are not necessarily indicative of the results which may be expected for the entire year. Reclassifications of certain prior period amounts have been made to conform with the current period presentation.

(2) Cash and Cash Equivalents

For the purposes of the Consolidated Statements of Cash Flows, the Company considers cash and cash equivalents to include cash and due from banks and federal funds sold which have an original maturity of 90 days or less.

(3) Earnings Per Share

The following table shows the computation of basic and diluted earnings per share (in thousands, except per share data):

		For the Three Months Ended March 31,	
		2000	1999
Net income	(A)	\$ 3,122	\$ 1,834
Average common shares outstanding	(B)	8,798	8,155
Effect of dilutive common shares		213	323
Weighted average common shares and effect of dilutive common shares	(C)	9,011	8,478
Net income per average common share - Basic	(A/B)	\$ 0.35	\$ 0.22
Net income per average common share - Diluted	(A/C)	\$ 0.35	\$ 0.22

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

(4) Long-term Debt - Trust Preferred Securities

In October 1998, the Company completed its offering of \$31.05 million of 9.00% Cumulative Trust Preferred Securities. For purposes of generally accepted accounting principles, these securities are considered to be debt securities and not a component of shareholders' equity. The Trust Preferred Securities offering has increased Wintrust's regulatory capital under Federal Reserve guidelines. Interest expense on the Trust Preferred Securities is also deductible for income tax purposes. For further information on the Trust Preferred Securities, please refer to Note 10 of the Company's Consolidated Financial Statements included in the Annual Report and Form 10-K for the year ended December 31, 1999.

(5) Segment Information

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 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. Inter-segment revenue and transfers are generally accounted for at current market prices. The other category, as shown in the following table, reflects parent company information.

The net interest income and segment profit 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; thereby causing the inter-segment elimination amounts shown in the following table. The following table is a summary of certain operating information for reportable segments for the three-month periods ended March 31, 2000 and 1999 (in thousands):

	For the Three Months Ended March 31,	
	2000	1999
NET INTEREST INCOME:		
Banking	\$ 12,594	\$ 10,056
Premium Finance	3,532	3,132
Indirect Auto	1,875	1,864
Tricom	797	N/A
Trust	122	108
Inter-segment eliminations	(4,156)	(3,609)
Other	(896)	(735)
Total	\$ 13,868	\$ 10,816
NON-INTEREST INCOME:		
Banking	\$ 1,714	\$ 2,140
Premium Finance	1,241	-
Indirect Auto	-	-
Tricom	1,017	N/A
Trust	472	225
Inter-segment eliminations	(166)	(57)
Total	\$ 4,278	\$ 2,308
SEGMENT PROFIT (LOSS):		
Banking	\$ 2,848	\$ 2,361
Premium Finance	1,331	944
Indirect Auto	550	671
Tricom	283	N/A
Trust	(121)	(232)
Inter-segment eliminations	(1,077)	(1,206)
Other	(692)	(704)
Total	\$ 3,122	\$ 1,834
SEGMENT ASSETS:		
Banking	\$1,793,904	\$1,450,907
Premium Finance	303,524	274,444
Indirect Auto	260,691	236,718
Tricom	30,667	N/A
Trust	2,375	2,672
Inter-segment eliminations	(624,112)	(549,907)
Other	4,842	4,602
Total	\$1,771,891	\$1,419,436

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition as of March 31, 2000, compared with December 31, 1999, and March 31, 1999, and the results of operations for the three-month periods ended March 31, 2000 and 1999 should be read in conjunction with the Company's unaudited consolidated financial statements and notes contained in this report. This discussion contains forward-looking statements that involve risks and uncertainties and, as such, future results could differ significantly from management's current expectations. See the last section of this discussion for further information on forward-looking statements.

OVERVIEW AND STRATEGY

The Company's operating subsidiaries were organized within the last nine years, with an average life of its six subsidiary banks of approximately five years. Wintrust 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 performance of the Banks, FIFC and WAMC 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 operating subsidiaries, as they mature, offset by the significant 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 to continue for up to two more years before its operations become profitable.

Lake Forest Bank, Hinsdale Bank, North Shore Bank, Libertyville Bank, Barrington Bank and Crystal Lake Bank began operations in December 1991, October 1993, September 1994, October 1995, December 1996 and December 1997, respectively. Subsequent to those initial dates of operations, each of the Banks, except Barrington Bank, have established additional full-service banking facilities. FIFC began operations in 1990 and is primarily engaged in the business of financing insurance premiums written through independent insurance agents or brokers on a national basis for commercial customers. On September 30, 1998, WAMC began operations and offers a full range of trust and investment services at many of the Wintrust banks.

Crystal Lake Bank, since moving into its permanent location in downtown Crystal Lake in September 1998, opened a new drive-thru facility in March 1999 and a new full-service branch facility in south Crystal Lake in September 1999. In October 1999, North Shore Bank opened a new full-service branch facility in Skokie, Illinois. In February 2000, the Lake Forest Bank opened a new temporary branch facility in Highwood, Illinois. A permanent facility in Highwood is currently under construction and should be open later this year. Expenses related to these new banking operations predominantly impact only the 2000 operating results presented in this discussion and analysis.

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, and to maintain the mix of earning assets such that loans, which are higher yielding, are kept at a level of between 85% and

90% of our deposit funds. Another aspect of this strategy is a continued focus on less aggressive deposit pricing at those Banks with significant market share and more established customer bases.

FIFC has been the Company's most significant specialized earning asset niche and is expected to reach in excess of \$900 million in premium finance receivable volume during 2000. The majority of these receivables have been retained within the Banks' loan portfolios as part of the strategy noted above. However, since the second quarter of 1999, as a result of the continued solid growth in loan originations, FIFC has, from time to time, sold a portion of new receivables to an unrelated third party. In addition to recognizing gains on the sale of these receivables, the proceeds have provided the Company with additional liquidity. It is possible that similar future sales may occur depending on the level of new volume growth in relation to the desired capacity within the Banks' loan portfolios.

The October 1999 acquisition of Tricom is 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. By virtue of the Company's funding resources, this acquisition will provide 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 will add to the level of fee-based income and augment its community-based banking revenues.

