

WINTRUST FINANCIAL CORP

FORM 10-Q (Quarterly Report)

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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 September 30, 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 X 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, 8,609,499 shares, as of November 10, 2000.

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PART I

ITEM 1 FINANCIAL STATEMENTS

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

	September 30, 2000	December 31, 1999	September 30, 1999
ASSETS			
Cash and due from banks	\$ 52,097	\$ 53,066	\$ 38,391
Federal funds sold	16,624	28,231	59,161
Interest-bearing deposits with banks	180	2,547	3,746
Available-for-Sale securities, at fair value	318,585	205,795	164,747
Loans, net of unearned income	1,486,929	1,278,249	1,202,256
Less: Allowance for possible loan losses	10,231	8,783	8,200
Net loans	1,476,698	1,269,466	1,194,056
Premises and equipment, net	83,843	72,851	68,257
Accrued interest receivable and other assets	37,331	35,943	35,213
Goodwill and other intangible assets, net	10,948	11,483	1,308
Total assets	\$ 1,996,306	\$1,679,382	\$1,564,879
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Non-interest bearing	\$ 184,821	\$ 154,034	\$ 125,870
Interest bearing	1,541,071	1,309,588	1,262,572
Total deposits	1,725,892	1,463,622	1,388,442
Short-term borrowings	41,910	59,843	40,025
Notes payable	33,250	8,350	7,350
Long-term debt - trust preferred securities	51,050	31,050	31,050
Accrued interest payable and other liabilities	46,834	23,570	17,158
Total liabilities	1,898,936	1,586,435	1,484,025
Shareholders' equity:			
Preferred stock	-	-	-
Common stock	8,850	8,771	8,174
Surplus	83,612	82,792	73,165
Common stock warrants	100	100	100
Treasury stock, at cost	(3,863)	-	-
Retained earnings (deficit)	10,020	3,555	749
Accumulated other comprehensive loss	(1,349)	(2,271)	(1,334)
Total shareholders' equity	97,370	92,947	80,854
Total liabilities and shareholders' equity	\$ 1,996,306	\$ 1,679,382	\$ 1,564,879

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 September 30, 2000		Nine Months Ended September 30, 2000	
	1999		1999	
INTEREST INCOME				
Interest and fees on loans	\$34,160	\$24,990	\$ 93,962	\$69,993
Interest bearing deposits with banks	4	44	24	165
Federal funds sold	320	504	1,056	1,074
Securities	4,424	2,546	11,249	7,244
Total interest income	38,908	28,084	106,291	78,476
INTEREST EXPENSE				
Interest on deposits	20,949	14,401	55,847	40,167
Interest on short-term borrowings and notes payable	1,032	727	3,232	1,470
Interest on long-term debt - trust preferred securities	1,287	734	2,855	2,203
Total interest expense	23,268	15,862	61,934	43,840
NET INTEREST INCOME	15,640	12,222	44,357	34,636
Provision for possible loan losses	1,307	990	3,671	2,707
Net interest income after provision for possible loan losses	14,333	11,232	40,686	31,929
NON-INTEREST INCOME				
Fees on mortgage loans sold	792	533	2,017	2,750
Service charges on deposit accounts	478	399	1,426	1,080
Trust fees	508	295	1,474	770
Gain on sale of premium finance receivables	640	377	2,877	640
Administrative services revenue	1,184	-	3,338	-
Net securities gains (losses)	(69)	15	(94)	15
Other	960	398	2,237	1,188
Total non-interest income	4,493	2,017	13,275	6,443
NON-INTEREST EXPENSE				
Salaries and employee benefits	7,139	4,984	20,267	15,256
Occupancy, net	961	743	3,111	2,088
Equipment expense	1,360	796	3,646	2,126
Data processing	735	551	2,114	1,544
Advertising and marketing	327	309	898	1,041
Professional fees	478	242	1,130	828
Amortization of intangibles	178	35	535	105
Premium finance defalcation	4,520	-	4,520	-
Other	2,428	1,770	6,903	5,506
Total non-interest expense	18,126	9,430	43,124	28,494
Income before income taxes	700	3,819	10,837	9,878
Income tax expense	(199)	1,292	3,497	3,257
Net income	\$ 899	\$ 2,527	\$ 7,340	\$ 6,621
Net income per common share - Basic	\$ 0.10	\$ 0.31	\$ 0.84	\$ 0.81
Net income per common share - Diluted	\$ 0.10	\$ 0.30	\$ 0.82	\$ 0.78
Cash dividends declared per common share	\$ 0.05	\$ 0.00	\$ 0.10	\$ 0.00
Weighted average common shares outstanding	8,671	8,173	8,743	8,166
Dilutive potential common shares	252	310	226	322
Average common shares and dilutive common shares	8,923	8,483	8,969	8,488

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	\$ 6,621	-	-	-	6,621	-	-	6,621
Other Comprehensive Income (Loss), net of tax:								
Unrealized losses on securities, net of reclassification adjustment	(1,283)	-	-	-	-	-	(1,283)	(1,283)
Comprehensive Income	<u>\$ 5,338</u>							
Common stock issued upon exercise of stock options		19	221	-	-	-	-	240
Common stock issued through employee stock purchase plan		5	66	-	-	-	-	71
Balance at September 30, 1999		<u>\$ 8,174</u>	<u>\$ 73,165</u>	<u>\$ 100</u>	<u>\$ 749</u>	<u>\$ -</u>	<u>\$ (1,334)</u>	<u>\$ 80,854</u>
Balance at December 31, 1999		\$ 8,771	\$ 82,792	\$ 100	\$ 3,555	\$ -	\$ (2,271)	\$ 92,947
Comprehensive Income:								
Net income	\$ 7,340	-	-	-	7,340	-	-	7,340
Other Comprehensive Income (Loss), net of tax:								
Unrealized gains on securities, net of reclassification adjustment	922	-	-	-	-	-	922	922
Comprehensive Income	<u>\$ 8,262</u>							
Cash dividends declared on common stock		-	-	-	(875)	-	-	(875)
Purchase of treasury stock, 242,300 shares at cost		-	-	-	-	(3,863)	-	(3,863)
Common stock issued upon exercise of stock options		75	768	-	-	-	-	843
Common stock issued through employee stock purchase plan		4	52	-	-	-	-	56
Balance at September 30, 2000		<u>\$ 8,850</u>	<u>\$ 83,612</u>	<u>\$ 100</u>	<u>\$ 10,020</u>	<u>\$ (3,863)</u>	<u>\$ (1,349)</u>	<u>\$ 97,370</u>
Nine Months Ended September 30, 2000 1999								
Disclosure of reclassification amount:								
Unrealized holding gains (losses) arising during the period					\$ 1,493	\$ (2,021)		
Less: Reclassification adjustment for gains (losses) included in net income					(94)	15		
Less: Income tax expense (benefit)					665	(753)		
Net unrealized gains (losses) on securities					<u>\$ 922</u>	<u>\$ (1,283)</u>		

See accompanying notes to unaudited consolidated financial statements.

