

WINTRUST FINANCIAL CORP

FORM 10-K (Annual Report)

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Industry	Regional Banks
Sector	Financial
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2001

WINTRUST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

0-21923

Commission File Number

ILLINOIS

(State of incorporation or organization)

36-3873352

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

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

(847) 615-4096

(Registrant's telephone number, including area code)

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$296,155,137 of March 22, 2002. As of March 22, 2002, the registrant had 15,711,641 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Shareholders for the year ended December 31, 2001, which is included as Exhibit 13.1 to this Form 10-K, are incorporated by reference into Parts I and II hereof and portions of the Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 23, 2002 are incorporated by reference into Part III.

* INCLUDING PREFERRED SHARE PURCHASE RIGHTS RELATED THERETO

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PART I

ITEM 1. BUSINESS

Wintrust Financial Corporation, an Illinois corporation (the "Company"), is a bank holding company based in Lake Forest, Illinois, with total assets of approximately \$2.7 billion at December 31, 2001. The Company engages in the business of providing traditional community banking services, trust and asset management services, commercial insurance premium financing, short-term accounts receivable financing, and certain administrative services, such as data processing of payrolls, billing and cash management services.

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

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

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

Additional information regarding the Company's business and strategies is included in the "Management's Discussion and Analysis" section of the 2001 Annual Report to Shareholders, which is filed as Exhibit 13.1 to this Form 10-K and Item 8 under "Supplemental Statistical Data". Such information is incorporated herein by reference and constitutes a part of this report.

BANKING

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

Each of the Banks was founded as a de novo banking organization within the last eleven years. The organizational efforts began in 1991, when a group of experienced bankers and local business people identified an unfilled niche in the Chicago metropolitan area retail banking market. As large banks acquired smaller ones and personal service was subjected to consolidation strategies, the opportunity increased in affluent suburbs for locally owned and operated, highly personal service-oriented banks. As a result, Lake Forest Bank was founded in December 1991 to service the Lake Forest and Lake Bluff communities. In 1994, Lake Forest Bank opened a branch office in Lake Bluff. In early 2000 Lake Forest Bank opened a branch in Highwood to serve the Highwood-Fort Sheridan communities. In 1993, Hinsdale Bank was opened to service the communities of Hinsdale and Burr Ridge. Hinsdale Bank established branch facilities in Clarendon Hills and Western Springs in 1996 and 1997, respectively. In 1994, North Shore Bank was started in order to service Wilmette and Kenilworth. North Shore Bank opened branch facilities in Glencoe during 1995 and 1998, in Winnetka during 1996 to service Winnetka and Northfield, and in Skokie during 1999. In 1995, Libertyville Bank was opened to service Libertyville, Vernon Hills and Mundelein. Libertyville Bank opened a branch facility in south Libertyville during 1998 to service south Libertyville and Vernon Hills and in Wauconda during 2000. In December 1996, Barrington Bank was opened to service the greater Barrington/Inverness areas, and in September 2001, Barrington Bank established a branch facility in Hoffman Estates. In December 1997, Crystal Lake Bank was opened to serve the Crystal Lake/Cary communities, and in 1999 Crystal Lake Bank opened two new branch facilities in Crystal Lake. In February 2001, Crystal Lake Bank opened a branch facility in McHenry. In November 2000, Northbrook Bank opened for business in a temporary facility to serve the Northbrook, Glenview and Deerfield communities, and in December 2001, Northbrook Bank moved into its newly constructed permanent facility. All Banks are insured by the Federal Deposit Insurance Company ("FDIC") and are subject to regulation, supervision and regular examination by the Illinois Office of Banks and Real Estate, the Federal Reserve Bank and/or the Office of the Comptroller of Currency ("OCC").

PREMIUM FINANCE

FIFC commenced operations nine years ago and is headquartered in Northbrook, Illinois. Based on limited industry data available in certain state regulatory filings and FIFC management's experience in and knowledge of the premium finance industry, management estimates that, ranked by origination volumes, FIFC is one of the top five premium finance companies operating in the United

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

TRUST AND ASSET MANAGEMENT ACTIVITIES

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

To expand the Company's asset management business and to enter into the brokerage business, on February 20, 2002, the Company acquired Wayne Hummer Investments, LLC, a registered broker-dealer, Wayne Hummer Management Company, a registered investment adviser, and Focused Investments LLC, a broker-dealer and wholly-owned subsidiary of Wayne Hummer Investments (collectively referred to as "the Wayne Hummer Companies"), each based in Chicago. Wayne Hummer Investments is a broker-dealer providing a full range of private client and brokerage services to clients located primarily in the Midwest. Focused Investments is a broker-dealer that provides a full range of investment solutions to clients through a network of community-based financial institutions throughout the Midwest. Wayne Hummer Management Company provides money management services and advisory services to individual accounts as well as the Wayne Hummer Companies' four proprietary mutual funds.

TRICOM

Tricom was acquired by Hinsdale Bank in October 1999 as part of the Company's strategy to pursue specialized earning asset niches. It is located in Milwaukee, Wisconsin and has been in business over ten years. It specializes in providing short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. Tricom currently finances and processes payrolls with associated client billings of approximately \$248 million. In 2001, it generated approximately \$8.0 million of net revenues for the Company. As a wholly-owned subsidiary of Hinsdale Bank, Tricom has the capital and funding necessary to expand its financing services in a national market. In addition to expanding the Company's earning asset niches, Tricom provides fee-based income to augment the Company's community-based banking revenues.

COMPETITION

The Company competes in the commercial banking industry through the Banks in the communities each serves. The commercial banking industry is highly competitive, and the Banks face strong direct competition for deposits, loans, and other financial-related services. The Banks compete directly in Cook, DuPage, Lake and McHenry counties with other commercial banks, thrifts, credit unions, stockbrokers, and the finance divisions of automobile companies. Some of these competitors are local, while others are statewide or nationwide. The Banks have developed a community banking and marketing strategy. In keeping with this strategy, the Banks provide highly personalized and responsive service, a characteristic of locally-owned and managed institutions. As such, the Banks compete for deposits principally by offering depositors a variety of deposit programs, convenient office locations, hours and other services, and for loan originations primarily through the interest rates and loan fees they charge, the efficiency and quality of services they provide to borrowers and the variety of their loan products. Some of the financial institutions and financial services organizations with which the Banks compete are not subject to the same degree of regulation as imposed on bank holding companies, Illinois banking corporations and national banking associations. In addition, the larger banking organizations have significantly greater resources than are available to the Banks. As a result, such competitors have advantages over the Banks in providing certain non-deposit services.

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

WAMC's primary competition is with more established trust companies of other larger bank holding companies. WAMC is also in competition with other trust companies, brokerage and other financial service companies, stockbrokers and financial advisors. As a start-up company, it may be difficult to successfully attract new customers away from the more established Chicago area trust companies. However, the Company believes it can successfully compete for trust business by offering personalized attention and customer service to small to mid-size businesses and affluent individuals. The hiring of several experienced trust professionals from the more established Chicago area trust companies is also expected to help in attracting new customer relationships. The Company will expand its trust and asset management services in 2002, including the introduction of brokerage services, as a result of its acquisition of the Wayne Hummer Companies in February 2002. There can be no assurances, however, that WAMC will be successful in establishing itself as a preferred alternative to the larger trust companies, and that the Company will be successful in the integration of the Wayne Hummer Companies into the Wintrust organization.

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

EMPLOYEES

At December 31, 2001, the Company and its subsidiaries employed a total of 566 full-time-equivalent employees. The Company provides its employees with comprehensive medical and dental benefit plans, life insurance plans, 401(k) plans and an employee stock purchase plan. The Company considers its relationship with its employees to be good.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements may be deemed to include, among other things, statements relating to the Company's projected growth, anticipated improvements in earnings, earnings per share and other financial performance measures, and management's long-term performance goals, as well as statements relating to the anticipated effects on financial results of condition from expected developments or events, the Company's business and growth strategies, including anticipated internal growth, plans to form additional de novo banks and to open new branch offices, and to pursue additional potential development or acquisition of banks or specialty finance businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- o The level of reported net income, return on average assets and return on average equity for the Company will in the near term continue to be impacted by start-up costs associated with de novo bank formations, branch openings, and expanded trust and asset management services. 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 asset management services through the Company's newer trust subsidiary, WAMC, is expected to be in a start-up phase for the next few years, before becoming profitable.
- o The Company's success to date has been and will continue to be strongly influenced by its ability to attract and retain senior management experienced in banking and financial services.
- o Although management believes the allowance for possible loan losses is adequate to absorb losses inherent in the existing portfolio of loans and leases, there can be no assurance that the allowance will prove sufficient to cover actual future loan or lease losses.

- o If market interest rates should move contrary to the Company's gap position on interest earning assets and interest bearing liabilities, the "gap" will work against the Company and its net interest income may be negatively affected.
- o The financial services business is highly competitive which may affect the pricing of the Company's loan and deposit products as well as its services.
- o The Company's ability to adapt successfully to technological changes to compete effectively in the marketplace.
- o Unforeseen future events that may cause slower than anticipated development and growth of the Tricom business and/or changes in the temporary staffing industry.
- o Changes in the economic environment, competition, or other factors, may influence the anticipated growth rate of loans and deposits, the quality of the loan portfolio and loan and deposit pricing and may affect the Company's ability to successfully pursue acquisition and expansion strategies.
- o The Company's ability to recover on the loss resulting from the fraudulent loan scheme perpetrated against the Company's premium finance subsidiary in the third quarter of 2000.
- o Unforeseen future events surrounding the brokerage and asset management business, including competition and related pricing of brokerage and asset management products and difficulties integrating the acquisition of the Wayne Hummer Companies.

SUPERVISION AND REGULATION

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

BANK HOLDING COMPANY REGULATION

In connection with its acquisition of the Wayne Hummer Companies, in early 2002 the Company became a "financial holding company" as provided in the Gramm-Leach-Bliley Act (the "GLB Act"). The GLB Act, enacted in November 1999, established a comprehensive framework to

permit affiliations among commercial banks, insurance companies and securities firms. Under the GLB Act, bank holding companies approved as financial holding companies may engage in an expanded range of activities, including the businesses conducted by the Wayne Hummer Companies. Banking subsidiaries of financial holding companies are required to be "well-capitalized" and "well-managed" as defined in the applicable regulatory standards. If these conditions are not maintained, and the financial holding company fails to correct any deficiency within 180 days, the Federal Reserve may require the company to either divest control of its banking subsidiaries or, at the election of the company, cease to engage in any activities not permissible for a bank holding company.

The Company continues to be subject to supervision and regulation by the Federal Reserve under the Bank Holding Company Act (the Bank Holding Company Act, as amended by the GLB Act, and the regulations issued thereunder, are collectively the "BHC Act"). The Company is required to file with the Federal Reserve periodic reports and such additional information as the Federal Reserve may require pursuant to the BHC Act. The Federal Reserve examines the Company and may examine the Banks and the Company's other subsidiaries.

The BHC Act requires prior Federal Reserve approval for, among other things, the acquisition by a bank holding company of direct or indirect ownership or control of more than 5% of the voting shares or substantially all the assets of any bank, or for a merger or consolidation of a bank holding company with another bank holding company. With certain exceptions, the BHC Act prohibits a financial holding company from acquiring direct or indirect ownership or control of voting shares of any company which is not a business that is financial in nature or incidental thereto, and from engaging directly or indirectly in any activity that is not financial in nature or incidental thereto. Under the BHC Act and Federal Reserve regulations, the Company and the Banks are prohibited from engaging in certain tie-in arrangements in connection with an extension of credit, lease, sale of property, or furnishing of services. That means that, except with respect to traditional banking products, the Banks may not condition a customer's purchase of services on the purchase of other services from any of the Banks or other subsidiaries of the Company.

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

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

The Federal Reserve has risk-based capital requirements for assessing bank holding company capital adequacy. These standards define regulatory capital and establish minimum capital ratios in relation to assets, both on an aggregate basis and as adjusted for credit risks and off-balance sheet exposures. Under the Federal Reserve's risk-based guidelines, capital is classified into two categories. For bank holding companies, Tier 1 capital, or "core" capital, consists of common stockholders' equity, qualifying noncumulative perpetual preferred stock (including related

surplus), qualifying cumulative perpetual preferred stock (including related surplus) (subject to certain limitations) and minority interests in the common equity accounts of consolidated subsidiaries, and is reduced by goodwill and specified intangible assets ("Tier 1 Capital"). Tier 2 capital, or "supplementary" capital, consists of the following items, all of which are subject to certain conditions and limitations: the allowance for loan and lease losses; perpetual preferred stock and related surplus; hybrid capital instruments; unrealized holding gains on marketable equity securities; perpetual debt and mandatory convertible debt securities; term subordinated debt and intermediate-term preferred stock.

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

In its capital adequacy guidelines, the Federal Reserve emphasizes that the foregoing standards are supervisory minimums and that banking organizations generally are expected to operate well above the minimum ratios. These guidelines also provide that banking organizations experiencing growth, whether internally or by making acquisitions, are expected to maintain strong capital positions substantially above the minimum levels. As a Financial Holding Company, the Company's depository institutions are required to maintain their capital positions at the "well-capitalized" level.

As of December 31, 2001, the Company's total capital to risk-weighted assets ratio was 8.5%, its Tier I Capital to risk-weighted asset ratio was 7.7% and its leverage ratio was 7.1%.

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

Federal Reserve policy provides that a bank holding company should not pay dividends unless (i) the bank holding company's net income over the prior year is sufficient to fully fund the dividends and (ii) the prospective rate of earnings retention appears consistent with the capital needs, asset quality and overall financial condition of the bank holding company and its subsidiaries.

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

BANK REGULATION

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

The deposits of the Banks are insured by the Bank Insurance Fund under the provisions of the Federal Deposit Insurance Act (the "FDIA"), and the Banks are, therefore, also subject to supervision and examination by the FDIC. FDIA requires that the appropriate federal regulatory authority (the Federal Reserve Bank in the case of Lake Forest Bank, North Shore Bank, Hinsdale Bank, Libertyville Bank and Northbrook Bank, or the OCC, in the case of Barrington Bank and Crystal Lake Bank) approve any merger and/or consolidation by or with an insured bank, as well as the establishment or relocation of any bank or branch office. The FDIA also gives the Federal Reserve, the OCC and the other federal bank regulatory agencies power to issue cease and desist orders against either banks, holding companies or persons regarded as "institution affiliated parties." A cease and desist order can either prohibit such entities from engaging in certain unsafe and unsound bank activity or can require them to take certain affirmative action. The FDIC also supervises compliance with the provisions of federal law and regulations which place restrictions on loans by FDIC-insured banks to their directors, executive officers and other controlling persons.

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

FINANCIAL INSTITUTION REGULATION GENERALLY

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

Capital Requirements. Capital requirements for the Banks generally parallel the capital requirements previously noted for bank holding companies. Each of the Banks is subject to applicable capital requirements on a separate company basis. The federal banking regulators must

take prompt corrective action with respect to FDIC-insured depository institutions that do not meet minimum capital requirements. There are five capital tiers: "well-capitalized", "adequately-capitalized", "undercapitalized", "significantly undercapitalized" and "critically undercapitalized". As of December 31, 2001, each of the Company's Banks was categorized as "well-capitalized." Because the Company is designated as a financial holding company, each of the Banks is required to maintain capital ratios at or above the "well-capitalized" levels.

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

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

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

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

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

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

examiners will be incorporated into the banks' overall risk management rating and used to determine the effectiveness of management.

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

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

During 2001, the Banks were assessed deposit insurance, including the FICO assessment, in the aggregate amount of \$432,000.

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

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

Federal Reserve) are exempted from the reserve requirements. The Banks are in compliance with the foregoing requirements.

Community Reinvestment. Under the Community Reinvestment Act ("CRA"), a financial institution has a continuing and affirmative obligation, consistent with the safe and sound operation of such institution, to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. However, institutions are rated on their performance in meeting the needs of their communities. Performance is judged in three areas: (a) a lending test, to evaluate the institution's record of making loans in its assessment areas; (b) an investment test, to evaluate the institution's record of investing in community development projects, affordable housing and programs benefiting low or moderate income individuals and business; and (c) a service test, to evaluate the institution's delivery of services through its branches, ATMs and other offices. The CRA requires each federal banking agency, in connection with its examination of a financial institution, to assess and assign one of four ratings to the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications by the institution, including applications for charters, branches and other deposit facilities, relocations, mergers, consolidations, acquisitions of assets or assumptions of liabilities, and savings and loan holding company acquisitions. The CRA also requires that all institutions make public disclosure of their CRA ratings. Each of the Banks, other than Northbrook Bank, received a "satisfactory" rating from either the Federal Reserve or OCC on their most recent CRA performance evaluations. Northbrook Bank, which opened in November 2000, has not had a CRA examination as of yet. Because the Company is a financial holding company, failure of any of the Banks to maintain "satisfactory" CRA ratings could restrict further expansion of the Company's or the Banks' activities.

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

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

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

acquire additional branches at any location in the state where any bank involved in the interstate merger could have established or acquired branches under applicable federal and state law.

BROKER-DEALER AND INVESTMENT ADVISER REGULATION

The broker-dealers and investment advisers are subject to extensive regulation under federal and state securities laws. These firms are required to be registered with the Securities and Exchange Commission, although much of their regulation and examination has been delegated to self-regulatory organizations ("SROs") that the SEC oversees, including the National Association of Securities Dealers and the national securities exchanges. In addition to SEC rules and regulations, the SROs adopt rules, subject to approval of the SEC, that govern all aspects of business in the securities industry and conduct periodic examinations of member firms. These businesses are also subject to regulation by state securities commissions in states where they conduct business.

As a result of federal and state registrations and SRO memberships, the Wayne Hummer Companies are subject to over-lapping schemes of regulation which cover all aspects of their securities businesses. Such regulations cover, among other things, matters including minimum net capital requirements; uses and safekeeping of clients' funds; recordkeeping and reporting requirements; supervisory and organizational procedures intended to assure compliance with securities laws and to prevent improper trading on material nonpublic information; employee-related matters, including qualification and licensing of supervisory and sales personnel; limitations on extensions of credit in securities transactions; clearance and settlement procedures; "suitability" determinations as to certain customer transactions, limitations on the amounts and types of fees and commissions that may be charged to customers, and the timing of proprietary trading in relation to customers' trades; affiliate transactions; and mutual fund management. The principal purpose of regulation and discipline of investment firms is the protection of customers and the securities markets rather than the protection of creditors and stockholders of investment firms.

MONETARY POLICY AND ECONOMIC CONDITIONS

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

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

SUPPLEMENTAL STATISTICAL DATA

Pages 3, 52 and 53 of the 2001 Annual Report to Shareholders and Item 8 of this Form 10-K contain supplemental statistical data as required by The Exchange Act Industry Guide 3 which is part of Regulation S-K as promulgated by the SEC. This data should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto, and Management's Discussion and Analysis which are contained in its 2001 Annual Report to Shareholders filed herewith as Exhibit 13.1 and incorporated herein by reference.

ITEM 2. PROPERTIES

The Company's executive offices are located in the main bank facility of Lake Forest Bank. During 2001, the Company leased additional office space for its corporate staff directly across the street from Lake Forest Bank's main facility and purchased a two-story office building located at 851 N. Villa Avenue, in Villa Park, Illinois, to house the data processing facilities and internet banking operations of the Banks as well as the Company's technology staff.

Lake Forest Bank operates from six physical banking locations. Lake Forest Bank's main bank facility is located at 727 N. Bank Lane, Lake Forest, Illinois, and is a three story, 37,000 square foot brick building that includes a 15,200 square foot addition that was completed in May 1999. The Company's executive offices and staff of the holding company, Lake Forest Bank and WAMC are located on the second and third floors of the addition with first floor retail space leased to unrelated third parties. Lake Forest Bank constructed a drive-in, walk-up banking facility on land leased from the City of Lake Forest on the corner of Bank Lane and Wisconsin Avenue in Lake Forest, approximately one block north of the main banking facility. Lake Forest Bank also leases a 1,200 square foot full service banking facility at 103 East Scranton Avenue in Lake Bluff, Illinois; a 4,500 square foot full service banking facility on the west side of Lake Forest, Illinois at 810 South Waukegan Road; and a drive-in and walk-up banking facility at 911 S. Telegraph Road in the West Lake Forest Train Station. In 2000, Lake Forest Bank constructed a new branch facility in Highwood, Illinois that includes a drive-through facility. During 2001, Lake Forest Bank closed a small office facility at a retirement community known as Lake Forest Place. ATMs are located at each of Lake Forest Bank's locations except the 810 South Waukegan Road facility. Lake Forest Bank has no off-site ATMs.

At December 31, 2001, Hinsdale Bank operated four physical banking locations, all of which are owned. The main bank facility is a two story brick building located at 25 East First Street in downtown Hinsdale, Illinois. The 1,000 square foot drive-in, walk-up banking facility at 130 West Chestnut is approximately two blocks west of the main banking facility. Hinsdale Bank also has full service branches in Clarendon Hills and Western Springs. The buildings in Clarendon Hills and Western Springs are partially used for bank purposes, with the remainder being leased to unrelated parties. Hinsdale Bank maintains one ATM machine at each location, with the exception of Clarendon Hills, which has two. In addition, Hinsdale has a separate, stand-alone, ATM drive-through facility in Clarendon Hills. Other than this stand-alone ATM drive-through facility in Clarendon Hills, Hinsdale Bank has no off-site ATMs. During 2001, Hinsdale Bank purchased property at 17 E. Burlington, in Riverside, Illinois, and in January 2002, opened its fifth banking office at this location.

North Shore Bank currently operates seven physical banking locations. North Shore Bank owns the main bank facility, a one-story brick building that is located at 1145 Wilmette Avenue in downtown Wilmette, Illinois. North Shore Bank also owns a 9,600 square foot drive-in, walk-up banking facility at 720 12th Street, approximately one block west of the main banking facility. North Shore Bank also leases a full service banking facility at 362 Park Avenue in Glencoe, Illinois. In 1998, North Shore Bank opened a drive-up and ATM for the Glencoe branch and a small facility at 4th Street and Linden in Wilmette. In 1999, a full service leased facility was opened at 5049 Oakton Street in Skokie, Illinois, and in 2001, North Shore Bank purchased the

Skokie building. In 2001, North Shore Bank relocated its Winnetka branch to a one-story fully- renovated owned-facility located at 576 Lincoln Avenue in Winnetka. North Shore Bank maintains ATMs at each of its locations, and has one off-site ATMs located in Glencoe.

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

Barrington Bank currently has two physical banking locations, both of which are owned. Its main office is located at 201 South Hough Street in Barrington, Illinois and is a 12,700 square foot, two-story frame construction building that has an attached drive-through facility. In 2001, Barrington Bank constructed a one-story building with a basement and attached drive-through lanes, at 1375 Palatine Road, in Hoffman Estates, Illinois, for its new Hoffman Estates branch. Barrington Bank has three ATMs, but no offsite ATMs.

Crystal Lake Bank has four physical banking locations. Crystal Lake Bank's main banking office is a two-story, 12,000 square foot facility located at 70 Williams Street in downtown Crystal Lake, Illinois. Crystal Lake Bank also has a drive-up facility that is located in the downtown area, near the main bank facility and a full service owned facility located at 1000 McHenry Avenue in south Crystal Lake. In early 2001, Crystal Lake Bank opened a branch office in a leased facility located at 3322 West Elm Street in McHenry, Illinois. Crystal Lake Bank maintains an ATM at each location.

In November 2000, Northbrook Bank opened for business in a temporary leased facility located at 1340 Shermer Road in Northbrook, Illinois. In December 2001, Northbrook Bank moved into its newly constructed permanent facility, located at the corner of Shermer and Waukegan Roads, in Northbrook, Illinois. Northbrook Bank has two ATMs located at its banking office, including one drive-through ATM, and no off-site ATMs.

FIFC's offices are located at 450 Skokie Boulevard, Suite 1000, Northbrook, Illinois. The building provides approximately 16,000 square feet of office space, which is used solely by FIFC.

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

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

The Wayne Hummer Companies lease office space in downtown Chicago, Illinois at 300 South Wacker Drive and in Appleton, Wisconsin at 200 E. Washington Street.