Other newer specialized earning asset niches include Lake Forest Bank's MMF Leasing Services equipment leasing division, a previously established small business that was acquired in July 1998, and Barrington Bank's recently established program that provides lending and deposit 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 pursuing the development or acquisition of other specialty finance businesses that generate assets suitable for bank investment and/or secondary market sales.

With the formation of WAMC, the Company is expanding the trust and investment management services that had already been provided prior to October 1998 through the trust department of the Lake Forest Bank. With a separately chartered trust subsidiary, the Company is now 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 that is offered by WAMC's experienced trust professionals. Since the fourth quarter of 1998, WAMC has provided the services of experienced trust professionals at North Shore Bank, Hinsdale Bank and Barrington Bank. As in the past, a full complement of trust professionals continues to operate from offices at the Lake Forest Bank. Prospective trust and investment customers at Libertyville Bank and Crystal Lake Bank are currently being served on an appointment basis, as the need arises. Services offered by WAMC typically will 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 initial fee income generated to date. The overhead consists primarily of the salaries and benefits of experienced trust professionals. Management currently anticipates that WAMC's efforts to attract trust business will begin to generate sufficient trust fees to absorb the overhead of WAMC and make that entity a contributor to the Company's profits within the next two years.

RESULTS OF OPERATIONS

EARNINGS SUMMARY

Net income for the quarter ended March 31, 2000 totaled \$3.1 million, an increase of \$1.3 million, or 70%, over the first quarter of 1999. On a per share basis, net income for the first quarter of 2000 totaled \$0.35 per diluted common share, a \$0.13 per share, or 59%, increase over the first quarter of 1999. The return on average equity for the first quarter of 2000 increased to 13.32% from 9.75% for the prior year quarter.

NET INTEREST INCOME

The following tables present a summary of the Company's net interest income and related net interest margins, calculated on a fully taxable equivalent basis, for the three-month periods ended March 31, 2000 and 1999:

	For the Quarter Ended March 31, 2000			For the Quarter Ended March 31, 1999		
(dollars in thousands)	Average	Interest	Rate	Average	Interest	Rate
Liquidity management assets (1) (2)	\$ 228,838	\$ 3,548	6.24%	\$201,465	\$ 2,615	5.22%
Loans, net of unearned income (2)	1,309,355	28,844	8.86	1,029,591	21,700	8.55
Total earning assets	1,538,193	32,392	8.47%	1,231,056	24,315	8.01%
Interest-bearing deposits	1,333,012	16,598	5.01%	1,093,156	12,550	4.66%
Short-term borrowings and notes payable	74,048	1,108	6.02	15,946	177	4.50
Long-term debt - trust preferred securities	31,050	735	9.47	31,050	735	9.47
Total interest-bearing liabilities	1,438,110	18,441	5.16%	1,140,152	13,462	4.79%
Tax-equivalent net interest income	\$ 13,951			\$ 10,853		
Net interest margin	3.65%			3.58%		
Core net interest margin (3)	3.76%			3.66%		

(1)	Liquidity management assets include securities, interest earning deposits with banks and federal funds sold.					
(2)	Interest income on tax-advantaged loans and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35% and 34% in 2000 and 1999, respectively. The total adjustment for the quarters ended March 31, 2000 and 1999 were \$83,000 and \$37,000, respectively.					
(3)	The core net interest margin excludes the net impact of the Company's 9.00% Cumulative Trust Preferred Securities offering and certain discretionary investment leveraging transactions.					

Net interest income is defined as the difference between interest income and fees on earning assets and interest expense on deposits, borrowings and long-term debt. The related net interest margin represents the net interest income on a tax-equivalent basis as a percentage of average earning assets during the period.

Tax-equivalent net interest income for the quarter ended March 31, 2000 totaled \$14.0 million, an increase of \$3.1 million, or 29%, as compared to the \$10.9 million recorded in the same quarter of 1999. This increase mainly resulted from loan growth, the October 1999 acquisition of Tricom and management's ability to control funding costs in the current interest rate environment. Tax-equivalent interest and fees on loans for the quarter ended March 31, 2000 totaled \$28.8 million, an increase of \$7.1 million, or 33%, over the prior year quarterly total of \$21.7 million. This growth was predominantly due to a \$280 million, or 27%, increase in average total loans.

For the first quarter of 2000, the net interest margin was 3.65%, an increase of seven basis points when compared to the margin of 3.58% in the prior year quarter. This increase resulted primarily from higher yields on both loans and securities coupled with solid loan growth and the addition of Tricom. The core net interest margin, which excludes the impact of the 9.00% Cumulative Trust Preferred Securities offering and certain discretionary investment leveraging transactions, was 3.76% for the first quarter of 2000, and increased ten basis points when compared to the prior year quarterly margin of 3.66%.

The rate paid on interest-bearing deposits averaged 5.01% for the first quarter of 2000 versus 4.66% for the same quarter in 1999, an increase of 35 basis points. This increase was caused by continued increases in market rates, which was somewhat offset by management's decision to be less aggressive on its deposit pricing. The rate paid on short-term borrowings and notes payable increased to 6.02% in the first quarter of 2000 as compared to 4.50% in the same quarter of 1999, due primarily to a higher outstanding balance under the Company's Libor-based revolving credit agreement with an unaffiliated bank and a higher rate environment for the Company's short-term funding sources.

The yield on total earning assets for the first quarter of 2000 was 8.47% as compared to 8.01% in 1999, an increase of 46 basis points resulting primarily from increases in the prime lending rate, general market rate increases on liquidity management assets, and the acquisition of Tricom. The first quarter 2000 loan yield of 8.86% increased 31 basis points when compared to the prior year quarterly yield of 8.55% and was due primarily to a higher average prime lending rate of 8.69% during the first quarter of 2000 versus an average prime lending rate of 7.75% for the first quarter of 1999. The Company's loan portfolio does not re-price in a parallel fashion to increases in the prime rate due to a portion of the portfolio being longer-term fixed rate loans.