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

For the Nine Months Ended
September 30,

	2000	1999
Operating Activities:		
Net income	\$ 7,340	\$ 6,621
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for possible loan losses	3,671	2,707
Depreciation and amortization	5,448	2,832
Deferred income tax benefit	(521)	(1,822)
Net accretion/amortization of securities	954	(637)
Originations of mortgage loans held for sale	(114,328)	(202,216)
Proceeds from sales of mortgage loans held for sale	108,480	212,394
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	(2,877)	(640)
Gains (loss) on sale of Available-for-Sale securities	94	(15)
Increase (decrease) in other assets, net	(1,345)	(2,650)
Increase in other liabilities, net	23,264	4,519
Net Cash Provided by Operating Activities	30,180	21,093
Investing Activities:		
Proceeds from maturities of Available-for-Sale securities	84,007	345,726
Proceeds from maturities of Held-to-Maturity securities	-	5,000
Proceeds from sale of Available-for-Sale securities	581,458	8,078
Purchases of Available-for-Sale securities	(777,903)	(310,814)
Proceeds from sale of premium finance receivables	175,741	39,873
Net decrease in interest-bearing deposits with banks	2,367	4,117
Net increase in loans	(377,919)	(261,145)
Purchases of premises and equipment, net	(15,905)	(13,813)
Net Cash Used for Investing Activities	(328,154)	(182,978)
Financing Activities:		
Increase in deposit accounts	262,270	159,288
Increase (decrease) in short-term borrowings, net	(17,933)	40,025
Proceeds from notes payable	34,900	7,350
Repayment of notes payable	(10,000)	-
Proceeds from trust preferred securities offering	20,000	-
Common stock issued upon exercise of stock options	843	240
Common stock issued through employee stock purchase plan	56	71
Purchase of treasury stock	(3,863)	-
Dividends paid	(875)	-
Net Cash Provided by Financing Activities	285,398	206,974
Net Increase in Cash and Cash Equivalents	(12,576)	45,089
Cash and Cash Equivalents at Beginning of Period	81,297	52,463
Cash and Cash Equivalents at End of Period	\$68,721	\$ 97,552

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 September 30, 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 and nine-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 September 30,		For the Nine Months Ended September 30,	
		2000	1999	2000	1999
Net income	(A)	\$ 899	\$ 2,527	\$ 7,340	\$ 6,621
Average common shares outstanding	(B)	8,671	8,173	8,743	8,166
Effect of dilutive common shares		252	310	226	322
Weighted average common shares and effect of dilutive common shares	(C)	8,923	8,483	8,969	8,488
Net income per average common share - Basic	(A/B)	\$ 0.10	\$ 0.31	\$ 0.84	\$ 0.81
Net income per average common share - Diluted	(A/C)	\$ 0.10	\$ 0.30	\$ 0.82	\$ 0.78

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 an offering of \$31.05 million of 9.00% Cumulative Trust Preferred Securities. Also, in June 2000, the Company completed an additional offering of \$20 million of 10.50% 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 offerings have 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 first offering of 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 and nine-month periods ended September 30, 2000 and 1999 (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2000	1999	2000	1999
Net Interest Income:				
Banking	\$ 14,931	\$ 11,552	\$ 41,339	\$ 32,573
Premium Finance	3,657	3,117	10,049	9,417
Indirect Auto	1,498	2,096	5,151	5,993
Tricom	968	-	2,601	-
Trust	118	106	359	338
Inter-segment eliminations	(4,103)	(3,829)	(11,746)	(11,363)
Other	(1,429)	(820)	(3,396)	(2,322)
Total	\$ 15,640	\$ 12,222	\$ 44,357	\$ 34,636
Non-interest Income:				
Banking	\$ 2,275	\$ 1,512	\$ 6,015	\$ 5,413
Premium Finance	640	377	2,877	640
Indirect Auto	-	1	-	1
Tricom	1,201	-	3,368	-
Trust	508	295	1,474	770
Inter-segment eliminations	(131)	(168)	(459)	(381)
Total	\$ 4,493	\$ 2,017	\$ 13,275	\$ 6,443

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2000	1999	2000	1999
Segment Profit (Loss):				
Banking	\$ 4,222	\$ 2,712	\$ 10,476	\$ 7,600
Premium Finance	(1,664)	1,206	933	3,240
Indirect Auto	293	775	1,330	2,184
Tricom	510	-	1,180	-
Trust	(93)	(134)	(308)	(546)
Inter-segment eliminations	(1,120)	(1,294)	(3,310)	(3,705)
Other	(1,249)	(738)	(2,961)	(2,152)
Total	\$ 899	\$ 2,527	\$ 7,340	\$ 6,621
	=====	=====	=====	=====
Segment Assets:				
Banking	\$2,002,570	\$1,597,087		
Premium Finance	372,459	277,022		
Indirect Auto	227,437	268,063		
Tricom	32,741	-		
Trust	2,431	2,354		
Inter-segment eliminations	(649,478)	(583,550)		
Other	8,146	3,903		
Total	\$1,996,306	\$1,564,879		
	=====	=====		

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition as of September 30, 2000, compared with December 31, 1999, and September 30, 1999, and the results of operations for the three-month and nine-month periods ended September 30, 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, has 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 and in September 2000 moved to its permanent facility in Highwood. In July 2000 Libertyville Bank opened a second facility for its Wauconda Community Bank branch in Wauconda, Illinois. In addition, the Company anticipates opening its seventh de novo bank in Northbrook, Illinois 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 lending 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 approximately \$1 billion 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 provides 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 and augmented 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 September 30, 2000 totaled \$0.9 million, a decrease of \$1.6 million, or 64%, from the third quarter of 1999. On a per share basis, net income for the third quarter of 2000 totaled \$0.10 per diluted common share, a \$0.20 per share, or 67%, decrease from the third quarter of 1999. The return on average equity for the third quarter of 2000 decreased to 3.66% from 12.46% for the prior year quarter. The third quarter 2000 results were impacted by a non-recurring pre-tax charge of \$4.5 million related to a fraudulent loan scheme perpetrated by one independent insurance agency against the Company's premium finance subsidiary. Excluding the charge, net income for the current quarter would have been \$3.6 million or \$0.41 per diluted common share, an increase of 44% over the third quarter of 1999.

For the nine months ended September 30, 2000, net income totaled \$7.3 million, or \$0.82 per diluted common share, an increase of \$0.7 million, or 11%, and \$0.03 per diluted share, when compared to the same period in 1999. On a year to-date-basis, net income, excluding the charge, totaled \$10.1 million, or \$1.12 per diluted common share, an increase of \$3.4 million, or 52%, compared to the \$6.6 million, or \$0.78 per diluted common share reported in the same period in 1999.