See Note 7 to the Consolidated Financial Statements contained in the 2001 Annual Report to Shareholders filed herewith as Exhibit 13.1 and incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

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

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

No matters were submitted to a vote of security holders during the fourth quarter of 2001.

PART II.

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

The Company's common stock is traded on The Nasdaq Stock Market(R) under the symbol WTFC. The following table sets forth the high and low sales prices reported on Nasdaq for the Common Stock during 2001 and 2000.

	2001		2000	
	High	Low	High	Low
Fourth quarter	\$ 22.13	17.93	11.33	10.25
Third quarter	21.41	16.27	11.88	10.17
Second quarter	17.62	11.67	10.83	9.17
First quarter	12.75	10.54	10.67	8.92

The prices reflected above have been adjusted to reflect the 3-for-2 stock split (effected in the form of a 50% common stock dividend) announced in January 2002 and paid on March 14, 2002 to shareholders of record on March 4, 2002.

APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS

As of March 19, 2002 there were 1,258 shareholders of record of the Company's common stock.

DIVIDENDS ON COMMON STOCK

In January 2000, the Company's Board of Directors approved the first semi-annual cash dividend on its common stock and has continued to approve a semi-annual dividend since that time. Additionally, as previously noted, in January 2002, the Company's Board of Directors approved a 3-for-2 stock split, to be effected in the form of a 50% common stock dividend, payable on March 14, 2002 to shareholders of record on March 4, 2002.

Following is a summary of the cash dividends approved in 2000 and 2001, adjusted to give effect to the stock split:

<u>Record Date</u>	<u>Payable Date</u>	<u>Dividend per Share</u>
February 10, 2000	February 24, 2000	\$0.0333
August 10, 2000	August 24, 2000	\$0.0333
February 8, 2001	February 22, 2001	\$0.0467
August 9, 2001	August 23, 2001	\$0.0467

In January 2002, the Company's Board of Directors approved a 29% increase in its semi-annual dividend to \$0.06 per share. The dividend was paid on February 19, 2002 to shareholders of record as of February 5, 2002.

The final determination of timing, amount and payment of dividends is at the discretion of the Company's Board of Directors and will depend upon the Company's earnings, financial condition, capital requirements and other relevant factors. Additionally, the payment of dividends is also subject to statutory restrictions and restrictions arising under the terms of the Company's Trust Preferred Securities offerings and under certain financial covenants in the Company's revolving line of credit.

Because the Company's consolidated net income consists largely of net income of the Banks, FIFC and Tricom, the Company's ability to pay dividends depends upon its receipt of dividends from these entities. The Banks' ability to pay dividends is regulated by banking statutes. See "Financial Institution Regulation Generally - Dividends" on page 12 of this Form 10-K. During 2001 and 2000, the Banks paid \$13.5 million and \$16.0 million, respectively, in dividends to the Company. During 1999, the Banks paid no dividends. De novo banks are prohibited from paying dividends during their first three years of operations. As of January 1, 2002, Northbrook Bank, which began operations in November 2000, is the only bank currently subject to this additional dividend restriction. Its de novo period will end in November 2003.

Reference is made to Note 16 to the Consolidated Financial Statements contained in the 2001 Annual Report to Shareholders, attached hereto as Exhibit 13.1, which is incorporated herein by reference, for a description of the restrictions on the ability of certain subsidiaries to transfer funds to the Company in the form of dividends.

RECENT SALES OF UNREGISTERED SECURITIES

The Company had no sales of unregistered securities during 2001.

ITEM 6. SELECTED FINANCIAL DATA

Certain information required in response to this item is contained in the 2001 Annual Report to Shareholders under the caption "Selected Financial Highlights" and is incorporated herein by reference.

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

The information required in response to this item is contained in the 2001 Annual Report to Shareholders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations". This discussion and analysis of financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and notes thereto contained in the 2001 Annual Report to Shareholders.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Certain information required in response to this item is contained in the 2001 Annual Report to Shareholders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations - Asset-Liability Management," which is incorporated herein by reference. That information should be read in conjunction with the complete Consolidated Financial Statements and notes thereto also included in the 2001 Annual Report to Shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required in response to this item is contained in the 2001 Annual Report to Shareholders under the caption "Consolidated Financial Statements," and is incorporated herein by reference. Also, refer to Item 14 of this Report for the Index to Financial Statements.

SUPPLEMENTAL STATISTICAL DATA

SECURITIES PORTFOLIO

The following table presents the carrying value of the Company's securities portfolio, by investment category, as of December 31, 2001, 2000 and 1999 (in thousands):

	2001	2000	1999
Available-for-sale:			
U.S. Treasury obligations	\$ 3,048	29,987	39,171
Federal agency obligations	152,185	61,871	70,184
Municipal securities	6,686	5,142	4,038
Corporate notes and other	25,895	29,197	39,025
Mortgage-backed securities	181,425	54,274	46,124
Equity securities	16,111	12,634	7,253
Total available-for-sale securities	\$ 385,350	193,105	205,795

Tables presenting the carrying amounts and gross unrealized gains and losses for securities available-for-sale at December 31, 2001 and 2000 are included by reference to Note 3 to the Consolidated Financial Statements included in the 2001 Annual Report to Shareholders, which is incorporated herein by reference. At December 31, 2001 and 2000, there were no held-to-maturity securities. Maturities of securities as of December 31, 2001, by maturity distribution, are as follows (in thousands):

	Within 1 Year	From 1 to 5 years	From 5 to 10 years	After 10 years	Mortgage- backed securities	Equity securities	Total
U.S. Treasury obligations	\$ 3,048	--	--	--	--	--	3,048
Federal agency obligations	127,332	24,853	--	--	--	--	152,185
Municipal securities	2,333	1,172	3,181	--	--	--	6,686
Corporate notes and other	6,878	6,954	--	12,063	--	--	25,895
Mortgage-backed securities(1)	--	--	--	--	181,425	--	181,425
Equity securities (2)	--	--	--	--	--	16,111	16,111
Total	\$ 139,591	32,979	3,181	12,063	181,425	16,111	385,350

(1) The maturities of mortgage-backed securities may differ from contractual maturities since the underlying mortgages may be called or prepaid without any penalties. Therefore, these securities are not included within the maturity categories above.

(2) Includes stock of the Federal Reserve Bank, the Federal Home Loan Bank and other equity securities.

The weighted average yield for each range of maturities of securities, on a tax-equivalent basis, is shown below as of December 31, 2001:

	Within 1 Year	From 1 to 5 years	From 5 to 10 years	After 10 years	Mortgage- backed securities	Equity securities	Total
U.S. Treasury obligations	2.81%	--	--	--	--	--	2.81%
Federal agency obligations	3.03%	2.55%	--	--	--	--	3.03%
Municipal securities	4.61%	6.68%	7.75%	--	--	--	6.43%
Corporate notes and other	5.83%	3.56%	--	5.45%	--	--	5.05%
Mortgage-backed securities (1)	--	--	--	--	5.50%	--	5.50%
Equity securities (2)	--	--	--	--	--	5.56%	5.56%
Total	3.28%	2.89%	7.75%	5.45%	5.50%	5.56%	4.50%

(1) The maturities of mortgage-backed securities may differ from contractual maturities since the underlying mortgages may be called or prepaid without any penalties. Therefore, these securities are not included within the maturity categories above.

(2) Includes stock of the Federal Reserve Bank, the Federal Home Loan Bank and other equity securities.

LOAN PORTFOLIO

The following table shows the Company's loan portfolio by category as of December 31 for each of the five previous fiscal years (in thousands):

	2001	2000	1999	1998	1997
Core loans:					
Commercial and commercial real estate	\$ 1,007,580	647,947	485,776	366,229	235,483
Home equity	261,049	179,168	139,194	111,537	116,147
Residential real estate	182,945	141,919	111,026	91,525	61,611
Installment and other	59,157	51,995	49,925	34,650	32,153
Total core loans	1,510,731	1,021,029	785,921	603,941	445,394
Niche loans:					
Premium finance receivables	348,163	313,066	219,341	178,138	128,453
Indirect auto	184,209	203,571	255,410	209,983	138,784
Tricom finance receivables	18,280	20,354	17,577	--	--
Total niche loans	550,652	536,991	492,328	388,121	267,237
Total loans, net of unearned income	\$ 2,061,383	1,558,020	1,278,249	992,062	712,631

Commercial and commercial real estate loans. The commercial loan component is comprised primarily of commercial real estate loans, lines of credit for working capital purposes, and term loans for the acquisition of equipment. This category also includes certain commercial equipment leases. Commercial real estate is predominantly owner occupied and secured by a first mortgage lien and assignment of rents on the property. Equipment loans and leases are generally fully amortized over 24 to 60 months and secured by titles and/or U.C.C. filings. Working capital lines

are generally renewable annually and supported by business assets, personal guarantees and, oftentimes, additional collateral. Also included in this category are loans to condominium and homeowner associations originated through Barrington Bank's Community Advantage program and small aircraft financing, a new earning asset niche developed at Crystal Lake Bank. Commercial business lending is generally considered to involve a higher degree of risk than traditional consumer bank lending. The vast majority of commercial loans are made within the Banks' immediate market areas. The increase in this loan category can be attributed to additional banking facilities, an emphasis on business development calling programs and superior servicing of existing commercial loan customers which has increased referrals.

In addition to the home mortgages originated by the Banks, the Company participates in mortgage warehouse lending by providing interim funding to unaffiliated mortgage brokers to finance residential mortgages originated by such brokers for sale into the secondary market. The Company's loans to the mortgage brokers are secured by the business assets of the mortgage companies as well as the underlying mortgages, the majority of which are funded by the Company on a loan-by-loan basis after they have been pre-approved for purchase by third party end lenders who forward payment directly to the Company upon their acceptance of final loan documentation. In addition, the Company may also provide interim financing for packages of mortgage loans on a bulk basis in circumstances where the mortgage brokers desire to competitively bid a number of mortgages for sale as a package in the secondary market. Typically, the Company will serve as sole funding source for its mortgage warehouse lending customers under short-term revolving credit agreements. Amounts advanced with respect to any particular mortgages are usually required to be repaid within 15 days. The Company has developed strong relationships with a number of mortgage brokers and is seeking to expand its customer base for this specialty business.

The following table classifies the commercial loan portfolio category at December 31, 2001 by date at which the loans mature (in thousands):

	One year or less	From one to five years	After five years	Total
Commercial loans and commercial real estate loans.....	\$ 510,243	420,234	77,103	1,007,580
Premium finance receivables, net of unearned income.....	348,163	--	--	348,163
Tricom finance receivables.....	18,280	--	--	18,280

Of those loans maturing after one year, approximately \$377.4 million have fixed rates.

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

Indirect auto loans. As part of its strategy to pursue specialized earning asset niches to augment loan generation within the Banks' target markets, the Company finances fixed rate automobile loans

funded indirectly through unaffiliated automobile dealers. As of December 31, 2001, indirect auto loans comprised approximately 76% of the Company's consumer loans. In response to economic conditions and the competitive environment for this product, the Company has been reducing the level of new indirect auto loans originated. However, the Company continues to maintain its relationships with the dealers and may increase its volume of originations when market conditions indicate it is prudent to do so. Indirect automobile loans are secured by new and used automobiles and are generated by a large network of automobile dealers located in the Chicago area with which the Company has established relationships. These credits generally have an average initial balance of approximately \$15,000 and have an original maturity of 36 to 60 months with the average actual maturity, as a result of prepayments, estimated to be approximately 35-40 months. The Company does not currently originate any significant level of sub-prime loans, which are made to individuals with impaired credit histories at generally higher interest rates, and accordingly, with higher levels of credit risk. The risk associated with this portfolio is diversified among many individual borrowers. Management continually monitors the dealer relationships and the Banks are not dependent on any one dealer as a source of such loans. Like other consumer loans, the indirect auto loans are subject to the Banks' stringent credit standards.

Residential real estate mortgages. The residential real estate category predominantly includes one-to-four family adjustable rate mortgages that have repricing terms generally from one to three years, construction loans to individuals, bridge financing loans for qualifying customers and mortgage loans held for sale into the secondary market. The adjustable rate mortgages are often non-agency conforming, may have terms based on differing indexes, and relate to properties located principally in the Chicago metropolitan area or vacation homes owned by local residents. Adjustable-rate mortgage loans decrease, but do not eliminate, the risks associated with changes in interest rates. Because periodic and lifetime caps limit the interest rate adjustments, the value of adjustable-rate mortgage loans fluctuates inversely with changes in interest rates. In addition, as interest rates increase, the required payments by the borrower increases, thus increasing the potential for default. The Company does not generally originate loans for its own portfolio with long-term fixed rates due to interest rate risk considerations. However, the Banks do accommodate customer requests for fixed rate loans by originating and selling these loans into the secondary market, in connection with which the Company receives fee income, or by selectively including certain of these loans within the Banks' own portfolios. A portion of the loans sold by the Banks into the secondary market are sold to the Federal National Mortgage Association ("FNMA") with the servicing of those loans retained. The amount of loans serviced for FNMA as of December 31, 2001 and 2000 was \$131.5 million and \$97.2 million, respectively. All other mortgage loans held for sale are sold into the secondary market without the retention of servicing rights.

Premium finance receivables. The Company originates premium finance receivables through FIFC. Most of the receivables originated by FIFC are sold to the Banks and retained within their loan portfolios. However, due to FIFC's loan origination volume exceeding the capacity within the Banks' loan portfolios, FIFC began selling loans to an unrelated third party in 1999. During 2001, FIFC originated approximately \$1.3 billion of loans and sold approximately \$245 million of those loans originated in 2001 to an unrelated financial institution. FIFC recognized gains of \$4.6 million on the sale of those loans. As of December 31, 2001 and 2000, the balance of these receivables that FIFC services for others totaled approximately \$107.8 million and \$94.6 million, respectively. All premium finance receivables are subject to the Company's stringent credit standards, and

substantially all such loans are made to commercial customers. The Company rarely finances consumer insurance premiums.

FIFC generally offers financing of approximately 80% of an insurance premium primarily to commercial purchasers of property and casualty and liability insurance who desire to pay insurance premiums on an installment basis. FIFC markets its financial services primarily by establishing and maintaining relationships with medium and large insurance agents and brokers and by offering a high degree of service and innovative products. Senior management is significantly involved in FIFC's marketing efforts, currently focused almost exclusively on commercial accounts. Loans are originated by FIFC's own sales force by working with insurance agents and brokers throughout the United States. As of December 31, 2001, FIFC had the necessary licensing and other regulatory approvals to do business in all 50 states and the District of Columbia.

In financing insurance premiums, the Company does not assume the risk of loss normally borne by insurance carriers. Typically, the insured buys an insurance policy from an independent insurance agent or broker who offers financing through FIFC. The insured typically makes a down payment of approximately 15% to 25% of the total premium and signs a premium finance agreement for the balance due, which amount FIFC disburses directly to the insurance carrier or its agents to satisfy the unpaid premium amount. The average initial balance of premium finance loans is approximately \$25,000 and the average term of the agreements is approximately 10 months. As the insurer earns the premium ratably over the life of the policy, the unearned portion of the premium secures payment of the balance due to FIFC by the insured. Under the terms of the Company's standard form of financing contract, the Company has the power to cancel the insurance policy if there is a default in the payment on the finance contract and to collect the unearned portion of the premium from the insurance carrier. In the event of cancellation of a policy, the cash returned in payment of the unearned premium by the insurer should be sufficient to cover the loan balance and generally the interest and other charges due as well. The major risks inherent in this type of lending are (1) the risk of fraud on the part of an insurance agent whereby the agent fraudulently fails to forward funds to the insurance carrier or to FIFC, as the case may be; (2) the risk that the insurance carrier becomes insolvent and is unable to return unearned premiums related to loans in default; (3) for policies that are subject to an audit by the insurance carrier (i.e. workers compensation policies where the insurance carrier can audit the insured actual payroll records), the risk that the initial underwriting of the policy was such that the premium paid by the insured are not sufficient to cover the a entire return premium in the event of default; and (4) that the borrower is unable to ultimately satisfy the debt in the event the returned unearned premium is insufficient to retire the loan. FIFC has established underwriting procedures to reduce the potential of loss associated with the aforementioned risks and has systems in place to continually monitor conditions that would indicate an increase in risk factors and to act on situations where the Company's collateral position is in jeopardy.

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

data processing of payrolls, billing and cash management services, which generates additional fee income.

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

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

RISK ELEMENTS IN THE LOAN PORTFOLIO

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

	2001		2000		1999		1998		1997	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Commercial and										
Commercial Real Estate	\$6,251	49%	\$4,019	42%	\$3,435	38%	\$2,480	37%	\$1,490	33%
Home equity	1,353	12	992	12	1,146	11	1,046	11	580	16
Residential real estate	137	9	141	9	126	9	81	9	43	9
Installment and other	835	3	473	3	469	4	494	4	218	5
Total core loans	8,576	73	5,625	66	5,176	62	4,101	61	2,331	63
Premium finance	1,391	17	1,209	20	721	17	919	18	702	18
Indirect auto	1,442	9	1,552	13	1,947	20	1,205	21	679	19
Tricom finance	112	1	120	1	120	1	-	-	-	-
receivables										
Unallocated	2,165	-	1,927	-	819	-	809	-	1,404	-
Totals	\$13,686	100%	\$10,433	100%	\$8,783	100%	\$7,034	100%	\$5,116	100%

The above allocation is made for internal analysis of the allowance and is not an indication of expected loss or anticipated losses.

For analysis and review of the loan loss provision and allowance for possible loan losses; non-accrual, past due and restructured loans; other real estate owned; potential problem loans; and loan concentrations, reference is made to the "Credit Risk and Asset Quality" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2001 Annual Report to Shareholders filed herewith as Exhibit 13.1, and incorporated herein by reference.

DEPOSITS

The following table sets forth the scheduled maturities of time deposits in denominations of \$100,000 or more at December 31, 2001 (in thousands):

Maturing within 3 months	\$ 192,476
After 3 but within 6 months	156,143
After 6 but within 12 months	168,111
After 12 months	142,406
Total	\$659,136

RETURN ON EQUITY AND ASSETS

The following table presents certain ratios relating to the Company's equity and assets as of and for the years ended December 31:

	2001	2000	1999
Return on average total assets.....	0.79%	0.60%	0.63%
Return on average common shareholders' equity.....	15.24%	11.51%	11.58%
Dividend payout ratio.....	7.37%	8.00%	0.00%
Average equity to average total assets.....	5.2%	5.2%	5.4%
Ending total risk based capital ratio.....	8.5%	8.4%	8.4%
Leverage ratio.....	7.1%	6.3%	7.1%

SHORT-TERM BORROWINGS

The information required in connection with Short-Term Borrowings is contained in the "Analysis of Financial Condition - Short-Term Borrowings and Notes Payable" sections of the Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2001 Annual Report to Shareholders filed herewith as Exhibit 13.1, and is incorporated herein by reference. During 2001, the Company participated in overnight and term security repurchase agreements. The overnight agreements represent sweep accounts in connection with a master repurchase agreement. In this case, securities under the Company's control are pledged for and interest is paid on the available balance of the customers' accounts. For term repurchase agreements, securities are transferred to the applicable counterparty. Securities underlying the overnight and term repurchase agreements are included in the available-for-sale securities portfolio as reflected on the Consolidated Statements of Condition. During 2001, the maximum month-end balance and weighted average interest rate of total repurchase agreements was \$66.0 million and 3.36%, respectively. At December 31, 2001, securities sold under agreements to repurchase consisted of U.S. government agency, mortgage-backed and corporate securities.

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

No changes were made in the Company's independent accountants during the two most recent fiscal years or any subsequent interim period.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required in response to this item will be contained in the Company's definitive Proxy Statement (the "Proxy Statement") for its Annual Meeting of Shareholders to be held May 23, 2002 under the captions "Nominees to Serve as Class III Directors Until the Annual Meeting of Shareholders in Year 2005", "Class II - Continuing Directors Serving Until the Year 2004", "Class I - Continuing Directors Serving Until the Year 2003", and "Executive Officers of the Company" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to security ownership of certain beneficial owners and management is incorporated by reference to the section "Security Ownership of Certain Beneficial Owners and Management" that will be included in the Proxy Statement for the Annual Meeting of Shareholders to be held on May 23, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

(a) Documents filed as part of this Report:

1., 2. Financial Statements and Schedules

The following financial statements of Wintrust Financial Corporation, incorporated herein by reference to the 2001 Annual Report to Shareholders filed as Exhibit 13.1, are filed as part of this document pursuant to Item 8, Financial Statements and Supplementary Data:

Consolidated Statements of Condition as of December 31, 2001 and 2000 Consolidated Statements of Income for the Years Ended December 31, 2001, 2000 and 1999

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2001, 2000 and 1999 Consolidated Statements of Cash Flows for the Years Ended December 31, 2001, 2000 and 1999

Notes to Consolidated Financial Statements Report of Independent Auditors

No schedules are required to be filed with this report.

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

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

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

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

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

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

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

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

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

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

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

10.6 Fifth Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle Bank National Association, dated August 30, 2000 (incorporated by reference to Exhibit 10.6 of the Company's Form 10-K for the year ended December 31, 2000).

10.7 Sixth Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle Bank National Association, dated June 1, 2001 (incorporated by reference to Exhibit 99.1 of the Company's Form S-3 Registration Statement filed with the SEC on May 16, 2001).

10.8 Seventh Amendment to Loan Agreement between Wintrust Financial Corporation and LaSalle Bank National Association, dated December 31, 2001, but effective as of November 29, 2001.

- 10.9 Form of Wintrust Financial Corporation Warrant Agreement (incorporated by reference to Exhibit 10.29 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645), filed with the Securities and Exchange Commission on July 22, 1996). *
- 10.10 Lake Forest Bank & Trust Company Lease for drive-up facility located at the corner of Bank Lane & Wisconsin Avenue, Lake Forest, Illinois, dated December 11, 1992 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.11 Lake Forest Bank & Trust Company Lease for banking facility located at 810 South Waukegan Road, Lake Forest, Illinois (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.12 Lake Forest Bank & Trust Company Lease for banking facility located at 666 North Western Avenue, Lake Forest, Illinois, dated July 19, 1991 and Amendment (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.13 Lake Forest Bank & Trust Company Lease for banking facility located at 103 East Scranton Avenue, Lake Bluff, Illinois, dated November 1, 1994 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.14 North Shore Bank & Trust Company Lease for banking facility located at 362 Park Avenue, Glencoe, Illinois, dated July 27, 1995 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.15 North Shore Bank & Trust Company Lease for banking facility located at 794 Oak Street, Winnetka, Illinois, dated June 16, 1995 (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registrant's Form S-4 Registration Statement (No. 333-4645) filed with the Securities and Exchange Commission on July 22, 1996).
- 10.16 Barrington Bank and Trust Company Lease for property located at 202A South Cook Street, Barrington, Illinois, dated December 29, 1995 (incorporated by reference to Exhibit 10.24 of the Company's Form S-1 Registration Statement (No. 333-18699) filed with the Securities and Exchange Commission on December 24, 1996).