The following table presents a reconciliation of the Company's tax-equivalent net interest income, calculated on a tax equivalent basis, between the three-month periods ended March 31, 1999 and March 31, 2000. The reconciliation sets forth the change in the tax-equivalent net interest income as a result of changes in volumes, changes in rates and the change due to the combination of volume and rate changes (in thousands):

	Amount

Tax-equivalent net interest income for the period ended March 31, 1999	\$ 10,853
Change due to average earning assets fluctuations (volume)	2,731
Change due to interest rate fluctuations (rate)	365
Change due to rate/volume fluctuations (mix)	2

Tax-equivalent net interest income for the period ended March 31, 2000	\$ 13,951
	=====

NON-INTEREST INCOME

For the first quarter of 2000, non-interest income totaled \$4.3 million and increased \$2.0 million, or 85%, when compared to the same period in 1999. This increase was mainly the result of gains from the sale of premium finance receivables, the administrative services revenue contributed by recently acquired Tricom and additional increases in trust fees, deposit service charges and leased equipment rental income. Partially offsetting these increases was a decline in fees from the sale of mortgage loans, as further explained below. The following table presents non-interest income by category (in thousands):

	Three Months Ended March 31,	
	2000	1999
Fees on mortgage loans sold	\$ 483	\$ 1,298
Service charges on deposit accounts	469	334
Trust fees	472	225
Gain on sale of premium finance receivables	1,241	-
Administrative services revenue	1,013	-
Net securities gains	3	-
Other income	597	451
Total non-interest income	\$ 4,278	\$ 2,308

Fees on mortgage loans sold includes income from originating and selling residential real estate loans into the secondary market, the majority of which are sold without retaining servicing rights. For the quarter ended March 31, 2000, these fees totaled \$483,000 and declined \$815,000 from the 1999 quarterly total of \$1.3 million. These declines were due to lower mortgage volumes and related refinancing activity due mainly to the rise in mortgage interest rates. Accordingly, future fee income on mortgage loans sold is not expected to be at the levels that were experienced in the first half of 1999.

As a result of strong loan originations during the first quarter of 2000, approximately \$71 million of premium finance receivables were sold to an unrelated third party and resulted in the recognition of a \$1.2 million gain. The Company currently is targeting its average loan-to-deposit ratio in the range of 85-90%. During the first quarter of 2000, the ratio was approximately 88.4%. Accordingly, the Company sold excess premium finance receivables to an unrelated third party financial institution. Consistent with Wintrust's strategy to be asset-driven and the desire to maintain our loan-to-deposit ratio in the aforementioned range, it is probable that similar sales of premium finance receivables will occur in the future.

The administrative services revenue contributed by Tricom, which was acquired in October 1999, added \$1.0 million to total non-interest income in the first quarter of 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, which is included in the net interest income category.

Service charges on deposit accounts totaled \$469,000 for the first quarter of 2000, an increase of \$135,000, or 40%, when compared to the same quarter of 1999. This increase was due to a higher deposit base and a larger number of accounts at the banking subsidiaries. The majority of deposit service charges relates 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 \$472,000 for the first quarter of 2000, a \$247,000, or 110%, increase over the same quarter of 1999. This increase was mainly the result of new business development efforts from the staff of experienced trust officers added since late 1998 with the formation of Wintrust Asset Management Company. The Company 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 initial fee income that is generated. It is anticipated that trust fees will eventually increase to a level sufficient to absorb this overhead within the next two years.

Other non-interest income for the first quarter totaled \$597,000 and increased \$146,000 over the prior year quarterly total of \$451,000. This increase was due primarily to a \$210,000 increase in rental income from equipment leased through the MMF Leasing Services division of the Lake Forest Bank, a business that was acquired in mid-1998.

NON-INTEREST EXPENSE

Non-interest expense for the first quarter of 2000 totaled \$12.1 million and increased \$2.6 million, or 27%, from the first quarter 1999 total of \$9.5 million. The continued growth and expansion of the banks, the development of the trust and investment business, and the October 1999 acquisition of Tricom were the primary causes for this increase. Since March 31, 1999, total deposits and loan balances have each grown over 22%, requiring higher levels of staffing and other costs to both attract and service the larger customer base. The following table presents non-interest expense by category (in thousands):

	Three Months Ended March 31,	
	2000	1999
Salaries and employee benefits	\$ 6,335	\$ 5,079
Occupancy, net	1,010	676
Equipment expense	1,149	628
Data processing	680	482
Advertising and marketing	249	369
Professional fees	295	310
Amortization of intangibles	178	35
Other	2,213	1,957
Total non-interest expense	\$ 12,109	\$ 9,536

Salaries and employee benefits expense for the first quarter of 2000 totaled \$6.3 million, an increase of \$1.3 million, or 25%, as compared to the prior year total of \$5.1 million. This increase was primarily due to the acquisition of Tricom, the expansion of the trust and investment business and the addition of three additional banking facilities. As a percent of average total assets, on an annualized basis, salaries and employee benefits were 1.49% for the first three months of 2000, an improvement from 1.52% in the same period of 1999.

For the first quarter of 2000, occupancy costs, equipment expense and data processing increased \$334,000 (49%), \$521,000 (83%) and \$198,000 (41%), respectively, over the prior year first quarter due to the general growth of the Company including the opening of several new banking facilities as discussed in the Overview and Strategy section, the acquisition of Tricom and the development of the trust and investment business. Goodwill and other intangibles amortization expense totaled \$178,000 for the first quarter of 2000 and increased \$143,000 over the prior year quarter as a result of the acquisition of Tricom in October 1999.

Other non-interest expense, for the three months ended March 31, 2000, totaled \$2.2 million and increased \$256,000, or 13%, due mainly to the factors mentioned earlier. This category of expense includes loan expenses, correspondent bank service charges, postage, insurance, stationary and supplies and other sundry expenses.

Despite the Company's growth and the related increases in many of the non-interest expense categories, the ratio of non-interest expense to total average assets declined slightly from 2.86% for the three-month period ended March 31, 1999, to 2.85% for the 2000 period, and is favorable to the Company's most recent peer group ratio. In addition, the net overhead ratio for the first three months of 2000 declined to 1.84% as compared to the first quarter 1999 ratio of 2.17%. The overhead ratio is within management's previously stated performance goal range of 1.50% - 2.00%.