The Company has commenced legal action against the parties involved in the fraud and is vigorously pursuing all avenues of recovery. This includes reimbursement under its insurance bond. The Company remains optimistic about its recovery prospects; however the amount and timing of a recovery, if any, are not known at this time.

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 and nine-month periods ended September 30, 2000 and 1999:

(dollars in thousands)	For the Quarter Ended September 30, 2000			For the Quarter Ended September 30, 1999		
	Average	Interest	Rate	Average	Interest	Rate
Liquidity management assets (1) (2)	\$ 280,801	\$ 4,766	6.75%	\$ 231,273	\$ 3,096	5.31%
Loans, net of unearned income (2)	1,452,769	34,292	9.39	1,173,278	25,065	8.48
Total earning assets	1,733,570	39,058	8.96%	1,404,551	28,161	7.95%
Interest-bearing deposits	1,494,168	20,949	5.58%	1,225,090	14,401	4.66%
Short-term borrowings and notes payable	63,774	1,032	6.44	59,315	727	4.86
Long-term debt - trust preferred securities	51,050	1,287	10.08	31,050	734	9.46
Total interest-bearing liabilities	1,608,992	23,268	5.75%	1,315,453	15,862	4.78%
Tax equivalent net interest income	\$ 15,790			\$ 12,299		
Net interest margin	3.62%			3.47%		
Core net interest margin(3)	3.92%			3.68%		

- (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. This total adjustment is \$150,000 and \$77,000 for the quarters ended September 30, 2000 and 1999, respectively.
(3) The core net interest margin excludes the interest expense associated with the Company's Trust Preferred Securities.

(dollars in thousands)	For the Nine Months Ended September 30, 2000			For the Nine Months Ended September 30, 1999		
	Average	Interest	Rate	Average	Interest	Rate
Liquidity management assets (1) (2)	\$ 253,279	\$ 12,386	6.53%	\$ 216,047	\$ 8,490	5.25%
Loans, net of unearned income (2)	1,378,206	94,317	9.14	1,103,881	70,154	8.50
Total earning assets	1,631,485	67,644	8.74%	1,319,928	78,644	7.97%
Interest-bearing deposits	1,409,148	55,847	5.29%	1,157,076	40,167	4.64%
Short-term borrowings and notes payable	69,273	3,232	6.23	44,439	1,470	4.42
Long-term debt - trust preferred securities	38,948	2,855	9.77	31,050	2,203	9.46
Total interest-bearing liabilities	1,517,369	61,934	5.45%	1,232,565	43,840	4.76%
Tax equivalent net interest income	\$ 44,769			\$ 34,804		
Net interest margin	3.67%			3.53%		
Core net interest margin(3)	3.90%			3.75%		

- (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. This total adjustment is \$412,000 and \$168,000 for the nine-month periods ended September 30, 2000 and 1999, respectively.
(3) The core net interest margin excludes the interest expense associated with the Company's Trust Preferred Securities.

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 September 30, 2000 totaled \$15.8 million, an increase of \$3.5 million, or 28%, as compared to the \$12.3 million recorded in the same quarter of 1999. This increase mainly resulted from loan growth, the October 1999 acquisition of Tricom, Inc. ("Tricom") and management's ability to control funding costs in the current interest rate environment and was somewhat offset by the issuance of \$20.0 million of the Company's 10.5% trust preferred securities in June 2000. Tax-equivalent interest and fees on loans for the quarter ended September 30, 2000 totaled \$34.3 million, an increase of \$9.2 million, or 37%, over the prior year quarterly total of \$25.1 million. This growth was predominantly due to a \$279 million, or 24%, increase in average total loans.

For the third quarter of 2000, the net interest margin was 3.62%, an increase of 15 basis points when compared to the margin of 3.47% in the prior year quarter. This increase resulted primarily from higher yields on both loans and securities coupled with solid loan growth, including the addition of Tricom as well as continued control of funding costs. The net interest margin for the second quarter of 2000 was 3.73%. The decrease in margin from the previous quarter was due in part to the issuance of \$20.0 million of the Company's 10.5% trust preferred securities in June 2000. The core net interest margin, which excludes the interest expense associated with the Company's trust preferred securities, was 3.92% in the third quarter, compared to 3.68% in the third quarter of 1999, and 3.94% in the second quarter of 2000.

The yield on total earning assets for the third quarter of 2000 was 8.96% as compared to 7.95% in 1999, an increase of 101 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 yield on interest earning assets also increased 20 basis points from the previous quarter's yield of 8.76%. The third quarter 2000 loan yield of 9.39% increased 91 basis points when compared to the prior year quarterly yield of 8.48% and was due primarily to a higher average prime lending rate of 9.50% during the third quarter of 2000 versus an average prime lending rate of 8.10% for the third 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 rate paid on interest-bearing deposits averaged 5.58% for the third quarter of 2000 versus 4.66% for the same quarter of 1999, an increase of 92 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 6.44% in the third quarter of 2000 as compared to 4.86% in the same quarter of 1999, due primarily to a higher outstanding balance under the company's revolving credit agreement with an unaffiliated bank and a higher rate environment for the Company's short-term funding sources.

For the first nine months of 2000, tax-equivalent net interest income totaled \$44.8 million and increased \$10.0 million, or 29%, over the \$34.8 million recorded in the same period of 1999. This increase was also mainly due to a combination of loan growth and the addition of Tricom and somewhat offset by the issuance of \$20.0 million of the Company's 10.5% trust preferred securities in June 2000. Interest and fees on loans, on a tax equivalent basis, totaled \$94.3 million for the first nine months of 2000, and increased \$24.2 million, or 34%, over the same period of 1999. Average loans for the first nine months of 2000 grew \$274 million, or 25%, over the average for the first nine months of 1999. The net interest margin for the first nine months of 2000 was 3.67%, an increase of 14 basis points when compared to the same period in 1999. The core net interest margin was 3.90% on a year-to-date basis in 2000 compared to 3.75% for the same period in 1999. Consistent with the third quarter margin improvement as noted above, the year-to-date margin increase was mainly the result of loan growth, the addition of Tricom and the ability to control funding costs in a rising rate environment and somewhat offset by the issuance of the \$20.0 million of the Company's 10.5% trust preferred securities in June 2000.