- 10.17 Real Estate Contract by and between Wolfhoya Investments, Inc. and Amoco Oil Company, dated March 25, 1996, and amended as of _____, 1996, relating to the purchase of property located at 201 South Hough, Barrington, Illinois (incorporated by reference to Exhibit 10.25 of the Company's Form S-1 Registration Statement (No. 333-18699) filed with the Securities and Exchange Commission on December 24, 1996).
- 10.18 Lake Forest Bank & Trust Company Lease for drive-up and walk-up facility located at 911 South Telegraph Road, Lake Forest, Illinois, dated November 7, 1996 (incorporated by reference to Exhibit 10.28 to Amendment No. 1 of the Company's Form S-1 Registration Statement (No. 333-18699) filed with the Securities and Exchange Commission on January 24, 1997).
- 10.21 Form of Employment Agreement (entered into between the Company and Edward J. Wehmer, President and Chief Executive Officer). The Company entered into Employment Agreements with David A. Dykstra, Executive Vice President and Chief Financial Officer, Robert F. Key, Executive Vice President-Marketing and Lloyd M. Bowden, Executive Vice President-Technology during 1998 in substantially identical form to this exhibit (incorporated by reference to Exhibit 10.15 of the Company's Form 10-K for the year ended December 31, 1998). *
- 10.20 Form of First Amendment to Employment Agreement (entered into between the Company and Edward J. Wehmer, President and Chief Executive Officer). The Company amended the Employment Agreements with David A. Dykstra, Executive Vice President and Chief Financial Officer, Robert F. Key, Executive Vice President-Marketing and Lloyd M. Bowden, Executive Vice President-Technology during 1999 in substantially identical form to this exhibit (incorporated by reference to Exhibit 10.17a of the Company's Form 10-K for the year ended December 31, 2000). *
- 10.21 Term Note (\$1.2 million) and related Stock Pledge Agreement dated January 31, 2000, between Edward J. Wehmer and Dorothy M. Wehmer (as borrowers) and Wintrust Financial Corporation (as lender), (incorporated by reference to Exhibit 10.17a of the Company's Form 10-K for the year ended December 31, 2000). *
- 10.22 Second Amendment to Employment Agreement by and between Wintrust Financial Corporation and Edward J. Wehmer, dated January 31, 2000, (incorporated by reference to Exhibit 10.19 of the Company's Form 10-K for the year ended December 31, 2000). *
- 10.23 Wintrust Financial Corporation 1997 Stock Incentive Plan (incorporated by reference to Appendix A of the Proxy

Statement relating to the May 22, 1997 Annual Meeting of Shareholders of the Company). *

- 10.24 First Amendment to Wintrust Financial Corporation 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended June 30, 2000). *
- 10.25 Wintrust Financial Corporation Employee Stock Purchase Plan (incorporated by reference to Appendix B of the Proxy Statement relating to the May 22, 1997 Annual Meeting of Shareholders of the Company). *
- 10.26 Wintrust Financial Corporation Directors Deferred Fee and Stock Plan (incorporated by reference to Appendix B of the Proxy Statement relating to the May 24, 2001 Annual Meeting of Shareholders of the Company). *
- 12.1 Computation of Ratio of Earnings to Fixed Charges.
- 13.1 2001 Annual Report to Shareholders.
- 21.1 Subsidiaries of the Registrant.
- 23.1 Consent of Independent Auditors.

(b) Reports on Form 8-K

Two reports on Form 8-K were filed with the Securities and Exchange Commission during the fourth quarter of 2001.

o October 16, 2001 - Form 8-K filed on November 15, 2001 to report the Company's letter to shareholders issued in November 2001, related to the third quarter 2001 earnings.

o December 26, 2001 - Form 8-K filed on December 26, 2001 to report the signing of an agreement to purchase 100% of the ownership interest of Wayne Hummer Investments, LLC (including its wholly-owned subsidiary, Focused Investments, LLC) and Wayne Hummer Management Company.

SIGNATURES

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

WINTRUST FINANCIAL CORPORATION

EDWARD J. WEHMER	EDWARD J. WEHMER ----- President and Chief Executive Officer	March 26, 2002
DAVID A. DYKSTRA	DAVID A. DYKSTRA ----- Senior Executive Vice President, Chief Operating Officer & Chief Financial Officer (Principal Financial Officer)	March 26, 2002
BARBARA A. KILIAN	BARBARA A. KILIAN ----- Senior Vice President - Finance (Principal Accounting Officer)	March 26, 2002

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

JOHN S. LILLARD	JOHN S. LILLARD ----- Chairman of the Board of Directors	March 26, 2002
EDWARD J. WEHMER	EDWARD J. WEHMER ----- President and CEO and Director	March 26, 2002
JOSEPH ALAIMO	JOSEPH ALAIMO ----- Director	March 26, 2002
PETER D. CRIST	PETER D. CRIST ----- Director	March 26, 2002
BRUCE K. CROWTHER	BRUCE K. CROWTHER ----- Director	March 26, 2002
BERT A. GETZ, JR.	BERT A. GETZ, JR. ----- Director	March 26, 2002
WILLIAM C. GRAFT	WILLIAM C. GRAFT ----- Director	March 26, 2002
KATHLEEN R. HORNE	KATHLEEN R. HORNE ----- Director	March 26, 2002

RAYMOND L. KRATZER	RAYMOND A. KRATZER ----- DIRECTOR	March 26, 2002
JAMES B. MCCARTHY	JAMES B. MCCARTHY ----- Director	March 26, 2002
MARGUERITE SAVARD MCKENNA	MARGUERITE SAVARD MCKENNA ----- Director	March 26, 2002
ALBIN F. MOSCHNER	ALBIN F. MOSCHNER ----- Director	March 26, 2002
DOROTHY M. MUELLER	DOROTHY M. MUELLER ----- Director	March 26, 2002
THOMAS J. NEIS	THOMAS J. NEIS ----- Director	March 26, 2002
CHRISTOPHER J. PERRY	CHRISTOPHER J. PERRY ----- Director	March 26, 2002
HOLLIS W. RADEMACHER	HOLLIS W. RADEMACHER ----- Director	March 26, 2002
J. CHRISTOPHER REYES	J. CHRISTOPHER REYES ----- Director	March 26, 2002
PETER P. RUSIN	PETER P. RUSIN ----- Director	March 26, 2002
JOHN N. SCHAPER	JOHN N. SCHAPER ----- Director	March 26, 2002
JOHN J. SCHORNACK	JOHN J. SCHORNACK ----- Director	March 26, 2002
INGRID S. STAFFORD	INGRID S. STAFFORD ----- Director	March 26, 2002
KATHARINE V. SYLVESTER	KATHARINE V. SYLVESTER ----- Director	March 26, 2002
LARRY V. WRIGHT	LARRY V. WRIGHT ----- Director	March 26, 2002

SEVENTH AMENDMENT TO LOAN AGREEMENT

THIS SEVENTH AMENDMENT TO LOAN AGREEMENT dated as of December 31, 2001, but effective as of November 29, 2001 (this "Amendment"), is between WINTRUST FINANCIAL CORPORATION, an Illinois corporation (the "Borrower"), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association (the "Bank").

RECITALS

A. The Borrower and the Bank entered into a Loan Agreement dated as of August 30, 1996, as amended by a First Amendment thereto dated March 1, 1997, a Second Amendment thereto dated August 30, 1997, a Third Amendment dated August 30, 1998, a Fourth Amendment dated August 30, 1999, a Fifth Amendment dated August 30, 2000 and a Sixth Amendment dated June 1, 2001 (collectively, the "Agreement"); and

B. The Borrower desires to increase the total amount which may be borrowed hereunder to \$70,000,000, to divide the Loan into a \$25,000,000 loan payable February 27, 2006 and a \$45,000,000 loan payable December 31, 2001, and to otherwise amend the Agreement as more fully described herein.

C. Borrower has agreed to pledge its 100% interest in the common stock of Northbrook Bank & Trust in consideration of the Bank agreeing to increase the Loan and agreeing to the modifications set forth herein.

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

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

2. AMENDMENTS TO THE AGREEMENT.

2.1 AMENDMENT TO THE FIRST "WHEREAS" CLAUSE OF THE AGREEMENT.

The first "WHEREAS" clause of the Agreement is hereby amended as of the date hereof by deleting it in its entirety and replacing it with the following:

"WHEREAS, the Borrower desires to borrow from the Bank up to the sum of SEVENTY MILLION DOLLARS (\$70,000,000) in order to support the Borrower's working capital needs;"

2.2 AMENDMENT TO SECTION 1 OF THE AGREEMENT. Section 1 of the Agreement is hereby deleted and in lieu thereof is inserted the following:

LaSalle agrees to extend a loan (the "Loan") to the Borrower in the principal amount of SEVENTY MILLION DOLLARS (\$70,000,000) secured by the Pledge Agreements, in accordance with the terms and subject to the conditions set forth in this Agreement, the Note and the Pledge Agreements.

2.3 AMENDMENT TO SECTION 3 OF THE AGREEMENT. Section 3 of the Agreement is hereby amended as of the date hereof by deleting the figure "FORTY MILLION DOLLARS (\$40,000,000)" and substituting therefor the figure "FIFTY MILLION DOLLARS (\$50,000,000)".

2.4 AMENDMENT TO SECTION 3 OF THE AGREEMENT. The first paragraph of Section 3 and Section 3(a) is hereby deleted and in lieu thereof is inserted the following:

The Loan shall be evidenced by two notes, one in the amount of TWENTY FIVE MILLION DOLLARS (\$25,000,000) (sometimes referred to as the "\$25M Note") and the other in the amount of FORTY FIVE MILLION DOLLARS (\$45,000,000) (sometimes referred to as the "\$45M Note") (both notes are hereafter sometimes collectively referred to as the "Note"). The two notes shall be in the form set forth as Exhibit A-1 and Exhibit A-2 hereto.

"(a) Interest accruing at the Prime Rate (hereinafter defined) on amounts outstanding under the Note shall be payable quarterly, in arrears, commencing on February 28, 2002 and continuing on each of the following days May 29th, August 29th, November 29th and February 28th thereafter. A final payment of all outstanding amounts due under the \$25M Note including, but not limited to principal, interest and any amounts owing under Subsection 10(m) of this Agreement, if not payable earlier, shall be due and payable on February 27, 2006. A final payment of all outstanding amount due under the \$45M Note including, but not limited to principal, interest and any amounts due and owing under Subsection 10(m) of this Agreement, if not payable earlier, shall be due and payable on December 31, 2003. The applicable due dates hereinabove referenced shall be hereafter referred to as the "Applicable Maturity Date". Accrued and unpaid interest on the unpaid principal balance of all advances outstanding from time to time which are LIBOR (hereinafter defined) advances shall be payable on the last business day of each Interest Period (hereinafter defined), commencing on the first such date to occur after the date hereof, on the date of any principal repayment of a LIBOR advance and on the Applicable Maturity Date. The amounts outstanding under the Note from time to time shall bear interest calculated on the actual number of days elapsed on the basis of a 360 day year, at a rate equal, at the Borrower's option, to either (a) the, London Inter-Bank Offered Rate "LIBOR") plus 125 basis points, or (b) the Prime Rate (whichever rate is so selected, the "Interest Rate").

For purposes of this Agreement, the term "Prime Rate" shall mean the floating prime rate in effect from time to time as so by the Bank, and referred to by the Bank as its Prime Rate. The Borrower acknowledges that the Prime Rate is not necessarily the Bank's lowest or most favorable rate of interest at any one time. The effective date of any

change in the Prime Rate shall for purposes hereof be the date the rate change is publicly announced by the Bank.

For purposes of this Agreement, "LIBOR" shall mean the per annum rate of interest at which U.S. dollar deposits in an amount comparable to the amount of the relevant LIBOR Loan and for a period equal to the relevant "Interest Period" (hereinafter defined) are offered generally to the Bank (rounded upward if necessary, to the nearest 1/16 of 1.00%) in the London Interbank Eurodollar market at 11:00 a.m. (London time) two banking days prior to the commencement of each Interest Period, such rate to remain fixed for such Interest Period. The LIBOR rate for all LIBOR advances made during an Interest Period shall be fixed at the LIBOR rate in effect for the initial LIBOR advance with respect to such Interest Period and interest on all such advances during the Interest Period shall be due and payable at the expiration of such Interest Period. "Interest Period" shall mean successive three month periods as selected from time to time by the Borrower by notice given to the Bank not less than three banking days prior to the first day of each respective Interest Period; provided that: (i) each three month period occurring after such initial period shall commence on the day on which the next preceding period expires; (ii) each Interest Period shall be such that its expiration occurs on February 28, 2002 and continuing on each of the following May 29th, August 29th, November 29th and February 28th, and the final Interest Period shall be such that its expiration occurs on or before the Applicable Maturity Date; and (iii) if for any reason the Borrower shall fail to select timely a period, then it shall be deemed to have selected a period that expires on the next occurring of the above dates. Interest shall be payable on the last banking day of each Interest Period, commencing on the first such date to occur after the date hereof, at maturity, after maturity on demand, and on the date of any payment hereon on the amount paid. The Borrower hereby further promises to pay to the order of the Bank, on demand, interest on the unpaid principal amount hereof after maturity (whether by acceleration or otherwise) at a rate of two per cent per annum in excess of the rate in effect at the time of maturity.

The Bank's determination of LIBOR as provided above shall be conclusive, absent manifest error. Furthermore, if the Bank determines, in good faith (which determination shall be conclusive, absent manifest error), prior to the commencement of any Interest Period that (a) U.S. dollar deposits of sufficient amount and maturity for funding any LIBOR Loan are not available to the Bank in the London Interbank Eurodollar market in the ordinary course of business, or (b) by reason of circumstances affecting the London Interbank Eurodollar market, adequate and fair means do not exist for ascertaining the rate of interest to be applicable to the relevant LIBOR Loan, the Bank shall promptly notify the Borrower and such LIBOR Loan shall be immediately due and payable on the last banking day of the then existing Interest Period, without further demand, presentment, protest or notice of any kind, all of which are hereby waived by the Borrower.

If, after the date hereof, the introduction of, or any change in any applicable law, treaty, rule, regulation or guideline or in the interpretation or administration thereof by any governmental authority or any central bank or other fiscal, monetary or other

authority having jurisdiction over the Bank or its lending office (a "Regulatory Change"), shall, in the opinion of counsel to the Bank, makes it unlawful for the Bank to make or maintain any LIBOR Loan evidenced hereby, then the Bank shall promptly notify the Borrower and such LIBOR Loan shall be immediately due and payable on the last banking day of the then existing Interest Period or on such earlier date as required by law, all without further demand, presentment, protest or notice of any kind, all of which are hereby waived by the Borrower.

If, for any reason, any LIBOR Loan is paid prior to the last banking day of its then current Interest Period, the Borrower agrees to indemnify the Bank against any loss (including any loss on redeployment of the funds repaid), cost or expense incurred by the Bank as a result of such prepayment.

If any Regulatory Change (whether or not having the form of law) shall (a) impose, modify or deem applicable any assessment, reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of or loans by, or any other acquisition of funds or disbursements by, the Bank; (b) subject the Bank or any LIBOR Loan to any tax, duty, charge, stamp tax or fee or change the basis of taxation of payments to the Bank of principal or interest due from the Borrower to the Bank hereunder (other than a change in the taxation of the overall net income of the Bank); or (c) impose on the Bank any other condition regarding such LIBOR Loan or the Bank's funding thereof, and the Bank shall determine (which determination shall be conclusive, absent manifest error) that the result of the foregoing is to increase the cost to the Bank of making or maintaining such LIBOR Loan or to reduce the amount of principal or interest received by the Bank hereunder, then the Borrower shall pay to the Bank, on demand, such additional amounts as the Bank shall, from time to time, determine are sufficient to compensate and indemnify the Bank for such increased cost or reduced amount."

2.5 REVOLVING NOTE. All references in the Loan Agreement to the Revolving Note or the Replacement Revolving Note in the form of Exhibit "A" to the Loan Agreement shall be deemed to be references to the Revolving Notes in the form of Exhibit "A-1" and Exhibit "A-2" attached hereto and made a part hereof.

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

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

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

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

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

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

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

- (a) This Amendment duly executed by the Borrower;
- (b) A \$25,000,000 Revolving Note in the form attached hereto as Exhibit A-1 duly executed by the Borrower;
- (c) A \$45,000,000 Revolving Note in the form attached hereto as Exhibit A-2 duly executed by Borrower;
- (d) A Fourth Amendment to Pledge and Security Agreement;
- (e) A First Amendment to Collateral Safekeeping Agreement;
- (f) Delivery of 100% of outstanding capital stock of Northbrook Bank & Trust;
- (g) Stock powers, if required by the Custodian;
- (h) Such other documents and instruments as the Bank reasonably requests.

5. GENERAL.

5.1 LAW. This Amendment shall be construed in accordance with and governed by the laws of the State of Illinois.

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

**LASALLE BANK NATIONAL WINTRUST FINANCIAL
ASSOCIATION CORPORATION**

By: _____ By: _____

Its: _____ Its: _____

EXHIBIT A-1

REVOLVING NOTE

\$25,000,000 Dated: as of November 29, 2001

FOR VALUE RECEIVED. WINTRUST FINANCIAL CORPORATION, an Illinois corporation (the "Maker") promises to pay to the order of LASALLE BANK NATIONAL ASSOCIATION, a national banking association (the "Bank") the lesser of the principal sum of TWENTY FIVE MILLION DOLLARS (\$25,000,000), or the aggregate unpaid principal amount outstanding under the Loan Agreement dated August 30, 1996 (as amended from time to time, the "Loan Agreement") between the Bank and the Maker at the maturity or maturities and in the amount or amounts as stated on the records of the Bank together with interest (computed on actual days elapsed on the basis of a 360 day year) on any and all principal amounts outstanding hereunder from time to time from the date hereof until maturity. Interest shall be payable at the rates of interest and the times set forth in the Loan Agreement. In no event shall any principal amount have a maturity later than February 27, 2006.

This Note shall be available for direct advances.

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

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

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

This Note is in partial replacement and substitution of, but not repayment for, a Revolving Note of the Borrower dated June 1, 2001 in the principal amount of \$50,000,000 and is in no way intended to constitute a novation therefor.

WINTRUST FINANCIAL CORPORATION

By: _____
Its: _____

EXHIBIT A-2

REVOLVING NOTE

\$45,000,000 Dated: as of November 29, 2001

FOR VALUE RECEIVED. WINTRUST FINANCIAL CORPORATION, an Illinois corporation (the "Maker") promises to pay to the order of LASALLE BANK NATIONAL ASSOCIATION, a national banking association (the "Bank") the lesser of the principal sum of FORTY FIVE MILLION DOLLARS (\$45,000,000), or the aggregate unpaid principal amount outstanding under the Loan Agreement dated August 30, 1996 (as amended from time to time, the "Loan Agreement") between the Bank and the Maker at the maturity or maturities and in the amount or amounts as stated on the records of the Bank together with interest (computed on actual days elapsed on the basis of a 360 day year) on any and all principal amounts outstanding hereunder from time to time from the date hereof until maturity. Interest shall be payable at the rates of interest and the times set forth in the Loan Agreement. In no event shall any principal amount have a maturity later than December 31, 2002.

This Note shall be available for direct advances.

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

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

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

This Note is in partial replacement and substitution of, but not repayment for, a Revolving Note of the Borrower dated June 1, 2001 in the principal amount of \$50,000,000 and is in no way intended to constitute a novation therefor.

WINTRUST FINANCIAL CORPORATION

By: _____
Its: _____

WINTRUST FINANCIAL CORPORATION
FORM 10-K, EXHIBIT 12.1

Computation of Ratio of Earnings to Fixed Charges

The following table presents the calculation of the ratio of earnings to fixed charges for the last five years.

(dollars in thousands)

		Years ended December 31,				
		2001	2000	1999	1998	1997
Income (loss) before income taxes	A	\$ 29,129	\$ 16,448	\$ 14,151	\$ 4,709	\$ 1,058
Interest expense:						
Interest on deposits		\$ 83,503	\$ 78,670	\$ 56,026	\$ 49,069	\$ 37,375
Interest on other borrowings	C	8,938	8,514	5,571	2,146	964
Total interest expense	B	\$ 92,441	\$ 87,184	\$ 61,597	\$51,215	\$ 38,339
Ratio of earnings to fixed charges:						
Including deposit interest	(A+B) / B	1.32x	1.19x	1.23x	1.09x	1.03x
Excluding deposit interest	(A+C) / C	4.26x	2.93x	3.54x	3.19x	2.10x

Record Earnings

Record Asset Levels

Record Deposit Levels

Record Loan Levels

Record Revenue Levels

92% Share Price Increase

Successfully Raised \$22 Million Through Common Stock Offering

Agreed to Acquire Wayne Hummer Companies--Full Service Brokerage, Asset Management and Mutual Fund Firm

We have always had a policy of presenting our goals, objectives and financial results in an up front manner to our shareholders. In this annual report, we are confirming our policy of reporting thoroughly the financial results, accounting policies and objectives of Wintrust Financial Corporation and our operating subsidiaries. We hope you enjoy the report.

All share and per share amounts reflected in this report have been restated to reflect the 3-for-2 stock split, effected in the form of a 50% stock dividend, declared in January 2002, paid on March 14, 2002 to shareholders of record on March 4, 2002.

***** TOTAL ASSETS BAR CHART OMITTED *****

***** EARNINGS PER SHARE BAR CHART OMITTED *****

***** NET INCOME BAR CHART OMITTED *****

***** NET REVENUE BAR CHART OMITTED *****

***** BOOK VALUE PER COMMON SHARE BAR CHART OMITTED *****

***** RETURN ON AVERAGE EQUITY BAR CHART OMITTED *****

All share and per share amounts reflected in this annual report have been restated to reflect the 3-for-2 stock split, effected in the form of a 50% stock dividend, declared in January 2002, paid on March 14, 2002 to shareholders of record on March 4, 2002.

Selected Financial Highlights

All share and per share amounts reflected in this annual report have been restated to reflect the 3-for-2 stock split, effected in the form of a 50% stock dividend, declared in January 2002, paid on March 14, 2002 to shareholders of record on March 4, 2002.

	Years Ended December 31,				
	2001	2000	1999	1998	1997
(dollars in thousands, except per share data)					
Selected Financial Condition Data (at end of year):					
Total assets	\$ 2,705,422	\$ 2,102,806	\$ 1,679,382	\$ 1,348,048	\$ 1,053,400
Total deposits	2,314,636	1,826,576	1,463,622	1,229,154	917,701
Total net loans	2,061,383	1,558,020	1,278,249	992,062	712,631
Notes payable	46,575	27,575	8,350	-	20,402
Federal Home Loan Bank advances	90,000	-	-	-	-
Long term debt - trust preferred securities	51,050	51,050	31,050	31,050	-
Total shareholders' equity	141,278	102,276	92,947	75,205	68,790
Selected Statements of Operations Data:					
Net interest income	\$ 74,014	\$ 61,000	\$ 47,734	\$ 36,764	\$ 26,772
Total net revenues	102,812	79,306	57,542	44,839	31,716
Net income	18,439	11,155	9,427	6,245	4,846
Net income per common share - Basic	1.34	0.85	0.76	0.51	0.42
Net income per common share - Diluted	1.27	0.83	0.73	0.49	0.40
Cash dividends declared per common share	0.093	0.067	-	-	-
Selected Financial Ratios and Other Data:					
Performance Ratios:					
Net interest margin	3.49%	3.66%	3.54%	3.43%	3.41%
Core net interest margin (1)	3.73	3.91	3.75	3.50	3.41
Non-interest income to average assets	1.24	0.99	0.66	0.69	0.58
Non-interest expense to average assets	2.83	3.12	2.65	3.04	3.18
Net overhead ratio	1.59	2.13	2.00	2.36	2.60
Net overhead ratio - excluding fraud charge	1.59	1.90	2.00	2.36	2.60
Efficiency ratio	63.66	72.33	68.63	79.75	86.03
Return on average assets	0.79	0.60	0.63	0.53	0.56
Return on average equity	15.24	11.51	11.58	8.68	7.88
Average total assets	\$ 2,328,032	\$ 1,853,582	\$ 1,496,566	\$ 1,177,745	\$ 858,084
Average total shareholders' equity	120,995	96,918	81,381	71,906	61,504
Ending loan-to-deposit ratio	89.1%	85.3%	87.3%	80.7%	77.7%
Average loans to average deposits ratio	87.4	87.7	86.6	80.1	80.1
Average interest earning assets to average interest bearing liabilities	109.35	107.24	106.96	108.92	109.93
Asset Quality Ratios:					
Non-performing loans to total net loans	0.63%	0.62%	0.54%	0.55%	0.59%
Non-performing assets to total assets	0.48	0.46	0.41	0.45	0.40
Allowance for possible loan losses to:					
Total loans	0.66	0.67	0.69	0.71	0.72
Non-performing loans	105.63	107.75	126.10	129.66	121.64
Common Share Data at end of year:					
Market price per common share	\$ 20.38	\$ 10.63	\$ 10.17	\$ 13.09	\$ 11.33
Book value per common share	\$ 9.72	\$ 7.92	\$ 7.06	\$ 6.15	\$ 5.65
Common shares outstanding	14,531,665	12,921,592	13,156,207	12,224,919	12,177,784
Other Data at end of year:					
Number of:					
Bank subsidiaries	7	7	6	6	6
Non-bank subsidiaries	3	3	3	2	1
Banking offices	29	28	24	21	17

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

To our Fellow Shareholder,

Welcome to Wintrust Financial Corporation's sixth annual report. 2001 was a terrific year for our young organization and its growing list of subsidiaries. During each quarter of 2001, our de novo strategy generated record levels in the categories of loans, deposits, assets and net income. This makes us, once again, one of the fastest growing bank groups in the U.S. We also achieved an annual return on equity of 15.24%, the highest annual return on equity in our history, and our stock price reached record levels in 2001. And we strategically strengthened our full-service financial provider capabilities with the 2002 acquisition of Wayne Hummer Investments LLC and Wayne Hummer Management Company. Wintrust Financial is well positioned for the future, and 2002 should be a terrific year as well.