INCOME TAXES

The Company recorded income tax expense of \$1.8 million for the three months ended March 31, 2000 versus \$970,000 for the same period of 1999. The increase was due primarily to the increase in operating income from \$2.8 million in the first quarter of 1999 to \$4.9 million in the first quarter of 2000.

OPERATING SEGMENT RESULTS

As shown in Note 5 to the Unaudited Consolidated Financial Statements, the Company's operations consist of five primary segments: banking, premium finance, indirect auto, trust and Tricom. 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.

For the first quarter of 2000, the banking segment's net interest income totaled \$12.6 million, an increase of \$2.5 million, or 25%, as compared to the \$10.1 million recorded in the same quarter of 1999. These increases were the direct result of earning asset growth, particularly in the loan portfolio, as earlier discussed in the Net Interest Income section. The banking segment's non-interest income totaled \$1.7 million for the first quarter of 2000 and declined \$426,000, or 20%, when compared to the prior year quarter. This decline was due to a drop in fees on mortgage loans sold that was caused by the recent rise in mortgage interest rates and the related lower levels of refinancing activity. Partially offsetting the decline in mortgage fees were increases in deposit service charges and rental income on equipment leases. The banking segment's after-tax profit for the quarter ended March 31, 2000, totaled \$2.8 million, an increase of \$487,000, or 21%, as compared to the prior year quarterly total of \$2.4 million. This improved profitability resulted mainly from higher levels of net interest income created from the continued growth and maturation of the Company's de novo banks and branches.

Net interest income from the premium finance segment totaled \$3.5 million for the quarter ended March 31, 2000, an increase of \$400,000, or 13%, over the \$3.1 million recorded in the same quarter of 1999. Non-interest income for the three months ended March 31, 2000 totaled \$1.2 million as a result of gains from the sale of premium finance receivables, as mentioned earlier. No such sales of premium finance loans occurred in the first quarter of 1999. After-tax profit for the premium finance segment totaled \$1.3 million for the three-month period ended March 31, 2000, and increased \$387,000, or 41%, over the same period of 1999. These increases were due mostly to higher levels of premium finance receivables created from new product offerings and targeted marketing programs and the gain from the sale of receivables.

The indirect auto segment recorded \$1.9 million of net interest income for the first quarter of 2000, an increase of \$11,000, or 1%, as compared to the 1999 quarterly total. Despite a higher level of outstanding loans, higher funding costs associated with this operation resulted in reduced margins related to this segment's net interest income. After-tax segment profit totaled \$550,000 for the three-month period ended March 31, 2000, a decline of \$121,000 when compared to the same period of 1999. The decline in this segment's profitability was caused mainly by a higher level of credit losses and compressed margins in 2000 versus 1999. See further discussion of credit quality information in the "ASSET QUALITY" section of this report.

The trust segment recorded non-interest income of \$472,000 for the first quarter of 2000 as compared to \$225,000 for the same quarter of 1999, an increase of \$247,000, or 110%. The increase was the result of continued new business development efforts by a larger staff of experienced trust professionals that were hired in connection with the October 1998 start-up of WAMC. The trust segment after-tax loss totaled \$121,000 for the three-month period ended March 31, 2000, as compared to after-tax loss of \$232,000 for the same period of 1999. The decline in after-tax segment losses was a direct result of the increased asset base managed by WAMC and the associated fees. As more fully discussed in the Overview and Strategy section of this analysis, management expects the start-up phase for the trust segment to continue for up to two years before its operations become profitable.

The Tricom segment data reflects the net interest income, non-interest income and segment profit associated with short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, that Tricom provides to its clients in the temporary staffing industry. For the quarter ended March 31, 2000, the Tricom segment added \$797,000 to the Company's net interest income, \$1.0 million to the Company's non-interest income, and \$283,000 to the Company's net income. No results are included for the first quarter of 1999 because Tricom was acquired in October 1999 using the purchase method of accounting.

FINANCIAL CONDITION

Total assets were \$1.77 billion at March 31, 2000, an increase of \$352 million, or 25%, over the \$1.42 billion a year earlier, and \$93 million, or 6%, over the \$1.68 billion at December 31, 1999. Growth at the newer banks and branches coupled with continued market share growth at the more mature banks were the primary factors for these increases. Total funding liabilities, which include deposits, short-term borrowings, notes payable and long-term debt, were \$1.65 billion at March 31, 2000, and increased \$322 million, or 24%, over the prior year, and \$85 million, or 5%, since December 31, 1999. These increases were primarily utilized to fund growth in the loan portfolio and certain discretionary investment leveraging transactions.

INTEREST-EARNING ASSETS

The following table sets forth, by category, the composition of earning asset balances and the relative percentage of total earning assets as of the date specified (dollars in thousands):

	March 31, 2000		December 31, 1999		March 31, 1999	
	Balance	Percent	Balance	Percent	Balance	Percent
Loans:						
Commercial and commercial real estate	\$ 503,824	31%	\$ 485,776	32%	\$ 383,841	30%
Premium finance, net	225,424	14	219,341	15	210,169	16
Indirect auto, net	249,927	16	255,410	17	229,203	18
Home equity	146,517	9	139,194	9	111,070	8
Residential real estate	120,443	7	111,026	7	101,612	8
Tricom finance receivables	18,319	1	17,577	1	-	-
Installment and other	43,342	3	49,925	3	35,121	3
Total loans, net of unearned income	1,307,796	81	1,278,249	84	1,071,016	83
Securities and money market investments	308,212	19	236,573	16	227,632	17
Total earning assets	\$ 1,616,008	100%	\$ 1,514,822	100%	\$ 1,298,648	100%

Earning assets as of March 31, 2000, increased \$317 million, or 24%, over the balance a year earlier, and \$101 million, or 7%, over the balance at the end of 1999. The ratio of earning assets as a percent of total assets remained consistent at approximately 90% - 91% as of each reporting period date shown in the above table.