The following table presents a reconciliation of the Company's tax-equivalent net interest income, calculated on a tax equivalent basis, between the three and nine-month periods ended September 30, 1999 and September 30, 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):

	Three Month Period	Nine Month Period
	-----	-----
Tax-equivalent net interest income for the period ended Sept. 30, 1999.....	\$ 12,299	\$ 34,804
Change due to average earning assets fluctuations (volume).....	2,783	8,407
Change due to interest rate fluctuations (rate).....	560	1,326
Change due to rate/volume fluctuations mix).....	148	232
	-----	-----
Tax equivalent net interest income for the period ended Sept. 30, 2000	\$ 15,790	\$ 44,769
	=====	=====

NON-INTEREST INCOME

For the third quarter of 2000, non-interest income totaled \$4.5 million and increased \$2.5 million, or 123%, over the prior year quarter. For the first nine months of 2000, non-interest income totaled \$13.3 million and increased \$6.8 million, or 106%, when compared to the same period in 1999. Gains from the sale of premium finance receivables, revenues from Tricom and increases in trust fees, deposit services charges and leased equipment rental income were partially offset by a lower level of fees from the sale of mortgage loans. The following table presents non-interest income by category (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
Fees on mortgage loans sold	\$ 792	\$ 533	\$ 2,017	\$ 2,750
Service charges on deposit accounts	478	399	1,426	1,080
Trust fees	508	295	1,474	770
Administrative services revenue	1,184	-	3,338	-
Gain on sale of premium finance receivables	640	377	2,877	640
Securities gains (losses), net	(69)	15	(94)	15
Other income	960	398	2,237	1,188
	-----	-----	-----	-----
Total non-interest income	\$ 4,493	\$ 2,017	\$ 13,275	\$ 6,443
	=====	=====	=====	=====

Fees on mortgage loans sold include income from originating and selling residential real estate loans into the secondary market. For the quarter ended September 30, 2000, these fees totaled \$792,000, an increase of \$259,000, or 49%, from the prior year quarter. For the first nine months of 2000, fees on mortgage loans sold totaled \$2.0 million and declined \$733,000, or 27%, when compared to the same period of 1999. In the third quarter of 1999, mortgage rates rose causing a sharp decrease in mortgage origination volumes, particularly refinancing activity. Since then mortgage origination volumes have recovered slightly and stabilized.

Service charges on deposit accounts totaled \$478,000 for the third quarter of 2000, an increase of \$79,000 when compared to the same quarter of 1999. For the first nine months of 2000, deposit service charges totaled \$1.4 million and increased \$346,000 when compared to the same period of 1999. These increases were 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 \$508,000 for the third quarter of 2000, a \$213,000, or 72%, increase over the same quarter of 1999. For the first nine months of 2000, trust fees totaled \$1.5 million and increased \$704,000, or 91%, over the same period of 1999. The increases were 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. 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 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.

The administrative services revenue contributed by Tricom, which was acquired in October 1999, added \$1.2 million to total non-interest income in the third quarter of 2000 and \$3.3 million for the first nine months 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.

As a result of strong loan originations during the third quarter of 2000, approximately \$39 million of premium finance receivables were sold to an unrelated third party and resulted in the recognition of a \$640,000 gain. Through the first nine months of 2000, approximately \$172 million of premium finance receivables have been sold resulting in a year-to-date gain of \$2.9 million. The Company currently has a philosophy of maintaining its average loan-to-deposit ratio in the range of 85-90%. During the third quarter of 2000, the ratio was approximately 87%. At September 30, 2000 loans accounted for 86% of deposits. Accordingly, the Company sold excess premium finance receivables volume 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.

Other non-interest income for the third quarter totaled \$960,000 and increased \$562,000 over the prior year quarterly total of \$398,000. For the first nine months of 2000, other non-interest income totaled \$2.2 million and increased \$1.0 million or 88%, over the same period of 1999. These increases were due primarily to increases in rental income from equipment leased through the MMF Leasing Services division of the Lake Forest Bank of \$231,000 and \$648,000, respectively, for the three and nine months periods of 2000 compared with 1999.

NON-INTEREST EXPENSE

Non-interest expense for the third quarter of 2000 totaled \$18.1 million and increased \$8.7 million, or 92%, from the third quarter 1999 total of \$9.4 million. Excluding the non-recurring charge of \$4.5 million recorded in the third quarter attributable to the fraud perpetrated against the Company's premium finance subsidiary, non-interest expense increased \$4.2 million, or 44%, from the prior year quarter. For the first nine months of 2000, non-interest expense totaled \$43.1 million and increased \$14.6 million, or 51%, when compared to the prior year period. Excluding the non-recurring charge, non-interest expense increased \$10.1 million, or 35%, from the same period in 1999. The continued growth and expansion of the de novo banks, the development of the trust and investment business, and the October 1999 acquisition of Tricom were the primary causes for this increase. Since September 30, 1999, total deposits and total loan balances each increased 24%, 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		Nine Months	
	Ended September 30, 2000	1999	Ended September 30, 2000	1999
Salaries and employee benefits	\$ 7,139	\$ 4,984	\$ 20,267	\$ 15,256
Occupancy, net	961	743	3,111	2,088
Equipment expense	1,360	796	3,646	2,126
Data processing	735	551	2,114	1,544
Advertising and marketing	327	309	898	1,041
Professional fees	478	242	1,130	828
Premium finance defalcation	4,520	-	4,520	-
Other	2,606	1,805	7,438	5,611
Total non-interest expense	\$ 18,126	\$ 9,430	\$ 43,124	\$ 28,494

Salaries and employee benefits expense totaled \$7.1 million for the third quarter of 2000, an increase of \$2.2 million, or 43%, as compared to the prior year quarter total of \$5.0 million. For the first nine months of 2000, salaries and employee benefits expense totaled \$20.3 million and increased \$5.0 million, or 33%, when compared to the first nine months of 1999. These increases were primarily due to the acquisition of Tricom, the expansion of the trust and investment business, four additional banking offices and the salaries of staff hired to organize the Company's seventh de novo bank in Northbrook, Illinois. As a percent of average total assets, on an annualized basis, salaries and employee benefits were 1.50% and 1.41% for the first nine months of 2000 and 1999, respectively. The increase in this ratio is primarily a result of the administrative services staffing at Tricom in 2000. Since Tricom was not acquired until the fourth quarter of 1999, the 1999 ratio does not reflect those salaries and employee benefits.

For the third quarter of 2000, occupancy costs, equipment expense and data processing increased \$218,000 (29%), \$564,000 (71%) and \$184,000 (33%), respectively, over the prior year third quarter. For the first nine months of 2000, the respective increases were \$1.0 million (49%), \$1.5 million (71%) and \$570,000 (37%). These increases were 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.

The \$4.5 million charge recorded in the third quarter of 2000 for the fraud perpetrated against the Company's premium finance subsidiary includes approximately \$300,000 of professional fees associated with the Company's pursuit of recovery of the loss. The Company has commenced legal action against the parties involved and is vigorously pursuing all avenues of recovery. This includes reimbursement under our insurance bond. The Company remains optimistic about its recovery prospects; however the amount and timing of a recovery, if any, are not known at this time.