***** WAYNE HUMMER INVESTMENTS LLC LOGO OMITTED *****

We declared our first stock split in January 2002, a 3-for-2 split effected in the form of a 50% stock dividend, which was paid on March 14, 2002. As required, all share and per share amounts shown in this report have been restated to reflect the stock split.

FIRST, SOME THANK YOU'S

As we have done every year in this report, it is only right to start off by thanking all of our dedicated employees who continue to provide our customers with the best service around, bar none. And we would like to thank our clients--banking, investment, trust, premium finance, employment agencies--for allowing us to assist them with their financial affairs. We would also like to thank our more than 100 directors of Wintrust Financial Corporation and our subsidiaries for their sage advice and community contacts. And finally we'd like to thank our shareholders, for keeping us focused on what we do best--profitably growing our franchises by delivering our unique brand of superior customer service.

***** NUMBER OF BANK FACILITIES OMITTED *****

WE'VE COME A LONG WAY IN TEN YEARS

It's humbling to step back and realize that our first bank, Lake Forest Bank & Trust, is only ten years old. We've come a long way from that small, store-front operation which we launched in 1991. Here are some of our accomplishments:

- o We are now a \$2.7 billion financial services holding company.
- o We provide commercial and community banking services to over 50,000 customer households via our seven bank charters and 29 banking facilities located in some of the best markets in Chicago.
- o We can now provide all of the non-banking financial products and services that our customers need, including retail brokerage, asset management, trust services, proprietary mutual funds, annuities, insurance and a wide array of other financial products, through the Wayne Hummer Companies and Wintrust Asset Management Company. This full array of services will further enhance our ability to compete against the large national and regional banks and brokerage institutions.
- o We also augment our earning assets and fee revenue through First Insurance Funding's premium finance business and Tricom's payroll funding and processing business for the temporary staffing industry.

***** ASSET GROWTH BY BANK LINE GRAPH OMITTED *****

BUILDING SHAREHOLDER VALUE VIA DE NOVO GROWTH

Our de novo community banking growth strategy has served us well. We have created strong community banking franchises in affluent, suburban-Chicago markets and have achieved a leadership market share position in all of our mature markets.

Bank	Initial Opening	Deposit Market Share Rank*
1. Lake Forest Bank & Trust--Lake Forest	12/91	2
2. Hinsdale Bank & Trust--Hinsdale	10/93	2
3. North Shore Community Bank & Trust--Wilmette	09/94	2
4. Libertyville Bank & Trust--Libertyville	10/95	1
5. Barrington Bank & Trust--Barrington	12/96	2
6. Crystal Lake Bank & Trust--Crystal Lake	12/97	3
7. Northbrook Bank & Trust--Northbrook	11/00	7

* FDIC deposit market share as of June 30, 2001

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

	Compound Growth Rates			
	1 year	2 year	3 year	4 year
Total Assets	28.7%	26.9%	26.1%	26.6%
Total Loans	32.3%	27.0%	27.6%	30.4%
Total Deposits	26.7%	25.8%	23.5%	26.0%
Total Revenue	29.6%	33.7%	31.9%	34.2%
Net Income	34.0%*	39.9%	43.5%	39.7%

* Excludes non-recurring after-tax charge reported in 2000

HIDDEN EARNINGS POTENTIAL

Importantly, we believe our de novo growth strategy has a sizeable hidden earnings potential. The following graphs illustrate that as our young banks mature and preform like our older banks, our internally generated growth rate should continue and our earnings should explode.

***** NET REVENUE GROWTH BY BANK LINE GRAPH OMITTED *****

A number of trends are worth pointing out. First, we have generally been able to grow our recently introduced banks at the same historical rate as we grew our initial banks. That is because we use the same proven "recipe" for starting and growing each of our banks. Secondly, we have also been able to continue to grow our mature banks by adding de novo branches in new markets and improving their market penetration in existing markets. Thirdly, we fully expect that these young banks will follow the same improving profitability trend line as their maturing siblings. The earnings performance of our young banks are enhanced as they mature and grow into their infrastructure. If we can continue to achieve increased performance as assets grow, the organization will experience significant increases in earnings.

***** EARNINGS GROWTH BY BANK LINE GRAPH OMITTED *****

OUTPACING THE MARKETPLACE

The respected market maker, Stifel, Nicolaus & Company, recently published data for the 57 bank holding companies they regularly track and this data ranks Wintrust Financial's performance as:

- o #1-Five year annual compound growth rate in revenue
- o #1-Five year annual compound growth rate in earnings per share

While some banks are successful in growing either earnings by consolidating and shrinking operations, or growing assets with significantly reduced earnings or lowered share price due to acquisitions, very few have been able to simultaneously grow both earnings and assets at the levels we have achieved.

***** TOTAL SHAREHOLDERS' EQUITY BAR CHART OMITTED *****

Our stock price ended the year at \$20.38 per share, or 92% higher than at December 31, 2000. We consider the sharp upward movement in the stock price to be long overdue recognition of the Company's growth and performance. By contrast, for the year 2001 the Nasdaq Composite Index was down 21% and the Nasdaq Bank Index was up only 10%. We continue to believe that we can achieve further increases in shareholder value over the long term as we continue to execute our strategy.

***** PICTURE OF 3 EXECUTIVES OMITTED *****

WHAT COMES NEXT

Please enjoy the remainder of our 2001 Annual Report, which highlights the following areas:

- o Overall Financial Performance
- o Our Subsidiaries--An Update
- o The Newest Family Member--the Wayne Hummer Companies
- o The Future Looks Bright Indeed
- o Consolidated Financial Statements and Notes
- o Report of Independent Auditors
- o Management's Discussion and Analysis
- o Directors & Officers
- o Corporate Locations
- o Corporate Information

We continue to be grateful for your support of our organization and are enthusiastic about making the year 2002 an even better year in terms of growth in earnings and assets. And we look forward to breaking even more records!

Thank you for being a shareholder.

Sincerely,
John S. Lillard
Chairman

/s/ John S. Lillard

Edward J. Wehmer
President & Chief Executive Officer

/s/ Edward J. Wehmer

*David A. Dykstra
Senior EVP & Chief Operating Officer*

/s/ David A. Dykstra

Overall Financial Performance

In 2001 we again achieved record earnings, surpassed the \$2.7 billion asset level, and recorded 20-40% compound growth rates in all major financial categories. Here is an overview summarizing our financial and other accomplishments during 2001:

***** TOTAL DEPOSITS BAR CHART OMITTED *****

***** TOTAL NET LOANS BAR CHART OMITTED *****

- o Wintrust generated record earnings for the year and, in fact, had record earnings each quarter during the year. The Company recorded earnings of \$18.4 million for the year compared with \$11.2 million in 2000, up 65%. Excluding a non-recurring charge in 2000, net income was up 34% in 2001;
- o Net income reached \$5.2 million for the quarter ended December 31, 2001, an increase of 35% over the \$3.8 million recorded in the fourth quarter of 2000;
- o On a per share basis, net income totaled \$0.33 per diluted common share for the fourth quarter of 2001, up from \$0.29 in the fourth quarter of 2000; and, on a year-to-date basis, net income per common share totaled \$1.27 compared to the \$0.83 reported in 2000, a 53% increase. Excluding the aforementioned non-recurring charge in 2000, net income per diluted common share increased 23%. Strong growth, despite increasing our outstanding shares with a common stock offering;
- o For the twelve months of 2001, return on average equity increased to 15.24%, the highest annual return on equity rate that our young Company has achieved. By industry standards, that would make us a "high performing" bank group;
- o Total assets rose to \$2.7 billion as of December 31, 2001, an increase of \$603 million, or 29%, compared to a year ago. We continue to show strong and consistent asset growth in each of our banks;
- o Total deposits reached \$2.3 billion as of year-end 2001, an increase of \$488 million, or 27%, compared to December 31, 2000;
- o Total loans grew to \$2.1 billion as of December 31, 2001, an increase of \$503 million, or 32%, compared to a year ago;
- o Our net overhead ratio, a measure of operating efficiency, improved to 1.50% in the fourth quarter of 2001 from 1.90% in the prior year quarter;
- o Our asset quality remains strong, as the level of non-performing assets is very manageable;
- o In late December, Northbrook Bank & Trust (our newest de novo bank) moved into its new permanent facility. At the end of December 2001, it has already surpassed the \$85 million asset level, making this one of the fastest growing Wintrust community banks ever;
- o We continue to be one of the fastest growing bank groups in the country, not only in assets, but in earnings and revenues as well;
- o We successfully raised \$22 million through a public offering of our common stock;
- o In January 2002, we approved a 29% increase in the semi-annual dividend to \$0.06 per common share;
- o Also in January 2002, we declared a 3-for-2 stock split of the Company's common stock;
- o In December 2001, we announced an agreement to acquire Chicago-based Wayne Hummer Investments LLC, a full service brokerage company, and Wayne Hummer Management Company, an asset management and mutual fund firm, for \$28 million in cash, stock and deferred cash payments. We successfully closed this transaction in February 2002.

FOURTH QUARTER "RUN RATE" INDICATES EVEN GREATER UPSIDE

As a relatively young banking group that is aggressively growing both assets and earnings, looking at our "total year" results can understate our true performance. If we were to annualize the fourth quarter's net income, we would generate net income in 2002 of \$20.7 million, before any improvement in performance. This would represent a 12% pro-forma increase in net income over 2001 results, before any expected improvement. If we were to factor in growth, which is reasonable given our track record and the continued maturation of our young franchise, we conclude that Wintrust Financial Corporation should have another impressive year in 2002.

PERFORMANCE VERSUS GOALS

At Wintrust, we set aggressive goals and evaluate our performance versus those goals. Progressing towards these financial goals over the next few years will make our Company a high performing bank relative to its peers. In 2001, we made good progress towards achieving most of these goals and expect continued improvement as our young franchises--the community banks and our other subsidiaries--grow and mature. Although our Core Net Interest Margin has declined slightly this year due to the precipitous cuts in interest rates by the Federal Reserve Bank, the following performance statistics indicate that we are making overall improvement in the financial performance of the Company.

PERFORMANCE MEASUREMENTS

	Our Goal	Year ended 12/31,		
		2001	2000	1999
Core Net Interest Margin (1)	4 - 4.5%	3.73%	3.91%	3.75%
Net Overhead Ratio	1.5 - 2.0%	1.59%	2.13%	2.00%
Return on Average Equity	20 - 25%	15.24%	11.51%	11.58%
Return on Average Assets	1.5%	0.79%	0.60%	0.63%
Earnings per Diluted Common Share		\$1.27	\$0.83	\$0.73
Non-Performing Assets as a Percent of Total Assets		0.48%	0.46%	0.41%

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

*** NET INTEREST MARGIN BAR CHART OMITTED ***

NET INTEREST MARGIN AND OTHER INCOME

While the 2001 interest rate environment was very volatile with eleven rate cuts by the Federal Reserve Bank during the year, our net interest margin declined just slightly and still was close to goal. However, our net interest income increased 21% as compared to the prior year due to strong growth in our earning asset base. We think we are well positioned to deal with this unprecedented rate environment and our net interest margin should benefit in the event that rates begin to rise in 2002 as forecasted.

One of our strategies is to diversify our revenue streams so we can weather any adverse economic condition that may impact a section of our operating earnings. As a result of this strategy, our non-interest income continues to grow and totaled \$28.8 million in 2001, an increase of 57% over the prior year. This growth was mainly a result of a higher level of fees from originating and selling residential mortgage loans into the secondary market, an increase in income from premium finance receivables which were sold to an unrelated third party, and enhanced fee income received

*** NET OVERHEAD RATIO BAR CHART OMITTED ***

from active management of our investment portfolio. As a result, our non-interest revenues comprised 28% of our net revenues in 2001 compared to 23% in 2000. Look for non-interest revenues to improve in 2002 with the addition of the Wayne Hummer Companies.

ASSET QUALITY IS GOOD AND STABLE

Your management understands that maintaining good credit quality is extremely important to overall profitability. To that end, we are pleased to report that non-performing asset levels remain relatively low. In fact, our ratio of non-performing assets as a percentage of total assets has consistently been below 0.50%. While you read about many other banks experiencing higher levels of problem loans, our conservative lending strategy is resulting in a low level of non-performing assets. In fact, a small number of credits comprise the core non-performing loans total. The small number of such non-performing loans allows management to effectively monitor the status of these credits. Careful underwriting of loans and diversification of credit risks contribute to the low level of problem loans.

SUCCESSFUL CAPITAL OFFERING

In June, we successfully completed an offering of 1,488,750 shares of common stock at a price of \$16.00 per share which generated net capital to the company of approximately \$22.2 million. We are very pleased with the results of the offering which was over subscribed. The additional capital enables us to continue to grow our community banking and financial services franchise. U.S. Bancorp Piper Jaffray acted as lead manager of the underwriters for the offering and Stifel, Nicolaus & Company, Incorporated, Advest, Inc. and Howe Barnes Investments, Inc. acted as co-managers.

***** ADVERTISEMENT OMITTED *****

DIVIDEND INCREASE AND A STOCK SPLIT

In January 2002, our Board of Directors approved a semi-annual cash dividend of \$0.06 per common share outstanding. This dividend was paid on February 19, 2002 to shareholders of record as of February 5, 2002. This cash dividend, on an annualized basis, represents a 28.6% increase over the \$0.093 per share common stock dividend paid during 2001. Although we have increased the dividend rate every year since one was initiated, as a growing company, we continue to retain approximately 90% of our core earnings to fund future growth and to build our franchise.

As previously mentioned, the Board of Directors also declared a 3-for-2 stock split of the Company's common stock to be effected in the form of a 50% stock dividend, payable on March 14, 2002, to shareholders of record as of March 4, 2002. This is our first stock split and is designed to improve the liquidity of the Company's stock.

***** ADVERTISEMENT OMITTED *****

Wintrust Financial Corporation Locations

***** LOCATION MAP OMITTED *****

OUR COMMUNITY BANKS

Each of our community banks and non-bank subsidiaries recorded record levels in assets and improvements in earnings in 2001. In recognition of the outstanding performance of our subsidiary management teams and board members, we wanted to include a short update on their achievements in 2001 and plans for 2002.

LAKE FOREST BANK & TRUST

Lake Forest Bank & Trust(R) (LFB&T), which celebrated its 10th Anniversary in 2001, reached \$702 million in assets, an increase of \$121 million over year ago. Not bad growth for the most mature member of the Wintrust community banks. LFB&T operated with an impressive net overhead ratio of less than 1.0% and generated a 1.61% return on average assets in 2001. LFB&T operates six banking facilities in Lake Forest, West Lake Forest, Lake Bluff and Highwood. As of 06/30/01, FDIC data indicated that LFB&T was the #2 bank (in deposits) in its initial market area. The Bank of Highwood-Fort Sheridan(R), a branch of LFB&T that we opened just two years ago, is now the #1 bank in its market. In 2002 we will be launching a new branch, Highland Park Bank & Trust(TM), in this community immediately to the south of our current marketing area.

***** LAKE FOREST BANK & TRUST EMPLOYEES PICTURE OMITTED *****

HINSDALE BANK & TRUST

Hinsdale Bank & Trust(R) (HB&T), which was launched eight years ago, reached \$513 million in assets in 2001, an increase of \$112 million from 2000. This growth rate is impressive for the second oldest Wintrust community bank. HB&T operated with an efficient 1.74% net overhead ratio and generated a 1.16% return on average assets in 2001. HB&T operates five banking facilities in Hinsdale, Clarendon Hills (Clarendon Hills Bank(R)), Western Springs (The Community Bank of Western Springs(R)), and Riverside. Our newest branch, Riverside Bank(TM), was just opened in January 2002 and is off to a great start. HB&T has grown to be the #2 bank in its original market area and just won the local newspaper's award for the best bank in the area.

***** NEW RIVERSIDE BANK FACILITY OMITTED *****

NORTH SHORE COMMUNITY BANK & Trust

North Shore Community Bank & Trust(R) (NSCB&T), which was opened seven years ago, reached \$563 million in assets in 2001, an increase of \$113 million over the prior year. NSCB&T operated with a 1.24% net overhead ratio that is well below the Wintrust average, and generated a 0.98% return on average assets. NSCB&T operates seven banking facilities in Wilmette, Winnetka, Glencoe, and Skokie. In mid-2001, NSCB&T moved into a more convenient space with ATM service and safe deposit boxes in Winnetka, and in early 2003, is planning to open a new full service facility with a drive-through facility in Skokie. NSCB&T has grown to be the #2 bank in its initial market area.

LIBERTYVILLE BANK & TRUST

Libertyville Bank & Trust(R) (LB&T), which opened in October 1995, reached \$355 million in assets in 2001, an increase of \$68 million from 2000. LB&T operated with a 1.18% net overhead ratio, well below the Wintrust average, and generated a 0.85% return on average assets. LB&T operates five banking facilities, three located in Libertyville and two in Wauconda (Wauconda Community Bank). In 2002, Wauconda Community Bank(R) will be moving into their beautiful new permanent facility right across the street from its key big bank com-

petitor. LB&T is also in the process of beginning construction on a new permanent full service facility in South Libertyville. As of 6/30/01, LB&T had grown to be the #1 bank in Libertyville and the #2 bank in Wauconda.

BARRINGTON BANK & TRUST

Barrington Bank & Trust(R) (BB&T), which was opened five years ago, reached \$314 million in assets in 2001, an increase of \$73 million over year ago. BB&T operated with a 1.64% net overhead ratio, and generated a 0.67% return on average assets--impressive for a young bank. BB&T operates two banking facilities, a main bank in Barrington and a new branch in Hoffman Estates. Hoffman Estates Community Bank (TM), launched in September 2001, is performing very well and is outpacing our original projections. BB&T has grown to be the #2 bank in Barrington. Community Advantage(R), BB&T's condominium association lending division, has established itself as a market leader in the Chicago metropolitan area.

CRYSTAL LAKE BANK & TRUST

Crystal Lake Bank & Trust(R) (CLB&T), which commenced operations four years ago, reached \$184 million in assets in 2001, an increase of \$59 million over 2000. CLB&T has 39 employees and operated with a 1.68% net overhead ratio. Additionally, profitability was well ahead of budget. CLB&T operates four banking facilities in Crystal Lake, South Crystal Lake, and McHenry. McHenry Bank & Trust, launched in February 2001, is off to a terrific start and is well ahead of original projections. In 2002, McHenry Bank & Trust will be moving into their spacious new permanent facility. We're sure their customers (and employees) will like moving out of the 750 sq. ft. temporary facility! By the end of 2001, CLB&T has grown to be the #3 bank in its primary market. CLB&T also launched their Aircraft Financing Division in 2001, generating \$6.5 million in small aircraft loans. This is a business that we will be aggressively growing in 2002.

***** NEW NORTHBROOK BANK & TRUST MAIN FACILITY OMITTED *****

NORTHBROOK BANK & TRUST

Northbrook Bank & Trust(TM) (NB&T), which was opened in late 2000, reached \$86 million in assets in 2001, an increase of \$64 million over year ago. This would make NB&T one of the fastest growing Wintrust banks ever. Additionally, this bank reached profitability in the 4th quarter of 2001...another record for a Wintrust community bank. NB&T's staff of dedicated community bankers moved into its beautiful, new full-service facility and drive-through in late 2001 with rave reviews. Deerfield Bank & Trust(TM), a proposed new branch located directly north of our marketing area, is in development at this time.

WINTRUST ASSET MANAGEMENT COMPANY

Wintrust Asset Management Company provides trust and asset management services to all of the communities that the Banks serve. We consider these to be some of the best trust markets in Illinois. Despite a difficult investment environment in 2001, Wintrust Asset Management grew the number of accounts and increased assets under management to \$440 million.

Given the demographics of our Banks' marketplaces, we look to trust and asset management revenue to be an ongoing major source of non-interest income for the Company. In 2002, Wayne Hummer Management Company will become part of Wintrust Asset Management. We believe combining these companies will improve distribution and result in an enhanced array of investment products and services for our customers.

FIRST INSURANCE FUNDING

FIRST Insurance Funding Corp(R). used 2001 to refocus its business and improve its customer service and profitability. FIRST spent much of the year reevaluating current customers and ending relationships with those that proved to be unprofitable or marginally profitable. FIRST stopped doing business with more than 1,300 insurance agents, returning to its original focus on large and middle-market commercial insurance agencies.

These changes allowed FIRST to book 20,000 fewer loans in 2001 than in 2000 and increase its average loan size by 50%. Even with these reductions, FIRST's total loan volume topped \$1.3 billion, a 21% increase over 2000. With dramatically improved operations and customer service, FIRST will spend 2002 increasing its marketing and sales efforts. These efforts, combined with an increase in insurance premiums nationally, should allow FIRST to grow its volumes by an even greater percentage in 2002.

TRICOM, INC.

In its second full year as a member of the Wintrust family, 2001 was another profitable year for Tricom. Even in an economy where the placement of temporary staffing individuals by Tricom's clients was significantly reduced, Tricom was able to maintain its net revenue contribution to the Company at \$8.0 million, compared to \$8.1 million in 2000. After expenses, Tricom contributed \$1.2 million of net income to the Company in 2001, and on a cash basis, has added approximately \$4.0 million of earnings to our consolidated results since the date of our acquisition in October 1999. Accordingly, we continue to be pleased with the return on the investment of Wintrust's first acquisition. Tricom used the downturn in the temporary staffing industry in 2001 as an opportunity to concentrate on upgrading its systems and delivery capabilities and stands ready to handle significant levels of new business as the economy begins to recover and temporary staffing individuals get absorbed back into the marketplace.

WHO IS WHI?

Since 1931, Chicago-based Wayne Hummer Investments LLC(R) (WHI) has been providing a full-range of investment products and services tailored to meet the specific needs of individual investors throughout the country. Wayne Hummer is a well respected name in the brokerage business that services a very loyal, affluent client base. WHI also operates an office in Appleton, Wisconsin that was opened in 1936. WHI has approximately 150 employees, including over 40 active brokers, and is a member of the New York Stock Exchange, the Chicago Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers.

***** WHI MANAGEMENT PICTURE OMITTED *****

WHI's goal is to help clients define and achieve their financial goals. Whether they are setting their sights on a comfortable retirement, planning to send their children to college, or wanting extra monthly income, WHI is there to help fulfill those dreams. WHI's success stems from the long-lasting relationships that their Investment Executives develop with clients. Getting to know clients by understanding their individual goals, risk tolerance, and investment philosophy is an objective that each WHI Investment Executive shares. Because clients know that advice is always given with their best interest in mind, they have placed a high level of trust with WHI and their Investment Executive.

In 2001, the number of WHI client households is estimated to be in excess of 20,000, with over \$4 billion in customer assets in custody. WHI's Appleton, Wisconsin branch has a client base of over 4,000 accounts and serves the greater Appleton area with over 100 years of investment experience on staff.

WHO IS WHMC?

Wayne Hummer Management Company(R) (WHMC), established in 1981, is the investment advisory affiliate of Wayne Hummer Investments and is advisor to the Wayne Hummer family of mutual funds. The Wayne Hummer family of funds include the Wayne Hummer Growth Fund, the Wayne Hummer CorePortfolio Fund, the Wayne Hummer Income Fund, and the Wayne Hummer Money Market Fund. Both the Growth Fund and the CorePortfolio Fund have been recognized as outperforming mutual funds within their respected categories.