Total net loans were \$1.31 billion at March 31, 2000, an increase of \$30 million, or 2%, since December 31, 1999, and an increase of \$237 million, or 22%, since March 31, 1999. Solid loan growth in the core commercial loan, home equity and residential real estate portfolios were the main factor for these increases. Also, showing increases were the specialty premium finance and Tricom finance receivable segments, the latter category which was added as a result of the October 1999 acquisition of Tricom. Total net loans comprised 81% of total earning assets at March 31, 2000 as compared to 83% a year earlier and 84% at the end of 1999.

Commercial and commercial real estate loans, the largest loan category, comprised 31% of total earning assets as of March 31, 2000 and has increased \$120.0 million, or 31%, since March 31, 1999 and \$18.0 million, or 4%, since the end of 1999. The strong growth experienced over the past year has resulted mainly from a healthy economy and the hiring of additional experienced lending officers.

Net indirect auto loans comprised 16% of total earning assets as of March 31, 2000 and increased \$20.7 million, or 9%, over a year ago, but decreased \$5.5 million, or 2%, since the end of 1999. The decrease from the December 31, 1999 balance was the result of a higher interest rate environment experienced during the first three months of 2000 coupled with a traditionally slow period for new automobile purchases. Additionally, the Company currently has a desire to reduce its reliance upon indirect automobile lending as a percent of the overall earning asset portfolio due to competitive pricing and margin concerns. As such, management intends to maintain the outstanding level of the portfolio near the existing level. The Company utilizes credit

underwriting routines that management believes result in a high quality new and used auto loan 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 interest 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.

Net premium finance receivables totaled \$225.4 million at March 31, 2000 and comprised 14% of the total loan portfolio. This total balance increased \$15.3 million, or 7%, since March 31, 1999 and \$6.1 million, or 3%, since the end of 1999. This growth was primarily the result of increased market penetration from new product offerings and targeted marketing programs. Over the past few years, the majority of premium finance receivables originated by FIFC were being sold to the Banks and consequently remained an asset of the Company. However, since the second quarter of 1999, as a result of the continued solid growth in loan originations, FIFC has been selling a portion of new receivables to an unrelated third party. During the first quarter of 2000 the Company sold approximately \$71 million of premium finance receivables to an unrelated third party at a gain of \$1.2 million. In addition to recognizing gains on the sale of these receivables, the proceeds provided the Company with additional liquidity. It is possible that similar future sales may occur depending on the level of new volume growth in relation to the desired capacity within the Banks' loan portfolios.

The October 1999 acquisition of Tricom added a new category of specialty finance receivables to the Company's earning asset portfolio. These receivables consist of high-yielding short-term accounts receivable financing to clients in the temporary staffing industry located throughout the United States. At March 31, 2000, outstanding finance receivables totaled \$18.3 million, an increase of \$742,000 or 4% from the December 31, 1999 balance.

Home equity loans totaled \$146.5 million at March 31, 2000 and increased \$35.4 million, or 32%, since a year earlier and \$7.3 million, or 5%, as compared to the end of 1999. This category of loans has increased due mainly to targeted marketing programs over the past year. These marketing programs generally use a short-term low initial interest rate as an incentive to the borrower. Unused commitments on home equity lines of credit have increased \$24.9 million, or 14%, over the balance at March 31, 1999 and totaled \$198.4 million at March 31, 2000.

Residential real estate loans totaled \$120.4 million as of March 31, 2000 and increased \$18.8 million, or 19%, over a year ago and \$9.4 million, or 8%, since December 31, 1999. Mortgage loans held for sale are included in this category and totaled \$8.7 million as of March 31, 2000, \$8.1 million as of December 31, 1999 and \$19.0 million as of March 31, 1998. The Company collects a fee on the sale of these loans into the secondary market, as discussed earlier in the Non-interest Income section of this analysis. As these loans are predominantly long-term fixed rate loans, the Company eliminates the interest rate risk associated with these loans by selling them into the secondary market. The remaining residential real estate loans in this category are maintained within the Banks' portfolios and include mostly adjustable rate mortgage loans and shorter-term fixed rate mortgage loans. The growth in this loan category has been due mainly to the relatively low mortgage interest rate environment experienced until recently and a continued strong local housing market.

Securities and money market investments (i.e. federal funds sold and interest-bearing deposits with banks) totaled \$308.2 million at March 31, 2000, an increase of \$71.6 million, or 30%, since December 31, 1999 and \$80.6 million, or 35%, since a year earlier. This category as a percent of total earning assets has increased to 19% at March 31, 2000 versus 16% and 17% at December 31, 1999 and March 31, 1999; respectively. The increase was caused mainly from the sale of premium finance receivables totaling \$71 million in the first quarter of 2000. The Company maintained no trading account securities at March 31, 2000 or as of any of the other previous reporting dates. The balances of securities and money market investments fluctuate frequently based upon deposit inflows, loan demand and proceeds from loan sales. As a result of anticipated growth in the development of the de novo banks, it has been Wintrust's policy to generally maintain its securities and money market portfolio in short-term, liquid, and diversified high credit quality securities 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.

DEPOSITS

Total deposits at March 31, 2000 were \$1.53 billion, an increase of \$281 million, or 22%, over the March 31, 1999 total and an increase of \$70 million, or 5%, since December 31, 1999. The following table sets forth, by category, the composition of deposit balances and the relative percentage of total deposits as of the date specified (dollars in thousands):

	March 31, 2000		December 31, 1999		March 31, 1999	
	Balance	Percent of Total	Balance	Percent of Total	Balance	Percent of Total
Demand	\$ 155,507	10%	\$ 154,034	11%	\$ 117,463	9%
NOW	138,228	9	130,625	9	112,542	9
Money market	273,076	18	252,483	17	232,184	19
Savings	75,404	5	72,718	5	74,258	6
Certificates of deposit	891,446	58	853,762	58	716,352	57
Total	\$ 1,533,661	100%	\$ 1,463,622	100%	\$ 1,252,799	100%

The percentage mix of deposits as of March 31, 2000 was relatively consistent with the deposit mix as of the prior year dates. Growth in both the number of accounts and balances has been primarily the result of newer bank and branch growth, and continued marketing efforts at the more established banks to create additional deposit market share.