Other non-interest expense, for the nine months ended September 30, 2000, totaled \$7.4 million and increased \$1.8 million, or 33%, due mainly to the factors mentioned earlier. This category of expense includes loan expenses, correspondent bank service charges, postage, insurance, stationery and supplies, goodwill amortization and other sundry expenses. Goodwill and other intangibles amortization expense totaled \$178,000 and \$535,000 for the three and nine month periods of 2000, respectively, compared to \$35,000 and \$105,000 for the same periods of 1999, respectively. The increases in goodwill and other intangibles amortization expense is a result of the acquisition of Tricom in October 1999.

Despite the Company's growth and the related increases in many of the non-interest expense categories, the net overhead ratio for the first nine months of 2000, excluding the non-recurring charge of \$4.5 million, declined to 1.88% as compared to the first nine months of 1999 ratio of 2.03%. The overhead ratio is within management's stated performance goal range of 1.50% - 2.00%.

INCOME TAXES

The Company recorded an income tax benefit of \$199,000 for the three months ended September 30, 2000 versus income tax expense \$1.3 million for the same period of 1999. For the first nine months of 2000, approximately \$3.5 million of income tax expense was recorded versus approximately \$3.3 million in the prior year period. The decrease was due primarily to the non-recurring charge of \$4.5 million, which generated a tax benefit of approximately \$1.8 million.

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, 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.

For the third quarter of 2000, the banking segment's net interest income totaled \$14.9 million, an increase of \$3.4 million, or 29%, as compared to the \$11.6 million recorded in the same quarter of 1999. On a year-to-date basis, the banking segment net interest income totaled \$41.3 million and increased \$8.8 million, or 27%, as compared to the 1999 period. These increases were the direct result of earning asset growth of approximately 23% for the periods, particularly in the loan portfolio, as earlier discussed in the Net Interest Income section. The banking segment's non-interest income totaled \$2.3 million for the third quarter of 2000 and increased \$763,000 or 50%, when compared to the prior year quarter. The increase was due primarily to a \$259,000 increase from fees on mortgage loans sold, a \$231,000 increase in rental income from operating equipment leases and a \$79,000 increase in service charges on a higher level of deposit accounts. Fees on mortgage loans sold increased from the prior year quarter due to a sharp reduction in mortgage origination volumes, particularly refinancing activity, in the third quarter of 1999 as mortgage rates rose. The increase in rental income is the result of a higher level of outstanding leases from the Company's MMF Leasing division. On a year-to-date

basis, non-interest income totaled \$6.0 million and increased \$602,000, or 11%, as compared to the first nine months of 1999. This increase was due primarily to a \$346,000 increase in deposit service charges and a \$733,000 increase in rental income from lease equipment and was partially offset by a \$733,000 decline in fees from the sale of mortgage loans. The banking segment's after-tax profit for the quarter ended September 30, 2000, totaled \$4.2 million, an increase of \$1.5 million, or 56%, as compared to the prior year quarterly total of \$2.7 million. For the first nine months of 2000, after-tax operating profit for the banking segment totaled \$10.5 million and increased \$2.9 million, or 38%, over the same period of 1999. 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 \$3.7 million for the quarter ended September 30, 2000 compared to \$3.1 million for the same quarter of 1999. On a year-to-date basis, the premium finance segment net interest income totaled \$10.0 million compared to \$9.4 million recorded for the first nine months of 1999. The increases in net interest income are a result of higher levels of outstanding receivables offset slightly by a higher funding costs associated with this portfolio in 2000. Non-interest income for the three months ended September 30, 2000 totaled \$640,000 compared to \$377,000 for the same period of 1999. For the first nine months of 2000, non-interest income for the premium finance segment totaled \$2.9 million compared to the \$640,000 recorded in the same period of 1999. The increases are a result of gains from the sale of additional premium finance receivables in 2000, as mentioned earlier in this report. For the three month period ended September 30, 2000 the premium finance segment recorded an after tax loss of \$1.7 million compared to an after tax profit of \$1.2 million for the same period in 1999, a decrease of \$2.9 million. Excluding the \$4.5 million pre-tax non-recurring charge, as mentioned earlier in this report, the after-tax net operating profit for the premium finance segment would have totaled \$1.1 million and \$3.7 million for the three and nine month periods ended September 30, 2000, respectively. Excluding the non-recurring charge, net income for the premium finance segment would have decreased \$143,000 when comparing the third quarter 2000 results to the same period in 1999, and increased \$420,000 when comparing the year to date period ending September 30, 2000 to the same period in 1999.

The indirect auto segment recorded \$1.5 million of net interest income for the third quarter of 2000, a decline of \$598,000, or 29%, as compared to the 1999 quarterly total. On a year-to-date basis, net interest income declined \$842,000, or 14%, to \$5.2 million from the comparable period of 1999. The decline is due to management's efforts to reduce the level of outstanding loans in this portfolio and higher funding costs in 2000 compared to 1999. After-tax segment profit totaled \$293,000 for the three-month period ended September 30, 2000, a decline of \$482,000 when compared to the same period of 1999. For the first nine months of 2000, after-tax operating profits were \$1.3 million in 2000 compared to \$2.2 million in the first nine months of 1999. The decline in this segment's profitability was caused mainly by a higher level of credit losses, lower outstanding loan balances and compressed margins in 2000 versus 1999. See further discussion of credit quality information in the "ASSET QUALITY" section of this report.

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 and nine months ended September 30, 2000, the Tricom segment added \$968,000 and \$2.6 million, respectively, to the Company's net interest income, \$1.2 million and \$3.4 million, respectively, to the Company's non-interest income, and \$510,000 and \$1.2 million, respectively, to the Company's net income. No results are included for the third quarter of 1999 because Tricom was acquired in October 1999 using the purchase method of accounting.

The trust segment recorded non-interest income of \$508,000 for the third quarter of 2000 as compared to \$295,000 for the same quarter of 1999, an increase of \$213,000, or 72%. On a year-to-date basis, non-interest income for the trust segment increased to \$1.5 million from \$770,000 in the prior year period, an increase of \$704,000 or 91%. 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's after-tax loss totaled \$93,000 for the three-month period ended September 30, 2000, as compared to an after-tax loss of \$134,000 for the same period of 1999. For the first nine months of 2000 and 1999, after-tax losses for this segment were \$308,000 and \$546,000, respectively. 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.