**** WAYNE HUMMER MANAGEMENT COMPANY EXECUTIVE MANAGEMENT TEAM PICTURE OMITTED ****

With assets in excess of \$1.0 billion, the investment management group provides advisory services to individuals and institutions, municipal and tax-exempt organizations, including approximately \$600 million in the Wayne Hummer Mutual Funds. Additionally, WHMC also provides portfolio management and continuous financial supervision for a wide-range of pension and profit sharing plans. These defined portfolios are managed for public and private clients, bank portfolios and trusts, endowments and foundations, and both taxable and tax-deferred portfolios of individual investors. WHMC managed over \$400 million in these portfolios at the end of 2001.

WHO IS FI?

Focused Investments LLC(R), a NASD member broker/dealer, is a wholly owned subsidiary of WHI and provides a full range of investment solutions to clients through a network of community-based financial institutions throughout the Midwest. We anticipate continued growth and enhanced resources as a result of synergies created through the Wintrust affiliation. Focused Investments will continue to operate as a wholly owned subsidiary of WHI.

***** FOCUSED INVESTMENTS LOGO OMITTED *****

WHAT ARE THE TERMS OF THE TRANSACTION?

The purchase price of \$28 million was comprised of \$8 million of cash, 762,742 shares of Wintrust's common stock (valued at \$15 million) and \$5 million of deferred cash payments to be made over a three-year period subsequent to the closing date. We agreed to also pay additional contingent consideration upon the attainment of certain performance measures over the next five years. And to ensure continuity, all former principals of WHI and WHMC agreed to sign management employment contracts.

The transaction is expected to be slightly accretive to our Wintrust 2002 earnings per share. Additional positive impact should be experienced to the extent that amounts currently invested in the money market mutual fund are transferred into bank deposits and invested in earning assets at Wintrust banks.

***** WAYNE HUMMER MANAGEMENT COMPANY LOGO OMITTED *****

HOW WILL THE MERGER WORK? WHAT BRANDING WILL BE USED BY THE RESULTING COMPANIES?

The Wayne Hummer brand name is well known and respected in the Chicago metropolitan area and its client base is nationwide. Accordingly, it makes sense for us to continue to use the Wayne Hummer name in our brokerage and asset management operations. As such, during 2002, we will merge the asset management business of WHMC and Wintrust Asset Management Company and create a new name for the combined asset management business using the Wayne Hummer branding. WHI will continue operating as Wayne Hummer Investments and will be managed by the current WHI management team.

WHAT ARE THE BENEFITS TO WINTRUST FINANCIAL CORPORATION SHAREHOLDERS AND CUSTOMERS?

For Wintrust, this was a transaction with a well-respected Chicago firm with consistent profitability, a solid investment performance, a loyal client base, and a strong corporate culture. It is fully supported by both parties. The additional revenue provided by the Wayne Hummer Companies will further diversify Wintrust's revenue stream and is expected to result in non-interest income in excess of 40% of total net revenues, up from the current level of 28%.

Currently, the Wayne Hummer Companies have over \$400 million in a money market mutual fund that would be beneficial to eventually migrate into deposits in the Wintrust banks. Using these deposits to fund our excess loan production would generate attractive spreads and could significantly increase our earnings per share. To accomplish this, we plan to offer a superior market-rate, FDIC-insured, cash management account in which Wayne Hummer customers can invest their liquid assets. We will also offer large balance clients the opportunity to receive up to \$700,000 in FDIC insurance by depositing these excess balances in up to seven Wintrust banks. This extra-FDIC insurance product takes strategic advantage of Wintrust's seven (and eventually more) bank charters.

Wintrust will now be able to offer full-service WHI brokerage services and WH mutual funds to its bank and trust/investment customers. The addition of these services allows the Wintrust organization to take another big step forward in its efforts to be a "one-stop" shop for all of its customers' financial needs. Our Wintrust banks will also benefit from offering additional banking deposit and loan products to over 20,000 Wayne Hummer customer households. This merger will also help make Wintrust's trust and investment business profitable and will result in over \$1.0 billion in assets under direct management including the existing mutual funds.

WHAT ARE THE BENEFITS TO WAYNE HUMMER OWNERS AND CUSTOMERS?

This merger gives Wayne Hummer Companies the opportunity to expand market share and earnings at a much faster pace by joining Wintrust Financial and its group of community banks. Wintrust's seven banks and 29 banking facilities provide additional distribution channels in high potential affluent markets. In addition to the aforementioned market-rate FDIC insured cash management account which will provide up to \$700,000 of FDIC insurance per customer, cross selling WHI brokerage and the WHMC family of mutual funds to Wintrust's 50,000 customer households represents a sizeable growth opportunity.

We will be able to offer trust and estate services via our trust company powers to Wayne Hummer's asset management and brokerage clients. These services are currently outsourced by the Wayne Hummer Companies.

NET, NET--WIN, WIN

This transaction is a win-win situation for both companies and more importantly for our customers. Wintrust is partnering with a company that has a terrific history and operating culture, outstanding growth and profit potential, and a dedicated management team. We are both very excited about this new relationship.

The union of our two companies just feels like a good fit. Wayne Hummer and Wintrust are organizations that share similar values. Wayne Hummer's beliefs regarding the importance of superior customer service, staying ahead of the curve on technology, and following the highest ethical standards makes for a good fit. A strong corporate culture and employee loyalty are pervasive in both companies. And, importantly, there is very little overlap in the products and services that the merging firms offer. It looks like a win/win for both organizations, our employees, and our customers.

***** ADVERTISING OMITTED *****

***** ADVERTISING OMITTED *****

PROFITABLE GROWTH STRATEGIES

At Wintrust, we believe that profitable growth is a key ingredient in building long-term shareholder value. Future growth will be fueled by adhering to a variety of proven successful de novo strategies and new acquisition-related strategies that will enable us to gain market share in key areas and continue this growth. Some of these strategies may include:

- o Growing our existing bank and investment franchises--Increase market share by 1) cross selling existing customers additional banking, investment, trust, and other financial services, 2) attracting new customers, and 3) adding new branches and distribution channels;
- o Creating new de novo franchises--Introduce new banks in high opportunity markets and create new earning asset niches;
- o Partnering with or acquiring existing community banks in high opportunity markets;
- o Partnering with or acquiring non-banking financial services firms to expand our portfolio of investment services, asset niches, and fee revenues;
- o Being "asset driven"--Generating excess earning assets to augment our community bank lending;
- o Continuing to diversify our revenue streams by starting up or acquiring fee based businesses;
- o Bringing money market balances at Wayne Hummer into our banks to profitably fund our excess loan volume; and,
- o Utilizing the internet as an additional distribution vehicle for current products and a portal to marketing and distributing new products.

GROWING OUR BANK AND INVESTMENT FRANCHISES--A HUGE OPPORTUNITY

We have built our de novo franchises from scratch with aggressive, hard-hitting consumer marketing that includes both customer acquisition and cross selling programs. With our acquisition of the Wayne Hummer Companies, we have significantly increased the cross sell opportunities. Now we can offer our banking customers a full range of non-bank financial services, including retail brokerage, managed investments, mutual funds, annuities, insurance and a wide array of other financial services products. And we can offer our Wayne Hummer customers banking and trust products and services. We also will grow the Wayne Hummer brand with awareness building marketing, targeted product marketing, and expansion of Wayne Hummer distribution channels to our affluent bank locations. We believe this represents a huge growth opportunity for the banks and our investment companies.

***** ADVERTISING OMITTED *****

DE NOVO EXPANSION

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

***** McB&T LOGO OMITTED *****

In 2001, we opened the following de novo banks and branches:

- o McHenry Bank & Trust (branch of Crystal Lake Bank & Trust)
- o Hoffman Estates Community Bank (branch of Barrington Bank & Trust)
- o Launched Northbrook Bank & Trust new permanent facility

In the near future we plan to open the following banks and branches: Riverside Bank (a branch of Hinsdale Bank & Trust that opened in January 2002), Highland Park Bank & Trust (a branch of Lake Forest Bank & Trust), North Shore Community Bank & Trust-Skokie (a full service location including a drive through), Wauconda Community Bank's (a branch of Libertyville Bank & Trust) new permanent facility, Libertyville Bank & Trust-South Libertyville's full service location, McHenry Bank & Trust's (a branch of Crystal Lake Bank & Trust) new permanent facility, and bank #8, We have also purchased property for Deerfield Bank & Trust, a branch of Northbrook Bank & Trust.

POTENTIAL ACQUISITIONS

We continue to evaluate other Chicagoland community banks with the goal of partnering with us by merging their community-based bank or branches into the Wintrust family of banks. As we have said in the past, Wintrust is a logical partner for many smaller community banks because of the liquidity and value-added operational benefits we could bring, and the fact that we would allow the bank to continue to operate locally with their own name and management team.

In addition to the Wayne Hummer acquisition, we are looking at other managed investments acquisitions that will "bulk up" this important fee generator. We also continue to look to add earning asset niches, either as start-up operations or through acquisition. This type of growth will add diversified earning asset and fee-based business niches to supplement Wintrust's banking revenues.

As our stock price rises and our "currency" becomes more valuable, acquisitions become a more viable avenue for future growth and enhanced shareholder value. Your management team and Board of Directors are dedicated to being disciplined with regard to pricing potential acquisitions to be accretive to earnings per share. We will keep evaluating potential acquisitions and will update you regularly on our progress.

EARNING ASSET NICHES--A KEY STRATEGY TO FUEL OUR GROWTH

Experience tells us that the typical community bank can generate loans from local consumers and small businesses that represent about 60% of their lending capacity without compromising credit quality. That's because in most suburban communities, there are more consumer and small business deposit opportunities than there are loans. Most community banks can't overcome this limitation and are unable to grow beyond a certain size.

***** ADVERTISING OMITTED *****

We augment our community banks' loan portfolios with additional earning assets generated by our specialty earning asset niches. This not only allows us to improve the profitability of our community banks by optimizing their earning asset base, but also allows them to diversify their loan portfolios. Our ability to compete in the future will continue to be aided by this asset strategy.

***** PIE CHART OMITTED *****

We generate additional loan volume from a number of specialty earning asset niches, most of which were developed internally:

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

THE BENEFITS OF BEING "ASSET DRIVEN"

In 2001, with the help of our growing earning asset niches, we again accomplished our objective of being an "asset driven" organization. Having an excess of loans is beneficial to the Company for a number of reasons. It allows us:

- o To be more profitable and to fund more aggressive growth. Excess loan volume allows us to immediately invest any new deposit dollars in loans that have higher interest rates than alternative short-term investments. This allows us to be more aggressive in key markets where we want to increase market share because we are generating sufficient higher yielding assets to invest the new deposits;

- o To increase revenues on excess loan volumes. In 2001, we sold approximately \$245 million of premium finance receivables to an unrelated financial institution. We anticipate continuing this practice in the future as we balance growth and earnings. We should note that these assets are also profitable sources of interest income and to the extent we have the future liquidity, capital and opportunity to absorb these excess loan volumes, we could maintain such assets on our books at even higher profit levels. Specifically, these assets are well suited for investment of the funds that we anticipate migrating from the Wayne Hummer money market fund. Accordingly, as the fund migration occurs, the level of loan sale activity could be less in 2002 than in 2001; and

- o To diversify our asset mix into various different loan types, thereby reducing any concentration of credit risk.

***** HE WEBSITE LOGO OMITTED *****

.COMMUNITY BANKING(TM), WINTRUST STYLE

Our innovative on-line financial services called .community banking(TM) helps customers track and control finances, all from the comfort of their home or office, at any time. In 2001, we made a series of enhancements to our community banks' on-line financial services including:

- o Check Register--which allows users to better manage payments, maintain their checkbook online, help reconcile these items with their bank statements, and store up 16 months of checking or money market account history;
- o On-line Mortgage Application--which allows users to easily enter their home loan application data on-line and provide quick on-line approval;
- o Customizable User ID--which allows users to change their User ID's from the bank assigned User ID; and
- o Longer Deposit History--deposit history can now be queried for last posting date, last 7 days, last 75 transactions, current statement, prior statement, or all history that is available on-line.

OTHER PLANNED TECHNOLOGY INITIATIVES

Our Wintrust banks are firm believers in the value of investing in technology to improve our services and improve our operating efficiency. To that end we have created a Wintrust Information Technology Services (WITS) operational facility in Villa Park, Illinois, to house the operational end of a number of technology initiatives. Here are our 2002 consumer technology initiatives:

- o Statement Processing--new internally produced statement and notices
- o Imaging--historical imaged checks and statements
- o CheckManager Plus--a better way to manage your checks via optional imaged checks with statement
- o Annual CD ROM--historical statements and check images

We also plan to introduce a number of technology initiatives for our business customers:

- o Improved retail lock box services--additional cash management services
- o i-businessbanking.com--improved on-line business banking services
- o E-mail statements and check images
- o Quarterly and/or annual CD ROM--historical statements and check images

***** I BUSINESS BANKING LOGO OMITTED *****

MAXSAFE(TM) CD--THE RIGHT INVESTMENT ALTERNATIVE WHEN BOTH HIGH RETURN AND ADDED SECURITY ARE IMPORTANT

In 2002, we will begin testing an innovative new kind of investment account--the MaxSafe CD--with seven times the security of a normal CD. This product leverages our seven bank charters by "waterfalling" deposits in excess of \$96,000 into other Wintrust community bank account(s). Seven banks equal seven times the usual level of FDIC insurance for maximum protection. And we can increase this coverage in the future as we add new banks. In today's volatile marketplace, the added security of up to \$700,000 in FDIC insurance offers a very relevant and unique value-added benefit. Our plans are to initially introduce this idea as a value-added jumbo CD, but eventually rollout this service to other products--e.g. cash management and money market accounts.

INVESTOR RELATIONS PROGRAM

In 2002, we are continuing our investor relations program which includes: presentations at investor conferences, providing interviews and story ideas to financial publications, distributing investor packages to interested investors through various programs, and making presentations to interested institutional buyers. We believe that communicating our story is important to creating awareness about our Company and thereby creating demand for our stock which will help us raise capital on a cost effective basis.

We have received a lot of nice compliments on our new investor relations web site (www.wintrust.com) complete with a new look and sophisticated navigation system and many new features, including authorizing Wintrust to automatically e-mail interested investors key reports and updates when they become available.

Currently, the following respected investment firms are now writing research on Wintrust and all are currently recommending the purchase of Wintrust common stock.

- o Advest, Inc.
- o Howe Barnes Investments, Inc.
- o Midwest Research
- o RBC Dain Rauscher Capital Markets
- o Stifel, Nicolaus & Company, Inc.
- o U.S. Bancorp Piper Jaffray

***** MAXSAFE POSTCARD OMITTED *****

SUMMARY

In summary, we are pleased with the Company's significant growth in 2001. This was a very good year in terms of executing our strategy of balancing growth of the balance sheet with growth in earnings. For the future, we are confident in our corporate strategy and believe we have strong momentum going into 2002.

We are grateful for your support of our organization and are enthusiastic about making the year 2002 another good year in terms of growth in earnings and assets.

***** ADVERTISING OMITTED *****

CONSOLIDATED FINANCIAL STATEMENTS

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

	December 31,	
	2001	2000
ASSETS		
Cash and due from banks	\$ 71,575	65,413
Federal funds sold and securities purchased under resale agreements	51,955	164,641
Interest bearing deposits with banks	692	182
Available-for-sale securities, at fair value	385,350	193,105
Loans, net of unearned income	2,061,383	1,558,020
Less: Allowance for possible loan losses	13,686	10,433
Net loans	2,047,697	1,547,587
Premises and equipment, net	99,132	86,386
Accrued interest receivable and other assets	38,936	34,722
Goodwill and other intangible assets, net of accumulated amortization of \$1,918 in 2001 and \$1,233 in 2000	10,085	10,770
Total assets	\$ 2,705,422	2,102,806
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 254,269	198,319
Interest bearing	2,060,367	1,628,257
Total deposits	2,314,636	1,826,576
Short-term borrowings	28,074	43,639
Notes payable	46,575	27,575
Federal Home Loan Bank advances	90,000	--
Long-term debt - trust preferred securities	51,050	51,050
Accrued interest payable and other liabilities	33,809	51,690
Total liabilities	2,564,144	2,000,530
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, of which 100,000 shares are designated as Junior Serial Preferred Stock A; no shares issued and outstanding at December 31, 2001 and 2000	--	--
Common stock, no par value; \$1.00 stated value; 30,000,000 shares authorized; 14,531,665 and 13,285,042 issued at December 31, 2001 and 2000, respectively	14,532	13,285
Surplus	97,956	79,282
Common stock warrants	99	100
Treasury stock, at cost; 363,450 shares at December 31, 2000	--	(3,863)
Retained earnings	30,995	13,835
Accumulated other comprehensive loss	(2,304)	(363)
Total shareholders' equity	141,278	102,276
Total liabilities and shareholders' equity	\$ 2,705,422	2,102,806

See accompanying notes to consolidated financial statements

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

	Years Ended December 31,		
	2001	2000	1999
INTEREST INCOME			
Interest and fees on loans	\$ 149,057	130,910	97,270
Interest bearing deposits with banks	10	26	204
Federal funds sold and securities purchased under resale agreements	5,632	1,627	1,536
Securities	11,756	15,621	10,321
Total interest income	166,455	148,184	109,331
INTEREST EXPENSE			
Interest on deposits	83,503	78,670	56,026
Interest on short-term borrowings and notes payable	2,845	4,371	2,633
Interest on Federal Home Loan Bank advances	942	-	-
Interest on long-term debt - trust preferred securities	5,151	4,143	2,938
Total interest expense	92,441	87,184	61,597
NET INTEREST INCOME	74,014	61,000	47,734
Provision for possible loan losses	7,900	5,055	3,713
Net interest income after provision for possible loan losses	66,114	55,945	44,021
NON-INTEREST INCOME			
Fees on mortgage loans sold	7,831	2,911	3,206
Service charges on deposit accounts	2,504	1,936	1,562
Trust and asset management fees	1,996	1,971	1,171
Gain on sale of premium finance receivables	4,564	3,831	1,033
Administrative services revenue	4,084	4,402	996
Net available-for-sale securities gains (losses)	337	(40)	5
Fees from covered call options	4,344	882	441
Other	3,138	2,413	1,394
Total non-interest income	28,798	18,306	9,808
NON-INTEREST EXPENSE			
Salaries and employee benefits	35,628	28,119	20,808
Equipment expense	6,297	5,101	3,199
Occupancy, net	4,821	4,252	2,991
Data processing	3,393	2,837	2,169
Advertising and marketing	1,604	1,309	1,402
Professional fees	2,055	1,681	1,203
Amortization of intangibles	685	713	251
Premium finance defalcation	-	4,320	-
Other	11,300	9,471	7,655
Total non-interest expense	65,783	57,803	39,678
Income before income taxes and cumulative effect of accounting change	29,129	16,448	14,151
Income tax expense	10,436	5,293	4,724
Income before cumulative effect of accounting change	18,693	11,155	9,427
Cumulative effect of change in accounting for derivatives, net of tax of \$161	254	-	-
NET INCOME	\$ 18,439	11,155	9,427
BASIC EARNINGS PER SHARE:			
Income before cumulative effect of accounting change	\$ 1.36	0.85	0.76
Cumulative effect of accounting change, net of tax	0.02	-	-
Net income per common share - Basic	\$ 1.34	0.85	0.76
DILUTED EARNINGS PER SHARE:			
Income before cumulative effect of accounting change	\$ 1.29	0.83	0.73
Cumulative effect of accounting change, net of tax	0.02	-	-
Net income per common share - Diluted	\$ 1.27	0.83	0.73

See accompanying notes to consolidated financial statements

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

	Compre- hensive income (loss)	Common stock	Surplus	Common stock warrants	Treasury stock	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 1998	\$ 12,225		68,803	100	-	(5,872)	(51)	75,205
Comprehensive income:								
Net income	\$ 9,427	-	-	-	-	9,427	-	9,427
Other comprehensive loss, net of tax:								
Unrealized losses on securities, net of reclassification adjustment	(2,220)	-	-	-	-	-	(2,220)	(2,220)
Comprehensive income	7,207							
Common stock issuance, net of costs		871	9,113	-	-	-	-	9,984
Common stock issued upon exercise of stock options		48	355	-	-	-	-	403
Common stock issued through employee stock purchase plan		12	136	-	-	-	-	148
Balance at December 31, 1999	13,156		78,407	100	-	3,555	(2,271)	92,947
Comprehensive income:								
Net income	11,155	-	-	-	-	11,155	-	11,155
Other comprehensive income, net of tax:								
Unrealized gains on securities, net of reclassification adjustment	1,908	-	-	-	-	-	1,908	1,908
Comprehensive Income	13,063							
Cash dividends declared on common stock						(875)	-	(875)
Purchase of 363,450 shares of common stock					(3,863)	-	-	(3,863)
Common stock issued upon exercise of stock options		115	763	-	-	-	-	878
Common stock issued through employee stock purchase plan		14	112	-	-	-	-	126
Balance at December 31, 2000	13,285		79,282	100	(3,863)	13,835	(363)	102,276
COMPREHENSIVE INCOME:								
NET INCOME	18,439	-	-	-	-	18,439	-	18,439
OTHER COMPREHENSIVE LOSS, NET OF TAX:								
UNREALIZED LOSSES ON SECURITIES, NET OF RECLASSIFICATION ADJUSTMENT	(1,378)	-	-	-	-	-	(1,378)	(1,378)
UNREALIZED LOSSES ON DERIVATIVE INSTRUMENTS	(563)	-	-	-	-	-	(563)	(563)
COMPREHENSIVE INCOME	\$ 16,498							
CASH DIVIDENDS DECLARED ON COMMON STOCK						(1,279)	-	(1,279)
COMMON STOCK ISSUANCE, NET OF COSTS		1,125	17,234	-	3,863	-	-	22,222
COMMON STOCK ISSUED UPON EXERCISE OF STOCK OPTIONS		106	1,190	-	-	-	-	1,296
COMMON STOCK ISSUED THROUGH EMPLOYEE STOCK PURCHASE PLAN		15	239	-	-	-	-	254
CONVERSION OF COMMON STOCK WARRANTS		1	11	(1)	-	-	-	11
BALANCE AT DECEMBER 31, 2001	\$ 14,532		97,956	99	-	30,995	(2,304)	141,278

See accompanying notes to consolidated financial statements

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

	Years Ended December 31,		
	2001	2000	1999
OPERATING ACTIVITIES:			
Net income	\$ 18,439	11,155	9,427
Adjustments to reconcile net income to net cash used for, or provided by, operating activities:			
Cumulative effect of accounting change	254	--	--
Provision for possible loan losses	7,900	5,055	3,713
Depreciation and amortization	8,082	6,619	4,246
Deferred income tax expense (benefit)	1,791	597	(835)
Net (accretion) amortization of securities	(578)	1,775	(490)
Originations of mortgage loans held for sale	(515,170)	(161,017)	(263,857)
Proceeds from sales of mortgage loans held for sale	482,690	158,716	273,765
Gain on sale of premium finance receivables	(4,564)	(3,831)	(1,033)
Purchase of trading securities	(17,662)	(2,940)	(5,558)
Proceeds from sale of trading securities	17,678	2,945	5,567
Gain on sale of trading securities	(16)	(5)	(9)
(Gain) loss on sale of Available-for-Sale securities	(337)	40	(5)
(Gain) loss on sale of premises and equipment, net	(209)	18	--
Increase in accrued interest receivable and other assets, net	(6,031)	(404)	(3,585)
Increase (decrease) in accrued interest payable and other liabilities, net	(17,720)	28,120	5,580
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(25,453)	46,843	26,926
INVESTING ACTIVITIES:			
Proceeds from maturities of Available-for-Sale securities	484,292	235,275	368,889
Proceeds from maturities of Held-to-Maturity securities	--	--	5,000
Proceeds from sales of Available-for-Sale securities	1,260,838	675,458	15,166
Purchases of Available-for-Sale securities	(1,938,546)	(896,922)	(383,723)
Proceeds from sales of premium finance receivables	244,684	229,277	68,875
Acquisition of Tricom Inc , net of cash acquired	--	--	(4,227)
Net (increase) decrease in interest bearing deposits with banks	(510)	2,365	5,316
Net increase in loans	(715,894)	(506,321)	(346,778)
Purchases of premises and equipment, net	(19,934)	(19,459)	(17,217)
NET CASH USED FOR INVESTING ACTIVITIES	(685,070)	(280,327)	(288,699)
FINANCING ACTIVITIES:			
Increase in deposit accounts	488,060	362,954	234,468
Increase (decrease) in short-term borrowings, net	(15,565)	(16,204)	41,254
Increase in notes payable, net	19,000	19,225	8,350
Proceeds from Federal Home Loan Bank advances	90,000	--	--
Proceeds from trust preferred securities offering	--	20,000	--
Issuance of common stock, net of issuance costs	22,222	--	5,984
Common stock issued upon exercise of stock options	1,296	878	403
Common stock issued through employee stock purchase plan	254	126	148
Proceeds from conversion of common stock warrants	11	--	--
Purchase of common stock	--	(3,863)	--
Dividends paid	(1,279)	(875)	--
NET CASH PROVIDED BY FINANCING ACTIVITIES	603,999	382,241	290,607
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(106,524)	148,757	28,834
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	230,054	81,297	52,463
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 123,530	230,054	81,297
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 92,802	85,581	60,667
Income taxes, net	8,023	4,084	4,241
Acquisition of Tricom, Inc of Milwaukee:			
Fair value of assets acquired	--	--	22,116
Goodwill recorded from acquisition	--	--	10,052
Fair value of liabilities assumed	--	--	23,941
NON-CASH INVESTING ACTIVITIES:			
Common stock issued for acquisition of Tricom, Inc of Milwaukee	--	--	4,000
Transfer to other real estate owned from loans	244	--	--

See accompanying notes to consolidated financial statements

DESCRIPTION OF THE BUSINESS

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Wintrust and its subsidiaries conform to generally accepted accounting principles in the United States and prevailing practices of the banking industry. In the preparation of the consolidated financial statements, management is required to make certain estimates and assumptions that affect the reported amounts contained in the consolidated financial statements. Management believes that the estimates made are reasonable; however, changes in estimates may be required if economic or other conditions change beyond management's expectations. Reclassifications of certain prior year amounts have been made to conform with the current year presentation. The following is a summary of the more significant accounting policies of the Company.