SHORT-TERM BORROWINGS AND NOTES PAYABLE

As of March 31, 2000, the Company's short-term borrowings totaled \$68.7 million and consisted primarily of short-term repurchase agreements utilized to leverage certain investment transactions within several banks' security portfolios. At March 31, 2000, the Company also had \$14.1 million outstanding on its \$40 million revolving credit line with an unaffiliated bank. The outstanding balance on this credit line as of March 31, 1999 was \$2.0 million and \$8.4 million at December 31, 1999. The Company continues to maintain the revolving credit line for corporate purposes such as to provide capital to fund continued growth at the Banks, expansion of WAMC, possible future acquisitions and for other general corporate matters.

LONG-TERM DEBT - TRUST PREFERRED SECURITIES

For each of the reporting periods, the long-term debt category consists of the Company's \$31.05 million of 9.00% Cumulative Trust Preferred Securities, which were publicly sold in an offering that was completed in October 1998. The Trust Preferred Securities offering increased the Company's regulatory capital and has 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, coupled with the Federal income tax deductibility of the related interest expense, provides the Company with a cost-effective form of capital. See Note 4 to the Unaudited Consolidated Financial Statements for further information on these Trust Preferred Securities.

SHAREHOLDERS' EQUITY

Total shareholders' equity was \$94.8 million at March 31, 2000 and increased \$17.6 million since March 31, 1999 and \$1.9 million since the end of 1999. These increases were the result of the Company's corporate earnings offset by net unrealized losses of the available-for-sale security portfolio, dividend payments and stock repurchases. The annualized return on average equity for the quarter ended March 31, 2000 increased to 13.32% as compared to 9.75% for the prior year period.

The following table reflects various consolidated measures of capital at March 31, 2000, December 31, 1999 and March 31, 1999:

	March 31, 2000	December 31, 1999	March 31, 1999
Leverage ratio	6.9%	7.1%	7.5%
Ending tier 1 capital to risk-based asset ratio	7.5%	7.8%	8.2%
Ending total capital to risk-based asset ratio	8.1%	8.4%	9.2%
Dividend payout ratio	7.1%	0.0%	0.0%

On January 27, 2000, Wintrust declared its first semi-annual cash dividend of \$0.05 per common share. The dividend was payable February 24, 2000. Additionally, the Company initiated a stock buyback program authorizing the repurchase of up to 300,000 shares of its common stock. Through March 31, 2000, the Company repurchased a total of 85,200 shares at an average price of \$15.33 per share.

To be "adequately capitalized", an entity must maintain a leverage ratio of at least 4.0%, a Tier 1 risk-based capital ratio of at least 4.0%, and a total risk-based capital ratio of at least 8.0%. To be considered "well capitalized," an entity must maintain a leverage ratio of at least 5.0%, a Tier 1 risk-based capital ratio of at least 6.0%, and a total risk-based capital ratio of at least 10.0%. At March 31, 2000, the Company was considered "well capitalized" under both the leverage ratio and the Tier 1 risk-based capital ratio, and was considered "adequately capitalized" under the total risk-based capital ratio. The Company's capital ratios at March 31, 2000 were lower in comparison to the ratios a year earlier due primarily to continued asset growth. The Company attempts to maintain an efficient capital structure in order to provide higher returns on equity. Additional capital is required from time-to-time, however, to support the growth of the organization. The issuance of additional common stock or additional trust preferred securities are the primary forms of capital that the Company considers as it evaluates its capital position.

ASSET QUALITY

ALLOWANCE FOR POSSIBLE LOAN LOSSES

A reconciliation of the activity in the allowance for possible loan losses for the three months ended March 31, 2000 and 1999 is shown as follows (dollars in thousands):

	Three Months Ended March 31,	
	2000	1999
Balance at beginning of period	\$ 8,783	\$ 7,034
Provision for possible loan losses	1,141	784
Charge-offs		

Core banking loans	130	101
Indirect automobile loans	311	160
Premium finance receivables	201	95
	-----	-----
Total charge-offs	642	356
	-----	-----
Recoveries		

Core banking loans	8	6
Indirect automobile loans	43	14
Premium finance receivables	26	36
	-----	-----
Total recoveries	77	56
	-----	-----
Net charge-offs	(565)	(300)
	-----	-----
Balance at March 31	\$ 9,359	\$ 7,518
	=====	=====
Loans, net of unearned discount at March 31	\$1,307,796	\$1,071,016
	=====	=====
Allowance as a percentage of loans	0.72%	0.70%
	=====	=====
Annualized net charge-offs as a percentage of average:		
Core banking loans	0.06%	0.06%
Indirect automobile loans	0.43%	0.27%
Premium finance receivables	0.29%	0.12%
	-----	-----
Total loans	0.17%	0.12%
	=====	=====
Annualized provision for possible loan losses	49.52%	38.27%
	=====	=====

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. The amount of 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.

The provision for possible loan losses totaled \$1.1 million for the first quarter of 2000, an increase of \$357,000 from a year earlier. The higher provision was necessary to cover a 22% increase in loan balances compared to March 31, 1999. For the quarter ended March 31, 2000, net charge-offs totaled \$565,000 and increased from the \$300,000 of net charge-offs recorded in the same period of 1999. On a ratio basis, net charge-offs as a percentage of average loans increased slightly to 0.17% in 2000 from 0.12% in 1999. This increase is the result of a slightly higher level of delinquencies and a more aggressive charge-off philosophy in managing the indirect auto portfolio. Management is actively monitoring and pursuing methods to reduce the level of delinquencies in both the indirect and premium finance portfolios.

Management believes the allowance for possible loan losses is adequate to cover inherent losses in the portfolio. There can be no assurance, 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 view of regulatory agencies toward adequate reserve levels, the level of past-due and non-performing loans, and other factors.

PAST DUE LOANS AND NON-PERFORMING ASSETS

The following table sets forth the Company's non-performing assets at the dates indicated. The information in the table should be read in conjunction with the detailed discussion following the table (dollars in thousands).