FINANCIAL CONDITION

Total assets were \$2.00 billion at September 30, 2000, an increase of \$431 million, or 28%, over the \$1.56 billion a year earlier, and \$317 million, or 19%, 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 \$1.85 billion at September 30, 2000, and increased \$385 million, or 26%, over the prior year, and \$289 million, or 19%, 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):

	September 30, 2000		December 31, 1999		September 30, 1999	
	Balance	Percent	Balance	Percent	Balance	Percent
Loans:						
Commercial and commercial real estate	\$ 592,553	33%	\$ 485,776	32%	\$ 447,365	31%
Premium finance, net	289,050	16	219,341	15	215,948	15
Indirect auto, net	219,026	12	255,410	17	257,030	18
Home equity	171,437	9	139,194	9	126,467	9
Residential real estate	143,819	8	111,026	7	108,220	8
Tricom finance receivables	22,609	1	17,577	1	-	-
Installment and other	48,435	3	49,925	3	47,226	3
Total loans, net of unearned income	1,486,929	82	1,278,249	84	1,202,256	84
Securities and money market investments	335,389	18	236,573	16	227,654	16
Total earning assets	\$ 1,822,318	100%	\$ 1,514,822	100%	\$ 1,429,910	100%

Earning assets as of September 30, 2000, increased \$392 million, or 27%, over the balance a year earlier, and \$307 million, or 20%, 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 \$1.49 billion at September 30, 2000, an increase of \$209 million, or 16%, since December 31, 1999, and an increase of \$285 million, or 24%, since September 30, 1999. Solid loan growth in the core commercial loan, home equity and residential real estate portfolios was 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. Offsetting the increases in all of these loan categories was a decline in the balance of indirect auto loans. Because of the impact of the current economic and competitive environment on interest rates surrounding this portfolio, management has begun to reduce the level of new indirect auto loans originated and is dedicating additional resources to optimize the profitability of this loan segment at slightly reduced levels of outstanding receivables. Total net loans comprised 82% of total earning assets at September 30, 2000 as compared to 84% a year earlier and at the end of 1999.

Commercial and commercial real estate loans, the largest loan category, totaled \$593 million at September 30, 2000, and comprised 33% of total earning assets and 40% of total loans. This category has increased \$145 million, or 32%, since September 30, 1999 and \$107 million, or 22%, since the end of 1999. The strong growth experienced over the past year has resulted mainly from a healthy local economy and the hiring of additional experienced lending officers.

Net premium finance receivables totaled \$289 million at September 30, 2000 and comprised 19% of the total loan portfolio. This portfolio increased \$73 million, or 34%, since September 30, 1999 and \$70 million, or 32%, since the end of 1999. This growth was primarily the result of increased market penetration from new product offerings and 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 third quarter of 2000 the Company sold approximately \$39 million of premium finance receivables to an unrelated third party at a gain of \$640,000. For the first nine months of 2000, approximately \$172 million of premium finance receivables were sold at a gain of \$2.9 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.

Net indirect auto loans comprised 12% of total earning assets and 15% of total loans as of September 30, 2000. This portfolio decreased \$38 million, or 15%, from a year ago, and \$36 million, or 14%, since the end of 1999. The decrease in the balance is the result of a higher interest rate environment experienced during the first nine months of 2000 coupled with a decision by management 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 or slightly below 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.

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 September 30, 2000, outstanding finance receivables totaled \$23 million, an increase of \$5 million, or 29%, from the December 31, 1999 balance.

Home equity loans totaled \$171 million at September 30, 2000 and increased \$45 million, or 36%, since a year earlier and \$32 million, or 23%, as compared to the end of 1999. This category of loans continues to represent approximately 9% of total earning assets and has grown in proportion to the entire growth of the Company. The growth is due mainly to targeted marketing programs over the past year and higher usage of existing lines than in the past. The 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 \$40 million, or 23%, over the \$173 million balance at September 30, 1999 and totaled \$213 million at September 30, 2000.

Residential real estate loans totaled \$144 million as of September 30, 2000 and increased \$36 million, or 33%, over a year ago and \$33 million, or 30%, since December 31, 1999. Mortgage loans held for sale are included in this category and totaled \$14 million as of September 30, 2000, and \$8 million as of December 31, 1999 and September 30, 1999. 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 \$335 million at September 30, 2000, an increase of \$99 million, or 42%, since December 31, 1999 and \$108 million, or 47%, since a year earlier. This category as a percent of total earning assets was 18% at September 30, 2000 versus 16% at December 31, 1999 and September 30, 1999.

The Company maintained no trading account securities at September 30, 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 September 30, 2000 were \$1.73 billion, an increase of \$337 million, or 24%, over the September 30, 1999 total and an increase of \$262 million, or 18%, 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):

	September 30, 2000		December 31, 1999		September 30, 1999	
	Balance	Percent of Total	Balance	Percent of Total	Balance	Percent of Total
Demand	\$ 184,821	11%	\$ 154,034	11%	\$ 125,870	9%
NOW	179,281	10	130,625	9	140,160	10
Money market	286,727	17	252,483	17	248,602	18
Savings	72,815	4	72,718	5	71,710	5
Certificates of deposit	1,002,248	58	853,762	58	802,100	58
Total	\$ 1,725,892	100%	\$ 1,463,622	100%	\$ 1,388,442	100%

The percentage mix of deposits as of September 30, 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 September 30, 2000, the Company's short-term borrowings totaled \$42 million and consisted primarily of short-term repurchase agreements utilized to leverage certain investment transactions within several banks' security portfolios and certain customer repurchase agreements. At September 30, 2000, the Company also had \$33 million outstanding on its \$40 million revolving credit line with an unaffiliated bank. The outstanding balance on this credit line as of September 30, 1999 and December 31, 1999 was \$7 million and \$8 million, respectively. 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, purchases of treasury stock, 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 included \$31.05 million of 9.00% Cumulative Trust Preferred Securities, which were publicly sold in an offering that was completed in October 1998. In June of 2000, the Company issued another \$20.0 million of Trust Preferred Securities bringing the total long-term debt category to \$51.05 million. The June 2000 offering consisted of 800,000 shares of \$25.00 par value securities with a 10.50% interest rate. The sale of the Trust Preferred Securities increased Wintrust's regulatory capital and provided for and will provide for the continued growth of the banking franchise, and for possible future acquisitions of other banks or finance-related companies.

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 10 to the Company's 1999 Consolidated Financial Statements for further information on the first Trust Preferred Securities offering.

SHAREHOLDERS' EQUITY

Total shareholders' equity was \$97 million at September 30, 2000 and increased \$17 million since September 30, 1999 and \$4 million since the end of 1999. These increases were the result of the Company's corporate earnings offset by dividend payments and stock repurchases. In addition, the increase in shareholders' equity from September 30, 1999 to September 30, 2000 reflects \$6 million from the private placement of 352,942 shares of common stock in November 1999 and \$4 million from the issuance of 227,635 shares of common stock in connection with the October 1999 acquisition of Tricom. Net unrealized losses on the Company's available-for-sale security portfolio totaled \$1.3 million at September 30, 2000 and remained consistent with the September 30, 1999 balance and declined \$922,000 from the \$2.3 million unrealized loss position at December 31, 1999.