Principles of Consolidation

The consolidated financial statements of Wintrust include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Stock Split

On January 24, 2002, the Board of Directors declared a 3-for-2 stock split of the Company's common stock, to be effected in the form of a 50% stock dividend, payable on March 14, 2002 to shareholders of record as of March 4, 2002. In accordance with Statement of Accounting Standard (SFAS) 128, "Earnings Per Share", all per-share computations and references to number of shares presented in this report have been restated to reflect the stock split.

Cash Equivalents

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

Securities

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

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

Trading account securities are stated at fair value. Realized and unrealized gains and losses from sales and fair value adjustments are included in other non-interest income. The Company did not maintain any trading account securities at December 31, 2001 or 2000.

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

Securities Purchased Under Resale Agreements and Securities Sold Under Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions and are recorded at the amount at which the securities were acquired or sold plus accrued interest. Securities, generally U.S. government and Federal agency securities, pledged as collateral under these financing arrangements cannot be sold by the secured party. The fair value of collateral either received from or provided to a third party is monitored and additional collateral obtained or requested as deemed appropriate.

Loans and Allowance for Possible Loan Losses

Loans, which include premium finance receivables, Tricom finance receivables and lease financing, are recorded at the principal amount outstanding. Interest income is recognized when earned. Loan origination fees and certain direct origination costs associated with loans retained in the portfolio are deferred and amortized over the expected life of the loan as an adjustment to the yield using methods that approximate the effective interest method. Finance charges on premium finance receivables are earned over the term of the loan based on actual funds outstanding, beginning with the funding date, using a method which approximates the effective yield method.

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

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

The allowance for possible loan losses is maintained at a level believed adequate by management to cover probable losses inherent in the portfolio and is based on an assessment of individual problems loans, actual and anticipated loss experience, current economic events and other pertinent factors. Determination of the allowance is inherently subjective as it requires significant estimates, including the amounts and timing of expected future cash flows on impaired loans and estimated losses on pools of homogeneous loans based on historical loss experience, delinquency levels and current economic trends. In estimating potential losses, the Company evaluates loans for impairment in accordance with SFAS 114, "Accounting by Creditors for Impairment of a Loan". A loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due. Impaired loans are generally considered by the Company to be commercial and commercial real estate loans that are non-accrual loans, restructured loans or loans with principal and/or interest at risk, even if the loan is current with all payments of principal and interest. Impairment is measured by estimating the fair value of the loan based on the present value of expected cash flows, the market price of the loan, or the fair value of the underlying collateral. If the estimated fair value of the loan is less than the recorded book value, a valuation allowance is established as a component of the allowance for possible loan losses.

Mortgage Servicing Rights

The Company originates mortgage loans for sale to the secondary market, the majority of which are sold without retaining servicing rights. There are certain loans, however, that are originated and sold to a governmental agency, with servicing rights retained. Mortgage servicing rights associated with loans originated and sold, where servicing is retained, are capitalized and included in other assets in the consolidated statements of condition. The Company capitalizes the rights to service these originated mortgage loans at the time of sale. The capitalized value of loan servicing rights is amortized in proportion to, and over the period of, estimated net future servicing revenue. Mortgage servicing rights are periodically evaluated for impairment. For purposes of measuring impairment, the servicing rights are stratified into

pools based on loan type, interest rate and term. Impairment represents the excess of the remaining capitalized cost of a stratified pool over its fair value, and is recorded through a valuation allowance. The fair value of each servicing rights pool is calculated based on the present value of estimated future cash flows using a discount rate commensurate with the risk associated with that pool, given current market conditions. Estimates of fair value include assumptions about prepayment speeds, interest rates and other factors which are subject to change over time. Changes in these underlying assumptions could cause the fair value of mortgage servicing rights, and the related valuation allowance, if any, to change significantly in the future.

Sales of Premium Finance Receivables

Transfers of premium finance receivables to an unrelated third party are recognized as sales in accordance with SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." The Company recognizes as a gain the difference between the proceeds received and the allocated cost basis of the loans. The cost basis of the loans is determined by allocating the Company's initial investment in the loan between the loan and the Company's retained interests, based on their relative fair values. The retained interests include assets for the servicing rights and interest only strip less a liability for the Company's guarantee obligation pursuant to the terms of the sale agreement. The net retained interest is included in other assets. If actual cash flows are less than estimated, the net retained interest would be impaired and charged to earnings. Loans sold in these transactions have terms of less than twelve months, resulting in minimal prepayment risk.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for major additions and improvements are capitalized, and maintenance and repairs are charged to expense as incurred. Internal costs related to the configuration and installation of new software and the modification of existing software that provides additional functionality are capitalized and amortized over periods of three to five years. Equipment owned and subject to leasing contracts characterized as operating leases is also included in premises and equipment.

Other Real Estate Owned

Other real estate owned is comprised of real estate acquired in partial or full satisfaction of loans and is included in other assets at the lower of cost or fair market value less estimated selling costs. When the property is acquired through foreclosure, any excess of the related loan balance over the adjusted fair market value less expected selling costs, is charged against the allowance for possible loan losses. Subsequent write-downs or gains and losses upon sale, if any, are charged to other non-interest expense.

Intangible Assets

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

Effective January 1, 2002, the Company adopted SFAS 142, "Goodwill and Other Intangible Assets," which changes the way goodwill and certain other intangible assets are recognized and accounted for in the consolidated financial statements. See Note 2 for further discussion of the impact of this new accounting pronouncement on the Company's financial statements.

Derivative Instruments

The Company enters into derivative transactions principally to protect against the risk of adverse price or interest rate movements on the future cash flows or the value of certain assets and liabilities. Effective January 1, 2001, the Company adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which requires that all derivative instruments be recorded in the statement of condition at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. Derivatives owned at the time of adoption were not designated as hedges pursuant to SFAS 133, and resulted in a charge of \$254,000 (net of tax) to reflect the cumulative effect of an accounting change in the Consolidated Statements of Income.

Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset or liability attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. The Company formally documents relationships between derivative instruments and

hedged items, as well as its risk-management objective and strategy for undertaking each hedge transaction.

Fair value hedges are accounted for by recording the fair value of the derivative instrument and the fair value related to the risk being hedged of the hedged asset or liability on the balance sheet with corresponding offsets recorded in the income statement. Cash flow hedges are accounted for by recording the fair value of the derivative instrument on the balance sheet with a corresponding offset recorded in other comprehensive income, net of tax. Amounts are reclassified from other comprehensive income to interest expense in the period or periods the hedged forecasted transaction affects earnings. Derivative instruments that do not qualify as hedges pursuant to SFAS 133 are reported at fair value and the changes in fair value are recognized in earnings as noninterest income or noninterest expense, as appropriate, during the period of the change.

Under both the fair value and cash flow hedge scenarios, changes in the fair value of derivatives not considered to be highly effective in hedging the change in fair value or the expected cash flows of the hedged item are recognized in earnings as noninterest expense during the period of the change.

Trust Preferred Securities Offering Costs

In connection with the Company's October 1998 and June 2000 offerings of Cumulative Trust Preferred Securities ("Trust Preferred Securities"), approximately \$1.4 million and \$1.1 million, respectively, of offering costs were incurred, including underwriting fees, legal and professional fees, and other costs. These costs are included in other assets and are being amortized over a ten year period as an adjustment of interest expense using a method that approximates the effective interest method. See Note 12 for further information about the Trust Preferred Securities.

Trust Assets

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

Income Taxes

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

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

Stock Option Plans

The Company follows APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. Since the exercise price of options granted is equal to the market value of the stock on the grant date, no compensation cost is required. The Company follows the disclosure requirements of SFAS 123, "Accounting for Stock-Based Compensation", rather than the recognition provisions of SFAS 123, as allowed by the statement. Further disclosures are presented in Note 15.

Advertising Costs

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

Start-up Costs

Start-up and organizational costs are expensed in the period in which they are incurred.

Earnings per Share

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

(2) RECENT ACCOUNTING PRONOUNCEMENTS

Business Combinations

In June 2001, the Financial Accounting Standards Board issued SFAS 141, "Business Combinations," which replaces APB Opinion 16. SFAS 141 requires all business combinations be accounted for by the purchase method and eliminates the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001.

While SFAS 141 will affect how future business combinations are accounted for and disclosed in the financial statements, the issuance of the new guidance had no effect on the Company's results of operations, financial position, or liquidity during 2001.

Goodwill and Other Intangible Assets

In conjunction with the issuance of the new guidance for business combinations, the Financial Accounting Standards Board also issued SFAS 142, "Goodwill and Other Intangible Assets," which addresses the accounting and reporting for acquired goodwill and other intangible assets and supercedes APB Opinion 17.

Under the provisions of SFAS 142, goodwill and certain other intangible assets which do not possess finite useful lives, will no longer be amortized into net income but rather will be tested at least annually for impairment based on specific guidance provided in the Statement. Intangible assets determined to have finite lives will continue to be amortized over their estimated useful lives and also continue to be subject to impairment testing.

The provisions of SFAS 142 were adopted by the Company effective January 1, 2002. Application of the nonamortization provision of the Statement is expected to reduce noninterest expense by approximately \$607,000, resulting in an increase in net income of approximately \$413,000, in 2002 as compared to 2001. SFAS 142 requires a transitional impairment test be applied to all goodwill and other indefinite-lived intangible assets within the first half of 2002 and any resulting impairment loss be reported as a change in accounting principle. Management does not currently expect any impairment to result from such testing.

In general, application of the new provisions may result in more income statement volatility due to the potential periodic recognition of impairment losses, which are likely to vary in amount and regularity, for goodwill and other indefinite-lived intangible assets, versus reducing those assets through the recognition of recurring, consistent amortization amounts.

(3) SECURITIES

A summary of the securities portfolio presenting carrying amounts and gross unrealized gains and losses as of December 31, 2001 and 2000 is as follows (in thousands):

	December 31, 2001				December 31, 2000			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale:								
U S Treasury	\$ 3,045	3	-	3,048	29,987	45	(45)	29,987
U S Government agencies	151,911	295	(21)	152,185	61,937	57	(123)	61,871
Municipal securities	6,507	179	-	6,686	5,020	130	(8)	5,142
Corporate notes and other	26,691	599	(1,395)	25,895	30,208	31	(1,042)	29,197
Mortgage-backed securities	184,483	761	(3,819)	181,425	54,182	239	(147)	54,274
Federal Reserve/FHLB stock and other equity securities	15,384	727	-	16,111	12,358	317	(41)	12,634
Total available-for-sale securities	\$ 388,021	2,564	(5,235)	385,350	193,692	819	(1,406)	193,105

The amortized cost and fair value of securities as of December 31, 2001 and 2000, by contractual maturity, are shown in the following table. Contractual maturities may differ from actual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Mortgage-backed securities are not included in the maturity categories in the following maturity summary as actual maturities may differ from contractual maturities because the underlying mortgages may be called or prepaid without any penalties.

	December 31, 2001		December 31, 2000	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(in thousands)				
Available-for-sale securities:				
Due in one year or less	\$ 139,245	139,591	58,515	58,392
Due in one to five years	32,971	32,979	51,159	51,116
Due in five to ten years	3,032	3,181	4,579	4,707
Due after ten years	12,906	12,063	12,899	11,982
Mortgage-backed securities	184,483	181,425	54,182	54,274
Federal Reserve/FHLB stock and other equity securities	15,384	16,111	12,358	12,634
Total available-for-sale securities	\$ 388,021	385,350	193,692	193,105

In 2001, 2000 and 1999, the Company had gross realized gains on sales of available-for-sale securities of \$524,000, \$79,000 and \$19,000, respectively. During 2001, 2000 and 1999, gross realized losses on sales of available-for-sale securities totaled \$187,000, \$119,000 and \$14,000, respectively. Proceeds from sales of available-for-sale securities during 2001, 2000 and 1999, were \$1,260,838,000, \$675,458,000 and \$15,166,000, respectively. At December 31, 2001 and 2000, securities having a carrying value of \$115,981,000 and \$116,774,000, respectively, were pledged as collateral for public deposits, trust deposits and securities sold under repurchase agreements.

(4) LOANS

A summary of the loan portfolio at December 31, 2001 and 2000 is as follows (in thousands):

	2001	2000
Core loans:		
Commercial and commercial real estate	\$ 1,007,580	647,947
Home equity	261,049	179,168
Residential real estate	182,945	141,919
Installment and other	59,157	51,995
Total core loans	1,510,731	1,021,029
Niche loans:		
Premium finance receivables	348,163	313,066
Indirect auto	184,209	203,571
Tricom finance receivables	18,280	20,354
Total niche loans	550,652	536,991
Total loans, net of unearned income	\$ 2,061,383	1,558,020

Residential real estate loans include mortgage loans held for sale totaling \$42.9 million and \$10.4 million at December 31, 2001 and 2000, respectively. The significant increase in mortgage loans held for sale in 2001 reflects heavy origination volumes driven by the low interest rate environment and a strong local housing market.

Certain real estate and home equity loans with balances totaling approximately \$312.8 million and \$142.0 million, at December 31, 2001 and 2000, respectively, were pledged as collateral to secure the availability of borrowings from certain Federal agency banks. The majority of these pledged loans are included in a blanket pledge of qualifying loans by four of the Banks to the Federal Home Loan Bank (FHLB). The increase in pledged loans at December 31, 2001 compared to the previous year end is due to the general increase in qualifying loans under those blanket pledge agreements as well as only three of the Banks having entered into such agreements at December 31, 2000. At December 31, 2001, the Banks borrowed \$90.0 million from the FHLB in connection with these collateral arrangements. See Note 11 for a summary of these borrowings.

The Company's core loan portfolio is generally comprised of loans to consumers and small to medium-sized businesses located within the geographic market areas that the Banks serve. The niche premium finance and Tricom receivables portfolios are made to customers on a national basis and the niche indirect auto loans are generated through a network of local automobile dealers. As a result, the Company strives to maintain a loan portfolio that is diverse in terms of loan type, industry, borrower and geographic concentrations. Such diversification reduces the exposure to economic downturns that may occur in different segments of the economy or in different industries.

It is the policy of the Company to review each prospective credit in order to determine the appropriateness and, when required, the adequacy of security or collateral necessary to obtain in making a loan. The type of collateral, when required, will vary in ranges from liquid assets to real estate. The Company seeks to assure access to collateral, in the event of default, through adherence to state lending laws and the Company's credit monitoring procedures.

Certain officers and directors of Wintrust and its subsidiaries and certain corporations and individuals related to such persons borrowed funds from the Banks. These loans were made at substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other borrowers. A rollforward of these loans during 2001 is as follows (in thousands):

Balance at December 31, 2000	\$	30,499
New loans and advances		6,809
Maturities and paydowns		(14,119)
Balance at December 31, 2001	\$	23,189

(5) ALLOWANCE FOR POSSIBLE LOAN LOSSES

A summary of the activity in the allowance for possible loan losses for the years ended December 31, 2001, 2000, and 1999 is as follows (in thousands):

	Year Ended December 31,		
	2001	2000	1999
Allowance at beginning of year	\$ 10,433	8,783	7,034
Provision	7,900	5,055	3,713
Acquired allowance for loan losses	-	-	175
Charge-offs	(5,322)	(3,756)	(2,449)
Recoveries	675	351	310
Allowance at end of year	\$ 13,686	10,433	8,783

A summary of non-accrual loans and their impact on interest income and impaired loans and their impact on interest income is as follows (in thousands):

	Year Ended December 31,		
	2001	2000	1999
Total non-accrual loans (as of year end)	\$ 8,967	4,329	4,338
Reduction of interest income from non-performing loans	91	111	100
Average balance of impaired loans	503	1,212	1,295
Interest income recognized on impaired loans	9	6	14

Management evaluates the value of the impaired loans primarily by using the fair value of the collateral. A summary of impaired loan information at December 31, 2001 and 2000 is as follows (in thousands):

	2001	2000
Impaired loans	\$ 641	770
Impaired loans that had allocated specific allowance for possible loan losses	500	214
Allocated allowance for possible loan losses	347	214

(6) MORTGAGE SERVICING RIGHTS

The outstanding principal balance of mortgage loans serviced for others totaled \$131.5 million at December 31, 2001, \$97.2 million at December 31, 2000 and \$87.1 million at December 31, 1999. The following is a summary of the changes in mortgage servicing rights for the years ended December 31, 2001, 2000 and 1999 (in thousands):

	Year Ended December 31,		
	2001	2000	1999

Balance at beginning of year	\$ 633	648	715
Servicing rights capitalized	775	146	214
Amortization of servicing rights	(502)	(161)	(281)
Valuation allowance	-	-	-
Balance at end of year	\$ 906	633	648

At December 31, 2001, 2000 and 1999, the aggregate fair value of mortgage servicing rights was \$950,000, \$895,000 and \$793,000, respectively. Fair values are determined by discounting anticipated future net cash flows from servicing activities considering market consensus loan prepayment speeds, interest rates, servicing costs and other economic factors.

(7) PREMISES AND EQUIPMENT, NET

A summary of premises and equipment at December 31, 2001 and 2000 is as follows (in thousands):

	2001	2000
Land	\$ 16,179	15,294
Buildings and leasehold improvements	64,497	57,015
Furniture, equipment and computer software	28,597	24,210
Construction in progress	8,215	1,418
	117,488	97,937
Less: Accumulated depreciation and amortization	21,495	15,530
	95,993	82,407
Equipment under leasing contracts, net of accumulated depreciation	3,139	3,979
Premises and equipment, net	\$ 99,132	86,386

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

(8) TIME DEPOSITS

The scheduled maturities of time deposits at December 31, 2001 and 2000 are as follows (in thousands):

	2001	2000
Due in one year	\$ 1,012,626	912,543
Due in one to two years	164,487	120,095
Due in two to three years	99,705	22,021
Due in three to four years	15,544	13,196
Due after four years	12,750	9,275
Total time deposits	\$ 1,305,112	1,077,130

Certificates of deposit in amounts of \$100,000 or more approximated \$659,136,000 and \$564,747,000 at December 31, 2001 and 2000, respectively.

(9) SHORT-TERM BORROWINGS

At December 31, 2001, short-term borrowings totaled \$28,074,000 and were comprised of \$16,274,000 of securities sold under repurchase agreements and \$11,800,000 of federal funds purchased. At December 31, 2000, short-term borrowings totaled \$43,639,000 and were comprised entirely of securities sold under repurchase agreements. As of December 31, 2001 and 2000, the weighted average borrowing rate was 1.73% and 4.35%, respectively.

(10) NOTES PAYABLE

A summary of the outstanding balances of notes payable at December 31, 2001 and 2000 is as follows (in thousands):

	2001	2000
Maturity less than one year	\$ 21,575	27,575
Maturity greater than one year	25,000	-
Total notes payable	\$ 46,575	27,575

The notes payable balances represent the outstanding balances on a revolving loan agreement ("Agreement") with an unaffiliated bank. At December 31, 2001, the total amount of the Agreement is \$70 million, comprised of a \$45 million revolving note that matures on December 31, 2002 and a \$25 million revolving note that matures on February 27, 2006. Interest is calculated at a floating rate equal to, at the Company's option, either the lender's prime rate or LIBOR plus 125 basis points. The Agreement is secured by the stock of all Banks and contains several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and other indebtedness. The Agreement may be utilized, as needed, to provide capital to fund continued growth at the company's existing Banks, expand its asset management business, fund possible acquisitions of financial institutions or other finance related companies, purchase treasury stock or for other general corporate matters.

(11) FEDERAL HOME LOAN BANK ADVANCES

A summary of the outstanding balances of Federal Home Loan Bank ("FHLB") advances is as follows (in thousands):

	2001	2000
4.60% advance due July 2011	\$ 30,000	-
3.95% advance due November 2011	35,000	-
3.30% advance due November 2011	25,000	-
Federal Home Loan Bank advances	\$ 90,000	-

The FHLB advances bear fixed rates with varying one-time call dates ranging from July 2004 to November 2006. The Company has an arrangement with the FHLB whereby based on available collateral (residential mortgages), the Company could have borrowed an additional \$32.6 million at December 31, 2001.

(12) LONG-TERM DEBT - TRUST PREFERRED SECURITIES

The Company issued \$51,050,000 of Trust Preferred Securities through two separate issuances by Wintrust Capital Trust I and Wintrust Capital Trust II ("Trusts"). The Trusts issued \$1,579,000 of common securities, all of which are owned by the Company. The Trust Preferred Securities represent preferred undivided beneficial interests in the assets of the Trusts. The Trusts invested the proceeds from the issuances of the Trust Preferred Securities and the common securities in Subordinated Debentures ("Debentures"), with the same maturities and fixed interest rates as the Trust Preferred Securities, issued by the Company. The debentures are the sole assets of the Trusts and are eliminated, along with the related income statement effects, in the consolidated financial statements.

A summary of the Company's trust preferred securities at December 31, 2001 and 2000, is as follows (in thousands):

	2001	2000
9.00% trust preferred securities of Wintrust Capital Trust I, due September 30, 2028	\$ 31,050	31,050
10.50% trust preferred securities of Wintrust Capital Trust II, due June 30, 2030	20,000	20,000
Total trust preferred securities	\$ 51,050	51,050

The Company has guaranteed the payment of distributions and payments upon liquidation or redemption of the Trust Preferred Securities, in each case to the extent of funds held by the Trusts. The Company and the Trusts believe that, taken together, the obligations of the Com-

pany under the guarantees, the subordinated debentures, and other related agreements provide, in the aggregate, a full, irrevocable and unconditional guarantee, on a subordinated basis, of all of the obligations of the Trusts under the Trust Preferred Securities. Subject to certain limitations, the Company has the right to defer payment of interest on the Debentures at any time, or from time to time, for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities are subject to mandatory redemption, in whole or in part, upon repayment of the Debentures at maturity or their earlier redemption. The Debentures of the Trusts are redeemable in whole or in part prior to maturity, at the discretion of the Company if certain conditions are met, and only after the Company has obtained Federal Reserve approval, if then required under applicable guidelines or regulations. The early redemption dates are on or after September 30, 2003 for Wintrust Capital Trust I and June 30, 2005 for Wintrust Capital Trust II.