	March 31, 2000 ----	December 31, 1999 ----	March 31, 1999 ----
Past Due greater than 90 days and still accruing:			
Core banking loans	\$ 362	\$ 713	\$ 335
Indirect automobile loans	466	391	317
Premium finance receivables	2,273	1,523	1,021
Total	3,101	2,627	1,673
Non-accrual loans:			
Core banking loans	1,582	1,895	1,423
Indirect automobile loans	266	298	195
Premium finance receivables	2,334	2,145	1,439
Total non-accrual loans	4,182	4,338	3,057
Total non-performing loans:			
Core banking loans	1,944	2,608	1,758
Indirect automobile loans	732	689	512
Premium finance receivables	4,607	3,668	2,460
Total non-performing loans	7,283	6,965	4,730
Other real estate owned	-	-	590
Total non-performing assets	\$ 7,283	\$ 6,965	\$ 5,320
=====			
Total non-performing loans by category as a percent of its own respective category:			
Core banking loans	0.23%	0.32%	0.28%
Indirect automobile loans	0.29%	0.27%	0.23%
Premium finance receivables	2.04%	1.67%	1.17%
Total non-performing loans	0.56%	0.54%	0.44%
Total non-performing assets as a percentage of total assets	0.41%	0.41%	0.37%
Allowance for possible loan losses as a percentage of non-performing loans	128.50%	126.10%	158.94%

Non-performing Core Banking Loans

Total non-performing loans for the Company's core banking business were \$1.9 million, or 0.23%, of the Company's core banking loans as of March 31, 2000, and were down from the ratios of 0.32% and 0.28% as of December 31, 1999, and March 31, 1999, respectively. Although the outstanding core loan portfolio has increased 29% from a year ago, the amount of non-performing core loans has increased only 11% from the prior year totals. 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. The small number of such non-performing loans allows management the opportunity to monitor closely the status of these credits and work with the borrowers to resolve these problems effectively.

Non-performing Premium Finance Receivables

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

	As of 3/31/00 -----	% of Premium Finance Rec. -----	As of 3/31/99 -----	% of Premium Finance Rec. -----
Non-performing premium finance receivables	\$4,607,000	2.04%	\$2,460,000	1.17%
Net charge-offs of premium finance receivables	\$ 175,000	0.29%	\$ 59,000	0.12%

It is important to note that the ratio of net charge-offs is substantially less than the ratio of non-performing assets. 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. 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 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 Automobile Loans

Total non-performing indirect automobile loans were \$732,000 at March 31, 2000. The ratio of these non-performing loans has increased slightly to 0.29% of total indirect automobile loans at March 31, 2000 from 0.27% at December 31, 1999 and 0.23% at March 31, 1999. Despite the increase in the level of non-performing loans, the ratios continue to be below standard industry ratios for this type of loan category.

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 March 31, 2000 and December 31, 1999 was approximately \$12.2 million and \$14.4 million, respectively.

LIQUIDITY

Wintrust manages the liquidity position of its banking operations to ensure that sufficient funds are available to meet customers' needs for loans and deposit withdrawals. The liquidity to meet the demand is provided by maturing assets, sales of premium finance receivables, liquid assets that can be converted to cash, and the ability to attract funds from external sources. Liquid assets refer to federal funds sold and to marketable, unpledged securities, which can be quickly sold without material loss of principal.

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 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 anticipated improvements in financial performance and management's long-term performance goals, as well as statements relating to the anticipated effects on results of operations and financial 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, specialty finance or fee related 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 new trust subsidiary, WAMC, is expected to continue in a start-up phase during 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 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, changes in the temporary staffing industry or difficulties integrating the Tricom acquisition.
- o The Company may not identify attractive opportunities to expand in the future through acquisitions of other community banks, specialty finance companies or fee-based businesses or may have difficulty negotiating potential acquisitions on terms considered acceptable to the Company.
- 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.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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.

Derivative Financial Instruments

One method utilized by financial institutions to limit market risk is to enter into derivative financial instruments. 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 March 31, 2000, the Company had \$375 million notional principal amount of interest rate cap contracts that mature in April 2000 (\$60 million), September 2000 (\$60 million), October 2000 (\$60 million), January 2001 (\$60 million), February 2001 (\$55 million), April 2001 (\$60 million) and July 2001 (\$20 million). These contracts, which have various strike rates measured against the 91-day treasury bill rate, were purchased to mitigate the effect of rising rates on certain of its floating rate deposit products and fixed rate loan 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 utilize excess capital at certain banks and 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 more effectively manage its market risk.

Commitments To Extend Credit And Standby Letters Of Credit In addition, the Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of condition. Commitments to extend credit are agreements to lend to a customer as long as there is no violation on any condition established in the contract. Commitments may require collateral from the borrower if deemed necessary by the Company and generally have a fixed expiration date. Standby letters of credit are conditional commitments issued by the Banks to guarantee the performance of a customer to a third party up to a specified amount and with specific terms and conditions. Commitments to extend credit and standby letters of credit are not recorded as an asset or liability by the Company until the instrument is exercised.

Interest Rate Sensitivity Analysis

Interest rate sensitivity is the fluctuation in earnings resulting from changes in market interest rates. Wintrust continuously monitors not only the organization's current net interest margin, but also the historical trends of these margins. In addition, Wintrust also 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 were identified, management then would take appropriate actions within its asset/liability structure to counter these potential adverse situations. Please refer to the "Net Interest Income" section for further discussion of the net interest margin.

The Company's exposure to market 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 gap position as of March 31, 2000.