On January 27, 2000, Wintrust declared its first semi-annual cash dividend of \$0.05 per common share. The dividends were paid on February 24, 2000. During the third quarter of 2000, the Company declared a second semi-annual cash dividend of \$0.05 per common share payable on August 24, 2000. Additionally, during the first quarter of 2000, the Company initiated a stock buyback program authorizing the repurchase of up to 300,000 shares of its common stock. Through September 30, 2000, the Company repurchased a total of 242,300 shares at an average price of \$15.94 per share.

The annualized return on average equity for the quarter ended September 30, 2000, excluding the \$4.5 million non-recurring charge, increased to 14.74% as compared to 12.46% for the prior year period. The following table reflects various consolidated measures of capital at September 30, 2000, December 31, 1999 and September 30, 1999:

	September 30, 2000	December 31, 1999	September 30, 1999
Leverage ratio	6.3%	7.1%	7.0%
Ending tier 1 capital to risk-based asset ratio	6.9%	7.8%	7.8%
Ending total capital to risk-based asset ratio	8.5%	8.4%	8.6%
Dividend payout ratio	9.1%	0.0%	0.0%

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 September 30, 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 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 and nine months ended September 30, 2000 and 1999 is shown as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Balance at beginning of period	\$ 9,792	\$ 7,677	\$8,783	\$7,034
Provision for possible loan losses	1,307	990	3,671	2,707
Charge-offs				

Core banking loans	312	190	758	593
Indirect automobile loans	348	156	979	795
Tricom finance receivables	--	--	73	--
Premium finance receivables	288	193	647	383
	-----	-----	-----	-----
Total charge-offs	948	539	2,457	1,771
	-----	-----	-----	-----
Recoveries				

Core banking loans	10	9	21	19
Indirect automobile loans	47	33	120	61
Tricom finance receivables	--	--	--	--
Premium finance receivables	23	30	93	150
	-----	-----	-----	-----
Total recoveries	80	72	234	230
	-----	-----	-----	-----
Net charge-offs	(868)	(467)	(2,223)	(1,541)
	-----	-----	-----	-----
Balance at September 30	\$ 10,231	\$ 8,200	\$10,231	\$8,200
	=====	=====	=====	=====
Loans at September 30			\$1,486,929	\$1,202,256
			=====	=====
Allowance as a percentage of loans			0.69%	0.68%
Annualized net charge-offs as a percentage of average:				
Core banking loans			0.12%	0.12%
Indirect automobile loans			0.48%	0.42%
Tricom finance receivables			0.48%	--
Premium finance receivables			0.28%	0.15%
Total loans			0.22%	0.19%
Annualized provision for possible loan losses			60.55%	56.93%
			=====	=====

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.

The provision for possible loan losses totaled \$1.3 million for the third quarter of 2000, an increase of \$317,000 from a year earlier. For the first nine months of 2000, the provision totaled \$3.7 million and increased \$964,000, or 36%, over the same period of 1999. The higher provision levels were necessary due to a 24% increase in loan balances compared to September 30, 1999 and a slightly higher level of net charge-offs to average loans during the period. For the nine months ended September 30, 2000, net charge-offs totaled \$2.2 million and increased from the \$1.5 million 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 0.22% for the first nine months of 2000, from 0.19% for the same period in 1999.

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).

	September 30, 2000 ----	December 31, 1999 ----	September 30, 1999 ----
Past Due greater than 90 days And still accruing:			
Core banking loans	\$ 539	\$ 713	\$ 997
Indirect automobile loans	323	391	354
Premium finance receivables	2,107	1,523	1,337
Total	2,969	2,627	2,688
Non-accrual loans:			
Core banking loans	600	1,895	1,139
Indirect automobile loans	271	298	369
Premium finance receivables	3,232	2,145	1,726
Total non-accrual loans	4,103	4,338	3,234
Total non-performing loans:			
Core banking loans	1,139	2,608	2,136
Indirect automobile loans	594	689	723
Premium finance receivables	5,339	3,668	3,063
Total non-performing loans	7,072	6,965	5,922
Other real estate owned	-	-	-
Total non-performing assets	\$ 7,072	\$ 6,965	\$ 5,922
Total non-performing loans by category as a percent of its own respective category:			
Core banking loans	0.12%	0.32%	0.29%
Indirect automobile loans	0.27%	0.27%	0.28%
Premium finance receivables	1.85%	1.67%	1.42%
Total non-performing loans	0.48%	0.54%	0.49%
Total non-performing assets as a percentage of total assets	0.35%	0.41%	0.38%
Allowance for possible loan losses as a percentage of non-performing loans	144.67%	126.10%	138.47%

Non-performing Core Banking Loans

Total non-performing loans for the Company's core banking business were \$1.1 million, or 0.12%, of the Company's core banking loans as of September 30, 2000, and were down from the ratios of 0.32% as of December 31, 1999 and 0.29% as of September 30, 1999. Total non-performing core banking loans declined

\$1.5 million from the December 31, 1999 balances. Non-performing core banking loans consist primarily of a small number of commercial and real estate loans, of 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 September 30, 2000 and 1999, and the amount of net charge-offs for the nine months then ended.

	9/30/00	9/30/99
	-----	-----
Non-performing premium finance receivables	\$5,339	\$3,063
- as a percent of premium finance receivables	1.85%	1.42%
Net charge-offs of premium finance receivables	\$554	\$233
- annualized, as a percent of average premium finance receivables	0.28%	0.15%

The level of non-performing premium finance receivables has gradually been increasing over the course of the last year. The increase is related to a higher number of small balance loans that have become delinquent. Collection of smaller balance loans places additional strain on the collection staff as the same general collection efforts are required to collect smaller balance loans as is required for average size loans. Management is currently revising its underwriting procedures as it relates to the origination of smaller balance loans and has begun to substantially reduce the amount of smaller balance loans originated.

It is important to note that the ratio of net charge-offs is substantially less than the ratio of non-performing assets. Management has a goal of maintaining credit losses for this portfolio at a level below 35 basis points of average premium finance loans outstanding. The recent growth in the portfolio has contributed to the increase in delinquent accounts and management has implemented additional collection procedures and invested in additional collection staff and is diligently working to reduce the level of delinquent accounts. It should be noted that an increase in delinquent accounts also results in additional late charge income from the borrowers that helps to offset the impact of the higher level of net charge-offs.