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

(13) MINIMUM LEASE COMMITMENTS

The Company occupies certain facilities under operating lease agreements. Gross rental expense related to the Company's premises was \$1,050,000, \$1,129,000 and \$1,106,000 in 2001, 2000 and 1999, respectively. The Company also leases certain owned premises and receives rental income from such agreements. Gross rental income related to the Company's buildings totaled \$502,000, \$486,000 and \$415,000, in 2001, 2000 and 1999, respectively. In 2001, 2000 and 1999, the Company also recorded equipment lease income of approximately \$1,567,000, \$1,263,000 and \$397,000, respectively. Future minimum gross rental payments for office space, future minimum gross rental income, and future minimum equipment lease income as of December 31, 2001 for all noncancelable leases are as follows (in thousands):

	FUTURE MINIMUM GROSS RENTAL PAYMENTS	FUTURE MINIMUM GROSS RENTAL INCOME	FUTURE MINIMUM EQUIPMENT LEASE INCOME
2002	\$ 828	400	1,172
2003	676	346	813
2004	458	195	587
2005	275	87	256
2006	106	80	16
2007 and thereafter	75	182	-
Total minimum future amounts	\$ 2,418	1,290	2,844

(14) INCOME TAXES

Income tax expense (benefit) for the years ended December 31, 2001, 2000 and 1999 is summarized as follows (in thousands):

	Year Ended December 31,		
	2001	2000	1999
Current income taxes:			
Federal	\$ 8,492	4,509	5,571
State	153	187	-
Total current income taxes	8,645	4,696	5,571
Deferred income taxes:			
Federal	1,348	847	(1,240)
State	443	(250)	393
Total deferred income taxes	1,791	597	(847)
Total income tax expense	\$ 10,436	5,293	4,724

The exercise of certain stock options produced tax benefits of \$312,000 in 2001, \$151,000 in 2000 and \$90,000 in 1999 which were recorded directly to shareholders' equity.

A reconciliation of the differences between taxes computed using the statutory Federal income tax rate of 35% and actual income tax expense is as follows (in thousands):

	Year Ended December 31,		
	2001	2000	1999
Computed "expected" income tax expense	\$ 10,195	5,757	4,953
Increase (decrease) in tax resulting from:			
Tax-exempt interest, net of interest expense disallowance	(469)	(295)	(179)
State taxes, net of federal tax benefit	388	(40)	255
Decrease in valuation allowance for deferred tax assets	-	(346)	(460)
Other, net	322	217	155
Income tax expense	\$ 10,436	5,293	4,724

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2001 and 2000 are as follows (in thousands):

	2001	2000
Deferred tax assets:		
Allowance for possible loan losses	\$ 5,310	4,065
Net unrealized losses on securities	930	224
Net unrealized losses on derivatives	303	-
Federal net operating loss carryforward	4,091	4,653
State net operating loss carryforward	440	563
Deferred compensation	621	392
Other	292	-
Total gross deferred tax assets	11,987	9,897
Deferred tax liabilities:		
Premises and equipment	2,067	26
Deferred loan fees	1,119	1,076
Capitalized servicing rights	780	251
Other	505	246
Total gross deferred tax liabilities	4,471	1,599
Net deferred tax assets	\$ 7,516	8,298

At December 31, 2001, Wintrust and its subsidiaries had Federal net operating losses of approximately \$11.7 million and state net operating losses of approximately \$9.3 million. Such amounts are available for carryforward to offset future taxable income and expire in 2003 - 2010. Utilization of the net operating losses are subject to certain statutory limitations.

Management believes that it is more likely than not that the recorded net deferred tax assets will be fully realized and therefore no valuation allowance is necessary. The basis for the conclusion that it is more likely than not that the deferred tax assets will be realized is based on the Company's historical earnings trend, its current level of earnings and prospects for continued growth and profitability.

(15) EMPLOYEE BENEFIT AND STOCK PLANS

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

A total of 3,581,038 shares of Common Stock may be granted under the Plan. The incentive and nonqualified options expire at such time as the Compensation Committee shall determine at the time of grant, however, in no case shall they be exercisable later than ten years after the grant.

A summary of the aggregate activity of the Plan for 2001, 2000 and 1999 is as follows:

	Common Shares	Range of Strike Prices	Weighted Average Strike Price

Outstanding at December 31, 1998	2,287,476	\$ 3.87 - 14.50	\$ 8.33
Granted	391,754	11.13 - 13.37	11.59
Exercised	47,900	5.17 - 9.69	6.53
Forfeited or canceled	62,687	7.18 - 12.83	11.82

Outstanding at December 31, 1999	2,568,643	3.87 - 14.50	8.77
Granted	206,550	9.21 - 11.92	10.33
Exercised	115,394	3.87 - 9.69	6.30
Forfeited or canceled	149,853	5.17 - 14.50	12.18

Outstanding at December 31, 2000	2,509,946	3.87 - 14.50	8.81
Granted	279,675	12.63 - 20.65	13.78
Exercised	105,774	5.17 - 12.92	9.30
Forfeited or canceled	46,626	5.17 - 12.92	11.31

Outstanding at December 31, 2001	2,637,221	\$ 3.87 - 20.65	\$ 9.26

At December 31, 2001, 2000 and 1999, the weighted-average remaining contractual life of outstanding options was 5.0 years, 5.6 years and 6.2 years, respectively. Additionally, at December 31, 2001, 2000 and 1999, the number of options exercisable was 1,935,569, 1,835,887 and 1,778,545, respectively, and the weighted-average per share exercise price of those options was \$8.16, \$7.85 and \$7.49, respectively. Expiration dates for options outstanding at December 31, 2001 range from April 30, 2002 to November 26, 2011.

The following table presents certain information about the outstanding options and the currently exercisable options as of December 31, 2001:

OPTIONS OUTSTANDING				OPTIONS CURRENTLY EXERCISABLE		
RANGE OF EXERCISE PRICES	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING TERM	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	
\$ 3.87 - 5.17	561,767	\$ 4.59	1.25 years	561,767	\$ 4.59	
5.53 - 8.28	433,729	6.86	3.15 years	433,729	6.86	
8.29 - 10.17	387,633	9.39	4.87 years	335,959	9.37	
10.25 - 11.52	384,769	11.08	7.93 years	249,754	11.27	
11.58 - 11.96	82,038	11.74	7.52 years	36,678	11.75	
12.00 - 12.00	451,210	12.00	5.94 years	279,702	12.00	
12.29 - 20.65	336,075	13.64	8.81 years	37,980	12.93	
\$ 3.87 - 20.65	2,637,221	\$ 9.26	5.03 years	1,935,569	\$ 8.16	

The Company applies APB No. 25, and related Interpretations, in accounting for its stock option plan. Accordingly, no compensation cost has been recognized for its stock option plan. For purposes of providing the pro forma disclosures required under SFAS 123, the fair value of each option grant was estimated using the Black-Scholes option-pricing model. This model is sensitive to changes in the subjective assumptions, which can materially affect the fair value estimates. As a result, the pro forma amounts indicated below may not be representative of the effects on reported net income for future years.

The following weighted average assumptions were used in the option pricing model for options granted in each of the last three years: a dividend yield of 0.6%, 0.7% and 0.6% for 2001, 2000 and 1999, respectively; an expected volatility of 25.7%, 25.6% and 27.5% for 2001, 2000 and 1999, respectively; a risk free rate of return of 4.9%, 6.2% and 5.6% for 2001, 2000 and 1999, respectively; and an expected life of 6.8 years, 7.3 years and 7.2 years, respectively. The per share weighted average fair value of stock options granted during 2001, 2000 and 1999 was \$4.91, \$4.05 and \$4.65, respectively.

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

	Year Ended December 31,		
	2001	2000	1999
Net income			
As reported	\$ 18,439	11,155	9,427
Pro forma	17,742	10,453	8,082
Earnings per share - Basic			
As reported	\$ 1.34	0.85	0.76
Pro forma	1.29	0.80	0.65
Earnings per share - Diluted			
As reported	\$ 1.27	0.83	0.73
Pro forma	1.22	0.78	0.63

Wintrust and its subsidiaries also provide 401(k) Retirement Savings Plans ("401(k) Plans"). The 401(k) Plans cover all employees meeting certain eligibility requirements. Contributions by employees are made through salary reductions at their direction, limited to \$11,000 in 2001, \$10,500 in 2000 and \$10,000 in 1999. Employer contributions to the 401(k) Plans are made at the employer's discretion. Generally, participants completing 501 hours of service are eligible to share in an allocation of employer contributions. The Company's expense for the employer contributions to the 401(k) Plans was approximately \$246,000, \$151,000 and \$57,000 in 2001, 2000 and 1999, respectively.

The Wintrust Financial Corporation Employee Stock Purchase Plan ("SPP") is designed to encourage greater stock ownership among employees, thereby enhancing employee commitment to the Company. The SPP gives eligible employees the right to accumulate funds over an offering period to purchase shares of Common Stock.

The Company has reserved 375,000 shares of its authorized Common Stock for the SPP. All shares offered under the SPP will be either newly issued shares of the Company or shares issued from treasury, if any. In accordance with the SPP, the purchase price of the shares of Common Stock may not be lower than the lesser of 85% of the fair market value per share of the Common Stock on the first day of the offering period or 85% of the fair market value per share of the Common Stock on the last date for the offering period. The Company's Board of Directors authorized a purchase price calculation at 90% of fair market value for each of the offering periods. During 2001, 2000 and 1999, a total of 14,454 shares, 13,441 shares and 12,523 shares, respectively, were issued to participant accounts and approximately \$98,000, \$23,000 and \$19,000, respectively, was recognized as compensation expense. The seventh offering period concludes on March 31, 2002. The Company plans to continue to periodically offer Common Stock through this SPP subsequent to March 31, 2002.

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

(16) REGULATORY MATTERS

Banking laws place restrictions upon the amount of dividends which can be paid to Wintrust by the Banks. Based on these laws, the Banks could, subject to minimum capital requirements, declare dividends to Wintrust without obtaining regulatory approval in an amount not exceeding (a) undivided profits, and (b) the amount of net income reduced by dividends paid for the current and prior two years. During 2001 and 2000, cash dividends totaling \$13.5 million and \$16.0 million, respectively, were paid to Wintrust by the Banks. No cash dividends were paid to Wintrust by the Banks for the year ended December 31, 1999. As of January 1, 2002, the Banks had approximately \$10.1 million available to be paid as dividends to Wintrust, subject to certain capital limitations.

The Banks are also required by the Federal Reserve Act to maintain reserves against deposits. Reserves are held either in the form of vault cash or balances maintained with the Federal Reserve Bank and are based on the average daily deposit balances and statutory reserve ratios prescribed by the type of deposit account. At December 31, 2001 and 2000, reserve balances of approximately \$4.9 million and \$12.5 million, respectively, were required.

The Company and the Banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Banks must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and the Banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Banks to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and Tier 1 leverage capital (as defined) to average quarterly assets (as defined). Management believes, as of December 31, 2001 and 2000, that the Company and the Banks met all minimum capital adequacy requirements.

As of December 31, 2001, the most recent notification from the Banks' primary federal regulators, the Banks were categorized as well capitalized under the regulatory framework for prompt corrective action. The ratios required for the Banks to be "well capitalized" by regulatory definition are 10.0%, 6.0%, and 5.0% for the Total Capital-to-Risk Weighted Assets, Tier 1 Capital-to-Risk Weighted Assets and Tier 1 Leverage Capital-to-Average Quarterly Assets, respectively. To be categorized as adequately capitalized, the Banks must maintain minimum ratios as set forth in the following table. There are no conditions or events since the most recent notification that management believes would materially affect the Banks' regulatory capital categories.

The Company's and the Banks' actual capital amounts and ratios as of December 31, 2001 and 2000 are presented in the following table (dollars in thousands):

	December 31, 2001				December 31, 2000			
	Actual		To Be Adequately Capitalized by Regulatory Definition		Actual		To Be Adequately Capitalized by Regulatory Definition	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
TOTAL CAPITAL (TO RISK WEIGHTED ASSETS):								
Consolidated	\$ 198,991	8.5%	\$188,056	8.0%	\$ 153,354	8.4%	\$145,482	8.0%
Lake Forest	60,219	10.1	47,720	8.0	43,889	9.1	38,725	8.0
Hinsdale	45,374	10.7	33,896	8.0	31,089	9.8	25,449	8.0
North Shore	46,201	10.1	36,743	8.0	34,594	9.3	29,747	8.0
Libertyville	30,732	10.2	24,166	8.0	24,288	10.3	18,813	8.0
Barrington	27,756	10.2	21,732	8.0	20,679	10.5	15,832	8.0
Crystal Lake	16,936	11.5	11,828	8.0	11,666	11.3	8,248	8.0
Northbrook	8,339	13.8	4,826	8.0	*	*	*	*
TIER 1 CAPITAL (TO RISK WEIGHTED ASSETS):								
Consolidated	\$ 181,967	7.7%	\$ 94,028	4.0%	\$ 126,085	6.9%	\$ 72,741	4.0%
Lake Forest	56,921	9.5	23,860	4.0	41,052	8.5	19,362	4.0
Hinsdale	42,608	10.1	16,548	4.0	29,017	9.1	12,724	4.0
North Shore	43,470	9.5	18,371	4.0	32,415	8.7	14,873	4.0
Libertyville	28,596	9.5	12,083	4.0	22,674	9.6	9,406	4.0
Barrington	26,188	9.6	10,866	4.0	19,583	9.9	7,916	4.0
Crystal Lake	16,130	10.9	5,914	4.0	11,031	10.7	4,124	4.0
Northbrook	7,959	13.2	2,413	4.0	*	*	*	*
TIER 1 LEVERAGE CAPITAL (TO AVERAGE QUARTERLY ASSETS):								
Consolidated	\$ 181,967	7.1%	\$102,589	4.0%	\$ 126,085	6.3%	\$ 80,164	4.0%
Lake Forest	56,921	7.8	29,110	4.0	41,052	6.6	25,038	4.0
Hinsdale	42,608	9.1	18,751	4.0	29,017	7.9	14,681	4.0
North Shore	43,470	8.1	21,573	4.0	32,415	7.3	17,693	4.0
Libertyville	28,596	8.2	14,043	4.0	22,674	8.0	11,314	4.0
Barrington	26,188	8.8	11,916	4.0	19,583	8.4	9,321	4.0
Crystal Lake	16,130	9.2	7,002	4.0	11,031	9.1	4,858	4.0
Northbrook	7,959	10.9	2,913	4.0	*	*	*	*

* Northbrook Bank, which opened in November 2000, was "well capitalized" in all categories at December 31, 2000; however, its capital ratios at December 31, 2000 were not meaningful.

(17) COMMITMENTS AND CONTINGENCIES

The Company has outstanding, at any time, a number of commitments to extend credit to its customers. These commitments include revolving home line and other credit agreements, term loan commitments and standby letters of credit. These commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the Consolidated Statements of Condition. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. Commitments to extend credit at December 31, 2001 and 2000 were \$683.5 million and \$511.2 million, respectively. Standby and commercial letters of credit amounts were \$25.9 million and \$27.5 million at December 31, 2001 and 2000, respectively.

In connection with the sale of premium finance receivables, the Company continues to service the receivables and maintains a recourse obligation to the purchasers should the underlying borrowers default on their obligations. The estimated recourse obligation is taken into account in recording the sale, effectively reducing the gain recognized. As of December 31, 2001 and 2000, outstanding premium finance receivables sold to and serviced for third parties for which the Company has a recourse obligation were \$107.8 million and \$94.6 million, respectively.

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

(18) DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into certain derivative financial instruments as part of its strategy to manage its exposure to market risk. Market risk is the possibility that, due to changes in interest rates or other economic conditions, the Company's net interest income will be adversely affected. The derivative financial instruments that are currently being utilized by the Company to manage this risk include interest rate cap and interest rate swap contracts. The amounts potentially subject to market and credit risks are the streams of interest payments under the contracts and not the notional principal amounts used to express the volume of the transactions.

As of January 1, 2001, the Company adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS 137 and SFAS 138 (collectively referred to as SFAS 133).

As a result of the adoption of SFAS 133, the Company recognizes all derivative financial instruments, such as interest rate cap and interest rate swap agreements, in the Consolidated Financial Statements at fair value regardless of the purpose or intent for holding the instrument. Derivatives are included in other assets or other liabilities, as appropriate, on the Consolidated Statement of Condition. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of comprehensive income depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or cash flow hedge. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in income along with the portions of the changes in the fair values of the hedged items that relate to the hedged risk(s). Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective hedges, are recorded in other comprehensive income net of deferred taxes. Changes in fair values of derivatives not qualifying as hedges are reported in income.

Derivatives owned by the Company on January 1, 2001, were not designated as hedges in accordance with SFAS 133. As a result, the effect of recording the derivatives at fair value upon adoption resulted in a charge of \$254,000 (net of tax) in the Consolidated Statement of Income to reflect the cumulative effect of a change in accounting principle.

At December 31, 2001, the Company had \$255 million of notional principal amounts of interest rate caps with maturities ranging from March 2002 to February 2003. These contracts were purchased to mitigate the effect of rising rates on certain floating rate deposit products and provide for the receipt of payments when the 91-day Treasury bill rate exceeds the predetermined strike rates that range from 3.75% to 6.50%. The payment amounts, if any, are determined and received on a monthly basis and are recorded as an adjustment to net interest income.

At December 31, 2001, the Company had \$25 million notional principal amount of interest rate swap agreements maturing in February 2004. This contract effectively converts a portion of the Company's floating-rate notes payable to a fixed-rate basis, thus reducing the impact of interest rate changes on future interest expense.

The following table presents a summary of derivative instruments owned as of December 31, 2001 and whether the changes in fair values are accounted for in the income statement (IS) or as other comprehensive income (OCI):

Contract	Notional Amount	Accounting for change in fair value	Fair Value at year end
Interest rate caps	\$ 185,000,000	IS	\$ -
Interest rate caps	70,000,000	OCI	54,000
Interest rate swap	25,000,000	OCI	(681,000)

The estimated amount of the existing losses on derivatives at December 31, 2001 that is expected to be reclassified into earnings within the next twelve months is approximately \$675,000.

Please see Note 19 - Fair Value of Financial Instruments, and Note 20 - Shareholders' Equity, for additional information related to the market values and recording of changes in the market values of interest rate cap and swap agreements.

Periodically, the Company will sell options to a bank or dealer for the right to purchase certain securities held within the Banks' investment portfolios. These covered call option transactions are designed primarily to increase the total return associated with holding these securities as earning assets. The option premium income generated by these transactions is recognized as other non-interest income. There were no call options outstanding as of December 31, 2001 or 2000.

(19) FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS 107, "Disclosures about Fair Value of Financial Instruments," defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2001 and 2000 (in thousands):

	At December 31, 2001		At December 31, 2000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and demand balances from banks	\$ 71,575	\$ 71,575	\$ 65,413	\$ 65,413
Fed funds sold and securities purchased under resale agreements	51,955	51,955	164,641	164,641
Interest bearing deposits with other banks	692	692	182	182
Available-for-sale securities	385,350	385,350	193,105	193,105
Loans, net of unearned income	2,061,383	2,079,408	1,558,020	1,547,571
Accrued interest receivable	10,702	10,702	10,850	10,850
Financial Liabilities:				
Non-maturity deposits	1,009,524	1,009,524	749,448	749,448
Deposits with stated maturities	1,305,112	1,318,137	1,077,128	1,080,224
Short-term borrowings	28,074	28,074	43,639	43,639
Notes payable	46,575	46,575	27,575	27,575
Federal Home Loan Bank advances	90,000	88,819	--	--
Long-term debt - trust preferred securities	51,050	54,122	51,050	48,166
Accrued interest payable	3,999	3,999	4,360	4,360
Off-balance sheet derivative contracts:				
Interest rate cap agreements	54	54	472	57
Interest rate swap contracts	(681)	(681)	--	--

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

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

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

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

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

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

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

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

Federal Home Loan Bank advances: The fair value of Federal Home Loan Bank advances are determined using a discounted cash flow analysis based on current market rates of similar maturity debt securities to discount cash flows.

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

Interest rate cap and swap agreements: The fair value is based on quoted market prices as of the last business day of the year.

Commitments to extend credit and standby letters of credit: The fair value of commitments to extend credit is based on fees currently charged to enter into similar arrangements, the remaining term of the agreement, the present creditworthiness of the counterparty, and the difference between current interest rates and committed interest rates on the commitments. The majority of the Company's commitments contain variable interest rates; thus, the carrying value approximates fair value.

The fair value of letters of credit is based on fees currently charged for similar arrangements. The fair value of such commitments is not material and is not shown here.

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

(20) SHAREHOLDERS' EQUITY

A summary of the Company's common and preferred stock at December 31, 2001 and 2000, is as follows:

	2001	2000
Common Stock:		
Shares authorized	30,000,000	30,000,000
Shares issued	14,531,665	13,285,042
Shares outstanding	14,531,665	12,921,592
Cash dividend per share	\$0.093	\$0.067
Preferred Stock:		
Shares authorized	20,000,000	20,000,000
Shares issued	-	-
Shares outstanding	-	-

The Company reserves shares of its authorized common stock specifically for its Stock Incentive Plan and its Employee Stock Purchase Plan. The reserved shares, and these plans, are detailed in Note 15 - Employee Benefit and Stock Plans.

The Company has designated 100,000 shares of its preferred stock as Junior Serial Preferred Stock A. These shares were designated in connection with the adoption of a Shareholder Rights Plan in 1998, and are reserved for issuance in the event the Rights become exercisable under the plan. The Rights could be triggered in certain circumstances related to a person or group acquiring more than 15% of the Company's stock or commencing a tender or exchange offer to acquire 15% or more of the Company's stock without prior approval of the Company's Board of Directors. The Rights are evidenced by the certificates representing shares of Common Stock, are nondetachable and do not trade separately. The Rights will expire in April 2008.

The Company has issued warrants to acquire common stock. The warrants entitle the holders to purchase one share of the Company's common stock at purchase prices ranging from \$9.90 to \$10.00 per share. Warrants outstanding at December 31, 2001 and 2000 were 232,054 and 233,149, respectively. Expiration dates on the remaining outstanding warrants at December 31, 2001 range from December 2002 through November 2005.

In June 2001, the Company issued 1,488,750 additional shares of its common stock through a public offering, realizing net proceeds of approximately \$22.2 million. The shares issued included the reissuance of 363,450 treasury shares.

During the first quarter of 2000, the Company initiated a stock buyback program authorizing the repurchase of up to 450,000 shares of its common stock. Through September 30, 2000, the Company repurchased a total of 363,450 shares at an average price of \$10.63 per share. No additional repurchases were made subsequent to September 30, 2000. As previously noted, the shares repurchased pursuant to this buyback program were reissued with the Company's common stock offering in June 2001.

At its January 2002 Board of Directors meeting, a semi-annual cash dividend of \$0.06 per share (\$0.12 on an annualized basis) was declared payable on February 19, 2002 to shareholders of record as of February 5, 2002.

At the same meeting, a 3-for-2 stock split of the Company's common stock, to be effected in the form of a 50% stock dividend, payable on March 14, 2002 to shareholders of record as of March 4, 2002, was declared. All historical share data and per share amounts in this report have been restated to reflect the stock split.