	Time to Maturity or Repricing				Total
	0-90 Days	91-365 Days	1-5 Years	5+ Years & Other	
	----	----	-----	-----	-----
	(Dollars in thousands)				
ASSETS:					
Loans, net of unearned income	\$554,013	\$ 313,551	\$412,088	\$ 28,144	\$ 1,307,796
Securities.....	71,835	11,455	92,200	35,335	210,825
Interest-bearing bank deposits.....	288	-	-	-	288
Federal funds sold.....	97,099	-	-	-	97,099
Other.....	-	-	-	155,883	155,883
	-----	-----	-----	-----	-----
Total rate sensitive assets (RSA)	723,235	325,006	504,288	219,362	1,771,891
	=====	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY:					
NOW.....	138,228	-	-	-	138,228
Savings and money market.....	320,735	-	-	27,745	348,480
Time deposits.....	387,300	338,565	164,967	614	891,446
Short term borrowings.....	68,721	-	-	-	68,721
Notes payable.....	14,050	-	-	-	14,050
Demand deposits & other					
liabilities.....	-	-	-	185,081	185,081
Trust preferred securities.....	-	-	-	31,050	31,050
Shareholders' equity.....	-	-	-	94,835	94,835
	-----	-----	-----	-----	-----
Total rate sensitive liabilities					
and equity (RSL).....	929,034	338,565	164,967	339,325	1,771,891
	=====	=====	=====	=====	=====
Cumulative gap, excluding interest					
rate caps (GAP = RSA - RSL) (1)	\$(205,799)	\$ (219,358)	\$119,963	\$ -	
	=====	=====	=====	=====	
Cumulative RSA/RSL (1).....	0.78	0.96	3.06		
RSA/Total assets.....	0.41	0.18	0.28		
RSL/Total assets (1).....	0.52	0.19	0.09		
GAP/Total assets (1).....	(12)%	(12)%	7%		
GAP/Cumulative RSA (1).....	(28)%	(21)%	8%		
	-----	-----	-----		

(1) The gap amount and related ratios do not reflect \$375 million notional amount of interest rate caps, as discussed on the following page.

While the gap position illustrated on the previous page 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 March 31, 2000, the Company had \$375 million notional principal amount of interest rate caps that reprice on a monthly basis. These interest rate caps, which mature in intervals throughout the next 15 months, were purchased to mitigate the effect of rising rates on certain floating rate deposit products and fixed rate loan 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 relatively neutral in that the level of rate sensitive assets that reprice within one year approximately match the level of rate sensitive liabilities that reprice within one year.

Management uses an additional measurement tool to evaluate its asset/liability sensitivity which 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 both 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 March 31, 2000 and 1999, is as follows:

AS OF MARCH 31, 2000		
	+200 BASIS POINTS	-200 BASIS POINTS
	-----	-----
Percentage change in net interest income due to an immediate 200 basis point change in interest rates over a two-year time horizon....	2.4%	0.2%
	=====	=====
AS OF MARCH 31, 1999		
	+200 BASIS POINTS	-200 BASIS POINTS
	-----	-----
Percentage change in net interest income due to an immediate 200 basis point change in interest rates over a two-year time horizon....	2.1%	1.0%
	=====	=====

PART II

ITEM 1: LEGAL PROCEEDINGS.

This item has been omitted from this Form 10-Q since it is inapplicable or would contain a negative response.

ITEM 2: CHANGES IN SECURITIES.

This item has been omitted from this Form 10-Q since it is inapplicable or would contain a negative response.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

This item has been omitted from this Form 10-Q since it is inapplicable or would contain a negative response.

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

None.

ITEM 5: OTHER INFORMATION.

None.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

27 Financial Data Schedule.

(b) Reports on Form 8-K.

A Form 8-K report as of January 24, 2000 was filed during the quarter and provided the Company's fourth quarter earnings release dated January 24, 2000 and included a copy of the Company's letter to shareholders mailed in February 2000.

A Form 8-K report as of January 27, 2000 was filed during the quarter and announced the Company's declaration of a \$0.05 per share dividend and the announcement of a common stock buyback program authorizing the purchase of up to 300,000 shares of common stock.

SIGNATURES

Pursuant to the requirements 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

(Registrant)

Date: May 15, 2000

/s/ Edward J. Wehmer

President & Chief Executive Officer

Date: May 15, 2000

/s/ David A. Dykstra

Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit 27 Financial Data Schedule

ARTICLE 9

This schedule contains summary financial information extracted from the annual unaudited financial statements of Wintrust Financial Corporation for the three months ended March 31, 2000 and 1999, and is qualified in its entirety by reference to such unaudited consolidated financial statements.

CIK: 0001015328

NAME: WINTRUST FINANCIAL CORPORATION

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS	3 MOS
FISCAL YEAR END	DEC 31 2000	DEC 31 1999
PERIOD START	JAN 01 2000	JAN 01 1999
PERIOD END	MAR 31 2000	MAR 31 1999
CASH	42,664	32,989
INT BEARING DEPOSITS	288	3,545
FED FUNDS SOLD	97,099	28,945
TRADING ASSETS	0	0
INVESTMENTS HELD FOR SALE	210,825	195,142
INVESTMENTS CARRYING	0	0
INVESTMENTS MARKET	0	0
LOANS	1,307,796	1,071,016
ALLOWANCE	9,359	7,518
TOTAL ASSETS	1,771,891	1,419,435
DEPOSITS	1,533,661	1,252,799
SHORT TERM	82,771	42,033
LIABILITIES OTHER	29,574	16,330
LONG TERM	31,050	31,050
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	8,838	8,161
OTHER SE	85,997	69,063
TOTAL LIABILITIES AND EQUITY	1,771,891	1,419,436
INTEREST LOAN	28,738	21,663
INTEREST INVEST	3,571	2,615
INTEREST OTHER	0	0
INTEREST TOTAL	32,309	24,278
INTEREST DEPOSIT	16,599	12,550
INTEREST EXPENSE	18,441	13,462
INTEREST INCOME NET	13,868	10,816
LOAN LOSSES	1,141	784
SECURITIES GAINS	3	0
EXPENSE OTHER	12,109	9,536
INCOME PRETAX	4,896	2,804
INCOME PRE EXTRAORDINARY	3,122	1,834
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	3,122	1,834
EPS BASIC	0.35	0.22
EPS DILUTED	0.35	0.22
YIELD ACTUAL	3.65	3.58
LOANS NON	4,182	3,057
LOANS PAST	3,101	1,673
LOANS TROUBLED	0	0
LOANS PROBLEM	12,183	4,556
ALLOWANCE OPEN	8,783	7,034
CHARGE OFFS	(642)	(356)
RECOVERIES	77	56
ALLOWANCE CLOSE	9,359	7,518
ALLOWANCE DOMESTIC	6,600	6,803
ALLOWANCE FOREIGN	0	0
ALLOWANCE UNALLOCATED	2,759	715