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 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 Automobile Loans

Total non-performing indirect automobile loans were \$594,000 at September 30, 2000, compared to \$689,000 at December 31, 1999 and \$723,000 at September 30, 1999. The ratio of these non-performing loans to total indirect automobile loans was 0.27% at September 30, 2000 and December 31, 1999 and 0.28% September 30, 1999. As noted in the Allowance for Possible Loan Losses table, net charge-offs as a percent of total indirect automobile loans increased from 0.42% in the first nine months of 1999 to 0.48% in the first nine months of 2000. Despite the increase in the level of net charge-offs, these ratios continue to be below standard industry ratios for this type of loan category. However, based on the impact of the current economic and competitive environment surrounding this portfolio, management has begun to reduce the level of new loans originated and is dedicating additional resources to reduce the level of delinquencies.

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 September 30, 2000 and December 31, 1999 was approximately \$17.1 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.

EFFECTS OF NEW ACCOUNTING PRINCIPLE

In June 1999, the Financial Accounting Standards Board "FASB" issued Statement of Financial Accounting Standards "SFAS" No. 137 to effectively defer the implementation date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" for one year. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - An Amendment of FASB Statement No. 133." SFAS No. 138 does not amend any of the fundamental precepts of SFAS No. 133. SFAS No. 133 was issued in June 1998 and establishes, for the first time, comprehensive accounting and reporting standards for derivative instruments and hedging activities. Previous accounting standards and methodologies did not adequately address the many derivative and hedging activities in the current financial marketplace and, as such, the Securities and Exchange Commission, and other organizations, urged the FASB to deal expeditiously with the related accounting and reporting problems. The accounting and reporting principles prescribed by this standard are complex and will significantly change the way entities account for these activities. These new rules require that all derivative instruments be recorded in the statement of condition at fair value. The recording of the gain or loss could either be reported in earnings or as other comprehensive income in the statements of shareholders' equity, depending on the type of instrument and whether or not it is designated and effective as a hedge. These new rules are effective for the Company as of January 1, 2001. The adoption of these new statements is currently not expected to have a material effect on the Company's future financial condition, results of operations, or liquidity.

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 The Company's ability to recover on the loss resulting from the fraudulent loan scheme perpetrated against the Company's premium finance subsidiary.
- 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 September 30, 2000, the Company had \$375 million notional principal amount of interest rate cap contracts that mature in October 2000 (\$60 million), January 2001 (\$60 million), February 2001 (\$55 million), April 2001 (\$60 million), July 2001 (\$20 million), September 2001 (\$30 million), October 2001 (\$30 million), November 2001 (\$30 million) and December 2001 (\$30 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 primarily 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 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 September 30, 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.....	\$657,624	\$339,580	\$434,838	\$54,896	\$ 1,486,929
Securities.....	164,369	13,022	93,483	47,711	318,585
Interest-bearing bank deposits.....	180	-	-	-	180
Federal funds sold.....	16,624	-	-	-	16,624
Other.....	-	-	-	173,988	173,988
	-----	-----	-----	-----	-----
Total rate sensitive assets (RSA)	838,797	352,602	528,321	276,586	1,996,306
	=====	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY:					
NOW.....	179,281	-	-	-	179,281
Savings and money market.....	359,542	-	-	-	359,542
Time deposits.....	419,868	403,413	177,137	1,830	1,002,248
Short term borrowings.....	41,848	62	-	-	41,910
Notes payable.....	33,250	-	-	-	33,250
Demand deposits & other					
liabilities.....	-	-	-	231,655	231,655
Trust preferred securities.....	-	-	-	51,050	51,050
Shareholders' equity.....	-	-	-	97,370	97,370
	-----	-----	-----	-----	-----
Total rate sensitive liabilities					
and equity (RSL).....	1,033,789	403,475	177,137	381,905	1,996,306
	=====	=====	=====	=====	=====
Cumulative gap, excluding interest					
rate caps (GAP = RSA - RSL) (1)	\$(194,992)	\$ (245,865)	\$105,319	\$ -	
	=====	=====	=====	=====	
Cumulative RSA/RSL (1).....	0.81	0.87	2.98		
RSA/Total assets.....	0.42	0.18	0.26		
RSL/Total assets (1).....	0.52	0.20	0.09		
GAP/Total assets (1).....	(10)%	(12)%	5%		
GAP/Cumulative RSA (1).....	(23)%	(21)%	5%		

(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 September 30, 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 September 30, 2000 and 1999, is as follows:

As of September 30, 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....	(1.2)%	2.6%
	=====	=====
As of September 30, 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....	1.4%	0.7%
	=====	=====

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 September 7, 2000 was filed during the quarter and announced that the Company expected to incur a one-time after tax charge of \$2.7 million related to the discovery of a series of fraudulent loan transactions perpetrated against its premium finance subsidiary.

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: November 14, 2000

/s/ Edward J. Wehmer

President & Chief Executive Officer

Date: November 14, 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 nine months ended September 30, 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	9 MOS	9 MOS
FISCAL YEAR END	DEC 31 2000	DEC 31 1999
PERIOD START	JAN 01 2000	JAN 01 1999
PERIOD END	SEP 30 2000	SEP 30 1999
CASH	52,097	38,391
INT BEARING DEPOSITS	180	3,746
FED FUNDS SOLD	16,624	59,161
TRADING ASSETS	0	0
INVESTMENTS HELD FOR SALE	318,585	164,747
INVESTMENTS CARRYING	0	0
INVESTMENTS MARKET	0	0
LOANS	1,486,929	1,202,256
ALLOWANCE	10,231	8,200
TOTAL ASSETS	1,996,306	1,564,879
DEPOSITS	1,725,892	1,388,442
SHORT TERM	75,160	47,375
LIABILITIES OTHER	46,834	17,158
LONG TERM	51,050	31,050
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	8,850	8,174
OTHER SE	88,520	72,680
TOTAL LIABILITIES AND EQUITY	1,996,306	1,564,879
INTEREST LOAN	93,962	69,993
INTEREST INVEST	12,329	8,483
INTEREST OTHER	0	0
INTEREST TOTAL	106,291	78,476
INTEREST DEPOSIT	55,847	40,167
INTEREST EXPENSE	61,934	43,840
INTEREST INCOME NET	44,357	34,636
LOAN LOSSES	3,671	2,707
SECURITIES GAINS	(94)	15
EXPENSE OTHER	43,124	28,494
INCOME PRETAX	10,837	9,878
INCOME PRE EXTRAORDINARY	7,340	6,621
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	7,340	6,621
EPS BASIC	0.84	0.81
EPS DILUTED	0.82	0.78
YIELD ACTUAL	3.67	3.53
LOANS NON	4,103	3,234
LOANS PAST	2,969	2,688
LOANS TROUBLED	0	0
LOANS PROBLEM	17,133	11,257
ALLOWANCE OPEN	8,783	7,034
CHARGE OFFS	(2,457)	(1,771)
RECOVERIES	234	230
ALLOWANCE CLOSE	10,231	8,200
ALLOWANCE DOMESTIC	6,363	7,334
ALLOWANCE FOREIGN	0	0
ALLOWANCE UNALLOCATED	3,868	866