The following table summarizes the components of other comprehensive income, including the related income tax effects, for the years ending December 31, 2001, 2000 and 1999 (in thousands):

	2001	2000	1999
Unrealized net gains (losses) on available-for-sale securities	\$ (1,747)	2,895	(3,460)
Related tax (expense) benefit	588	(1,013)	1,243
Net after tax unrealized gains (losses) on available-for-sale securities	(1,159)	1,882	(2,217)
Less: reclassification adjustment for net gains (losses) realized in net income during the year	337	(40)	5
Related tax (expense) benefit	(118)	14	(2)
Net after tax reclassification adjustment	219	(26)	3
Net unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment	(1,378)	1,908	(2,220)
Net unrealized losses on derivatives used as cash flow hedges	(866)	-	-
Related tax benefit	303	-	-
Net unrealized losses on derivatives used as cash flow hedges	(563)	-	-
Total other comprehensive income (loss)	\$ (1,941)	1,908	(2,220)

A rollforward of the change in accumulated other comprehensive income for the years ending December 31, 2001, 2000 and 1999 is as follows (in thousands):

	2001	2000	1999
Accumulated other comprehensive loss at beginning of year	\$ (363)	(2,271)	(51)
Other comprehensive income (loss)	(1,941)	1,908	(2,220)
Accumulated other comprehensive			

loss at end of year \$ (2,304) (363)(2,271)

Accumulated other comprehensive income at December 31, 2001, 2000 and 1999 is comprised of the following components (in thousands):

	2001	2000	1999
Accumulated unrealized losses on securities available-for-sale	\$ (1,741)	(363)	(2,271)
Accumulated unrealized losses on derivatives used as cash flow hedges	(563)	-	-

Total accumulated other comprehensive loss at end of year	\$ (2,304)	(363)	(2,271)
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(21) SEGMENT INFORMATION

The Company's operations consist of five primary segments: banking, premium finance, indirect auto, Tricom and trust and asset management. Through its seven bank subsidiaries located in several affluent suburban Chicago communities, the Company provides traditional community banking products and services to individuals and businesses such as accepting deposits, advancing loans, administering ATMs, maintaining safe deposit boxes, and providing other related services. The premium finance operations consist of financing the payment of commercial insurance premiums, on a national basis, through FIFC. A significant portion of the loans originated by FIFC are sold to the Banks and are retained in each of their loan portfolios. The indirect auto segment is operated from one of the Company's bank subsidiaries and is in the business of providing high quality new and used auto loans through a network of auto dealerships within the Chicago metropolitan area. All loans originated by this segment are currently retained within the Banks' loan portfolios. The Tricom segment encompasses the operations of the Company's non-bank subsidiary that provides short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients throughout the United States. The operating segment information of Tricom is included in the following tables since October 1, 1999, the effective date of the Company's acquisition of Tricom. The trust and asset management segment is operated through WAMC, which offers trust and investment management services at each of the

Banks. In addition to offering these services to existing customers of the Banks, WAMC targets affluent individuals and small to mid-size businesses whose needs command personalized attention by experienced trust and asset management professionals.

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

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

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

	BANKING	PREMIUM FINANCE	INDIRECT AUTO	TRICOM	TRUST	PARENT & INTERSEGMENT ELIMINATIONS	CONSOLIDATED
2001							
NET INTEREST INCOME (EXPENSE)	\$ 69,937	26,911	6,796	3,936	755	(34,321)	74,014
PROVISION FOR LOAN LOSSES	7,023	3,611	928	88	-	(3,750)	7,900
NONINTEREST INCOME	18,520	4,520	10	4,084	1,99	(332)	28,798
NONINTEREST EXPENSE (1)	49,059	10,288	2,203	5,813	3,42	(4,586)	66,198
INCOME TAX EXPENSE (BENEFIT) (1)	11,528	6,960	1,459	870	(257)	(10,285)	10,275
NET INCOME (LOSS)	\$ 20,847	10,572	2,216	1,249	(413)	(16,032)	18,439
TOTAL ASSETS AT END OF PERIOD	\$ 2,674,121	375,221	189,912	28,121	5,588	(567,541)	2,705,422
2000							
Net interest income (expense)	\$ 57,220	14,824	6,489	3,640	508	(21,681)	61,000
Provision for loan losses	4,833	1,409	1,640	15	--	(2,842)	5,055
Noninterest income	8,627	3,831	2	4,476	1,971	(601)	18,306
Noninterest expense	38,198	12,952	2,205	5,358	3,156	(4,066)	57,803
Income tax expense (benefit)	8,045	1,705	1,050	1,113	(264)	(6,356)	5,293
Net income (loss)	\$ 14,771	2,589	1,596	1,630	(413)	(9,018)	11,155
Total assets at end of period	\$ 2,071,147	360,218	209,813	31,883	5,492	(575,747)	2,102,806
1999							
Net interest income (expense)	\$ 44,293	12,643	8,201	826	469	(18,698)	47,734
Provision for loan losses	3,774	263	1,665	10	--	(1,999)	3,713
Noninterest income	7,140	1,033	1	1,009	1,171	(546)	9,808
Noninterest expense	31,544	6,443	2,165	1,247	2,498	(4,219)	39,678
Income tax expense (benefit)	5,831	2,697	1,692	238	(299)	(5,435)	4,724
Net income (loss)	\$ 10,284	4,273	2,680	340	(559)	(7,591)	9,427
Total assets at end of period	\$ 1,676,983	260,323	266,040	29,213	2,578	(555,755)	1,679,382

(1) Includes amounts reported as a cumulative effect of accounting changes

The premium finance and indirect auto segment information shown in the above tables was derived from their internal profitability reports, which assumes that all loans originated and sold to the banking segment are retained within the segment that originated the loans. All related loan interest income, allocations for interest expense, provisions for possible loan losses and allocations for other expenses are included in the premium finance and indirect

auto segments. The banking segment information also includes all amounts related to these loans, as these loans are retained within the Banks' loan portfolios. Accordingly, the intersegment eliminations include adjustments necessary for each category to agree with the related consolidated financial amounts. The intersegment eliminations amount reflected in the Income Tax Expense (Benefit) category also includes the recognition of income tax benefits from the realization of previously unvalued tax loss benefits.

(22) CONDENSED PARENT COMPANY FINANCIAL STATEMENTS

CONDENSED BALANCE SHEETS

(in thousands):

	December 31,	
	2001	2000
ASSETS		
Cash	\$ 232	312
Other Investments	1,772	1,609
Loans	1,200	1,200
Investment in subsidiaries	233,637	176,501
Other assets	6,428	4,401
Total assets	\$ 243,269	184,023
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other liabilities	\$ 2,787	1,543
Notes payable	46,575	27,575
Long-term debt - trust preferred securities	52,629	52,629
Shareholders' equity	141,278	102,276
Total liabilities and shareholders' equity	\$ 243,269	184,023

CONDENSED STATEMENTS OF INCOME

(in thousands):

	Year Ended December 31,		
	2001	2000	1999
INCOME			
Dividends from subsidiaries	\$ 13,500	16,000	-
Other income	284	101	60
Total income	13,784	16,101	60
EXPENSES			
Interest expense	7,082	5,297	3,187
Salaries and employee benefits	692	641	252
Amortization of goodwill and organizational costs	104	104	212
Other expenses	1,723	1,382	945
Total expenses	9,601	7,424	4,596
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	4,183	8,677	(4,536)
Income tax benefit	(3,515)	(2,841)	(1,709)
Income (loss) before equity in undistributed net income of subsidiaries	7,698	11,518	(2,827)
Equity in undistributed net income (loss) of subsidiaries	10,741	(363)	12,254
NET INCOME	\$ 18,439	11,155	9,427

CONDENSED STATEMENTS OF CASH FLOWS

(in thousands):

Year Ended December 31,		
2001	2000	1999

OPERATING ACTIVITIES:			
Net income	\$ 18,439	11,155	9,427
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	398	338	365
Deferred income tax benefit	(135)	(337)	(249)
Increase in other assets	(2,971)	(1,286)	(237)
Increase in other liabilities	1,345	401	320
Equity in undistributed net (income) loss of subsidiaries	(10,741)	363	(12,254)
	-----	-----	-----
Net cash provided by (used for) operating activities	6,335	10,634	(2,628)
	-----	-----	-----
INVESTING ACTIVITIES:			
Capital contributions to subsidiaries	(48,150)	(44,169)	(14,300)
Other investing activity, net	231	(2,532)	-
	-----	-----	-----
Net cash used for investing activities	(47,919)	(46,701)	(14,300)
	-----	-----	-----
FINANCING ACTIVITIES:			
Increase in notes payable, net	19,000	19,225	8,350
Proceeds from long-term debt	-	20,619	-
Common stock issuance, net	22,222	-	5,984
Common stock issued upon exercise of stock options	1,296	878	403
Common stock issued through employee stock purchase plan	254	126	148
Proceeds from conversion of Common stock warrants	11	-	-
Cash dividends paid	(1,279)	(875)	-
Purchase of common stock	-	(3,863)	-
	-----	-----	-----
Net cash provided by financing activities	41,504	36,110	14,885
	-----	-----	-----
Net increase (decrease) in cash	(80)	43	(2,043)
Cash at beginning of year	312	269	2,312
	-----	-----	-----
Cash at end of year	\$ 232	312	269
	-----	-----	-----

(23) EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share for 2001, 2000 and 1999 (in thousands, except per share data):

		2001	2000	1999
Net income	(A)	\$ 18,439	11,155	9,427
Average common shares outstanding	(B)	13,734	13,066	12,373
Effect of dilutive common shares		811	345	464
Weighted average common shares and effect of dilutive common shares	(C)	14,545	13,411	12,837
Net income per common share - Basic	(A/B)	\$ 1.34	0.85	0.76
Net income per common share - Diluted	(A/C)	\$ 1.27	0.83	0.73

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

(24) QUARTERLY FINANCIAL SUMMARY (UNAUDITED)

The following is a summary of quarterly financial information for the years ended December 31, 2001 and 2000 (in thousands, except per share data):

	2001 Quarters				2000 Quarters			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Interest income	\$ 41,782	41,390	42,529	40,754	32,309	35,074	38,908	41,893
Interest expense	24,506	23,375	23,399	21,161	18,441	20,225	23,268	25,250
Net interest income	17,276	18,015	19,130	19,593	13,868	14,849	15,640	16,643
Provision for possible loan losses	1,638	2,264	2,100	1,898	1,141	1,223	1,307	1,384
Net interest income after provision for possible loan losses	15,638	15,751	17,030	17,695	12,727	13,626	14,333	15,259
Non-interest income, excluding net securities gains (losses)	6,564	7,305	7,158	7,434	4,275	4,532	4,562	4,977
Net securities gains (losses)	286	86	(57)	22	3	(28)	(69)	54
Non-interest expense (1)	15,971	16,282	16,339	17,191	12,109	12,889	18,126	14,679
Income before income taxes	6,517	6,860	7,792	7,960	4,896	5,241	700	5,611
Income tax expense (benefit)	2,359	2,497	2,784	2,796	1,774	1,922	(199)	1,796
Cumulative effect of a change in accounting for derivatives, net of tax	254	-	-	-	-	-	-	-
Net income	\$ 3,904	4,363	5,008	5,164	3,122	3,319	899	3,815
Net income per common share:								
Basic	\$ 0.30	0.34	0.34	0.36	0.24	0.25	0.07	0.29
Diluted	\$ 0.29	0.32	0.33	0.33	0.23	0.24	0.07	0.29
Cash dividends declared per common share	\$ 0.047	-	0.047	-	0.033	-	0.033	-

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

(25) SUBSEQUENT EVENTS

On February 20, 2002, Wintrust completed its previously announced acquisition of Wayne Hummer Investments LLC (including its wholly-owned subsidiary, Focused Investments LLC) and Wayne Hummer Management Company (collectively, the "Wayne Hummer Companies"). Wayne Hummer Investments LLC is a registered broker/dealer and investment services firm that provides a full range of private client and brokerage services to clients located primarily in the Midwest. Wayne Hummer Management Company is a registered investment adviser, providing services to individual accounts as well as four proprietary mutual funds managed by the firm.

Wintrust paid \$28 million for the Wayne Hummer Companies, consisting of \$8 million in cash, 762,742 shares of Wintrust's common stock (valued at \$15 million) and \$5 million of deferred cash payments. Wintrust could pay additional contingent consideration upon the attainment of certain performance measures over the next five years.

The acquisition of the Wayne Hummer Companies will augment and diversify Wintrust's revenue stream by adding brokerage services to its fee based revenues as well as offering traditional banking products to the customers of the Wayne Hummer Companies, thereby providing a more comprehensive menu of financial products and services to the customers of Wintrust and the Wayne Hummer Companies.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Wintrust Financial Corporation

We have audited the accompanying consolidated statements of condition of Wintrust Financial Corporation and subsidiaries (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

*Chicago, Illinois
February 28, 2002*

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion highlights the significant factors affecting the operations and financial condition of Wintrust for the three years ended December 31, 2001. This discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, and Selected Financial Highlights appearing elsewhere within this report. This discussion contains forward-looking statements concerning the Company's business that are based on estimates and involve risks and uncertainties. Therefore, future results could differ significantly from management's current expectations and the related forward-looking statements. See the last section of this discussion for further information regarding forward-looking statements.

On January 24, 2002, the Company's Board of Directors approved a 3-for-2 stock split of the Company's common stock to be effected in the form of a 50% stock dividend. The Board believes that the split will make Wintrust's stock more readily available to a broader base of investors and therefore improve the liquidity of the stock. All references to numbers of shares and per share amounts included in this report have been restated to reflect the effect of the stock split.

OPERATING SUMMARY

Wintrust's key measures of profitability and balance sheet growth continued to show impressive improvement in 2001, as evidenced by the following table (dollars in thousands, except per share data):

	Year Ended December 31		Percent
	2001	2000	Improvement
Net income	\$ 18,439	\$ 13,761*	34.0%
Net income per common share - Diluted	\$ 1.27	\$ 1.03*	23.3%
Net revenues	\$ 102,812	\$ 79,306	29.6%
Net interest income	\$ 74,014	\$ 61,000	21.3%
Net interest margin	3.49%	3.66%	-4.6%
Net overhead ratio	1.59%	1.90%*	16.3%
Return on average assets	0.79%	0.74%*	6.8%
Return on average equity	15.24%	14.20%*	7.3%
At end of period:			
Total assets	\$ 2,705,422	\$ 2,102,806	28.7%
Total loans	\$ 2,061,383	\$ 1,558,020	32.3%
Total deposits	\$ 2,314,636	\$ 1,826,576	26.7%
Book value per common share	\$ 9.72	\$ 7.92	22.7%
Market price per common share	\$ 20.38	\$ 10.63	91.7%

* Excludes non-recurring charge of \$4.3 million (\$2.6 million after tax) reported in 2000 related to a fraudulent loan scheme perpetrated against the Company's premium finance subsidiary.

Wintrust's net income increased 34.0% in 2001 compared to 2000, after increasing 46.0% in 2000 over 1999, excluding a non-recurring charge reported in 2000. On a per share basis, net income per diluted common share increased 23.3% in 2001, after increasing 41.1% in 2000. The lower growth rate in the earnings per share in 2001, as compared to net income, was due to the issuance of approximately 1.5 million additional shares of common stock in June 2001.

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

OVERVIEW AND STRATEGY

Wintrust's operating subsidiaries were organized within the last ten years, with an average life of its seven subsidiary banks of approximately six years. The Company has grown rapidly during the past few years and its Banks have been among the fastest growing community-oriented de novo banking operations in Illinois and the country. Because of the rapid growth, the historical financial performance of the Company has been affected by costs associated with growing market share, establishing new de novo banks, opening new branch facilities, and building an experienced management team. The Company's financial performance over the past several years generally reflects improving profitability of

the Banks, as they mature, offset by the costs of opening new banks and branch facilities. The Company's experience has been that it generally takes 13-24 months for new banking offices to first achieve operational profitability.

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

DE NOVO BANK FORMATION AND BRANCH OPENING ACTIVITY

The Company has developed its community banking franchise through the formation of seven de novo banks as well as opening branch offices of the banks. As of December 31, 2001, the Company had 29 banking facilities. One additional full-service branch office was opened in January 2002, and construction of several other offices are currently underway. The following table illustrates the progression of bank and branch openings that have contributed to the Company's growth and results of operations since inception.

MONTH	YEAR	BANK	LOCATION	TYPE OF FACILITY
January	2002	Hinsdale Bank	Riverside, Illinois (7)	Branch
December	2001	Northbrook Bank	Northbrook, Illinois	New permanent facility
September	2001	Barrington Bank	Hoffman Estates (6)	Branch
February	2001	Crystal Lake Bank	McHenry, Illinois (5)	Branch
November	2000	Northbrook Bank	Northbrook, Illinois	Bank (temporary facility)
July	2000	Libertyville Bank	Wauconda, Illinois (4)	Branch
May	2000	Libertyville Bank	Wauconda, Illinois (4)	Drive-up
February	2000	Lake Forest Bank	Highwood, Illinois (3)	Branch
October	1999	North Shore Bank	Skokie, Illinois	Branch
September	1999	Crystal Lake Bank	Crystal Lake, Illinois	Branch
June	1999	Lake Forest Bank	Lake Forest, Illinois	Bank/Corporate expansion
March	1999	Crystal Lake Bank	Crystal Lake, Illinois	Drive-up/walk-up
January	1999	Hinsdale Bank	Western Springs, Illinois (2)	New permanent facility
October	1998	Libertyville Bank	Libertyville, Illinois	Branch
September	1998	Crystal Lake Bank	Crystal Lake, Illinois	New permanent facility
May	1998	North Shore Bank	Glencoe, Illinois	Drive-up/walk-up
April	1998	North Shore Bank	Wilmette, Illinois	Walk-up
December	1997	Crystal Lake Bank	Crystal Lake, Illinois	Bank
November	1997	Hinsdale Bank	Western Springs, Illinois (2)	Branch
February	1997	Lake Forest Bank	Lake Forest, Illinois	Drive-up/walk-up
December	1996	Barrington Bank	Barrington, Illinois	Bank
August	1996	Hinsdale Bank	Clarendon Hills, Illinois (1)	Branch
May	1996	North Shore Bank	Winnetka, Illinois	Branch
November	1995	North Shore Bank	Wilmette, Illinois	Drive-up/walk-up
October	1995	Hinsdale Bank	Hinsdale, Illinois	Drive-up/walk-up
October	1995	Libertyville Bank	Libertyville, Illinois	Bank
October	1995	Libertyville Bank	Libertyville, Illinois	Drive-up/walk-up
October	1995	North Shore Bank	Glencoe, Illinois	Branch
May	1995	Lake Forest Bank	West Lake Forest, Illinois	Branch
December	1994	Lake Forest Bank	Lake Bluff, Illinois	Branch
September	1994	North Shore Bank	Wilmette, Illinois	Bank
April	1994	Lake Forest Bank	Lake Forest, Illinois	New permanent facilities
October	1993	Hinsdale Bank	Hinsdale, Illinois	Bank
April	1993	Lake Forest Bank	Lake Forest, Illinois	Drive-up/walk-up
December	1991	Lake Forest Bank	Lake Forest, Illinois	Bank

- (1) Operates in this location as Clarendon Hills Bank, a branch of Hinsdale Bank.
(2) Operates in this location as Community Bank of Western Springs, a branch of Hinsdale Bank.
(3) Operates in this location as Bank of Highwood-Fort Sheridan, a branch of Lake Forest Bank.
(4) Operates in this location as Wauconda Community Bank, a branch of Libertyville Bank.
(5) Operates in this location as McHenry Bank & Trust, a branch of Crystal Lake Bank.
(6) Operates in this location as Hoffman Estates Community Bank, a branch of Barrington Bank.
(7) Operates in this location as Riverside Bank, a branch of Hinsdale Bank.

EARNING ASSET AND BUSINESS NICHES

As previously mentioned, the Company continues to pursue specialized earning asset and business niches in order to maximize the Company's revenue stream as well as diversify its loan portfolio. A summary of the Company's more significant earning asset and business niches follows.

FIFC is the Company's most significant specialized earning asset niche and originated approximately \$1.3 billion in premium finance receivable volume during 2001. The majority of these receivables are retained within the Banks' loan portfolios. However, as a result of continued growth in origination volume in 2001, FIFC sold approximately \$245 million, or 19%, of the receivables generated during the year to an unrelated third party. The Company began selling the excess of FIFC's originations over the capacity to retain such loans within the Banks' loan portfolios during the second quarter of 1999. In addition to recognizing gains on the sale of these receivables, the proceeds provide the Company with additional liquidity. Consistent with the Company's strategy to be asset-driven, it is probable that similar sales of these receivables will occur in the future; however, future sales of these receivables depends on the level of new volume growth in relation to the capacity to retain such loans within the Banks' loan portfolios. See Consolidated Results of Operations for further information on these loan sales.

In October 1999, the Company acquired Tricom as part of its continuing strategy to pursue specialized earning asset niches. Tricom is a Milwaukee-based company that has been in business for more than ten years and specializes in providing, on a national basis, short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to clients in the temporary staffing industry. Tricom currently finances and processes payrolls with associated client billings of approximately \$248 million and generated approximately \$8.0 million in net revenues in 2001. By virtue of the Company's funding resources, this acquisition has provided Tricom with additional capital necessary to expand its financing services in a national market. Tricom's revenue principally consists of interest income from financing activities and fee-based revenues from administrative services. In addition to expanding the Company's earning asset niches, this acquisition has added to the level of fee-based income.

In addition to the earning asset niches provided by the Company's non-bank subsidiaries, several earning asset niches operate within the Banks, including the indirect auto division at Hinsdale Bank, Lake Forest Bank's MMF Leasing Services ("MMF") equipment leasing division and Barrington Bank's Community Advantage program that provides lending, deposit and cash management services to condominium, homeowner and community associations. In addition, Hinsdale Bank's mortgage warehouse lending program provides loan and deposit services to mortgage brokerage companies located predominantly in the Chicago metropolitan area and Crystal Lake Bank has recently developed a specialty in small aircraft lending. The Company plans to continue pursuing the development or acquisition of other specialty earning asset niches or finance businesses that generate assets suitable for bank investment and/or secondary market sales.

In September 1998, the Company formed WAMC, a trust subsidiary, to expand the trust and investment management services that were previously provided through the trust department of Lake Forest Bank. With a separately chartered trust subsidiary, the Company is better able to offer trust and investment management services to all communities served by the 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 affluent individuals whose needs command the personalized attention offered by WAMC's experienced trust professionals. Services offered by WAMC typically include traditional trust products and services, as well as investment management, financial planning and 401(k) management services. The trust and asset management services and products will be expanded in 2002 to include brokerage services as a result of the Company's recent acquisition of the Wayne Hummer Companies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There are a number of accounting policies that require the use of judgment. One of the most significant accounting policies which requires the use of judgment is establishing the amount of the allowance for possible loan losses. Management has established credit committees at each of the Banks which evaluate the credit quality of the loan portfolio and the level of the adequacy of the allowance for possible loan losses. See Notes to Consolidated Financial Statements (Note 1, Summary of Significant Accounting Policies - "Loans and Allowance for Possible Loan Losses") and the section titled "Credit Risk and Asset Quality" later in this report for discussions on

the methodology used in determining the level of the allowance for possible loan losses.

Another area that requires judgment relates to the calculation of the gains on the sale of premium finance receivables. Essentially, the initial investment in a loan is allocated between the loan and the Company's retained interest based on their relative fair values, and a gain is recognized for the difference between the proceeds received and the cost basis allocated to the loan. The retained interest includes a servicing asset, an interest only strip and a guarantee obligation pursuant to the terms of the sale agreement. The fair values of the servicing asset and interest only strip are calculated based on estimates of the future cash flows from the underlying loans which incorporate assumptions for prepayments and other factors. The Company's guarantee obligation is estimated based on the historical loss experience and credit risk factors of the loans. If actual cash flows from the underlying loans are less than originally anticipated, the net retained interest may be impaired, and such impairment would be recorded as a charge to earnings. However, since these loans are short-term in nature, with terms of less than twelve months, the Company's exposure to prepayment and market value risk is minimal.

GENERAL COMPONENTS OF PROFITABILITY

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

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

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

The following table sets forth the average balances, the interest earned or paid thereon, and the effective interest rate, yield or cost for each major category of interest-earning assets and interest-bearing liabilities for the years ended December 31, 2001, 2000 and 1999. The yields and costs include loan origination fees and certain direct origination costs which are considered adjustments to yields. Interest income on non-accruing loans is reflected in the year that it is collected, to the extent it is not applied to principal. Such amounts are not material to net interest income or net change in net interest income in any year. Non-accrual loans are included in the average balances and do not have a material effect on the average yield. Net interest income and the related net interest margin have been adjusted to reflect tax-exempt income, such as interest on municipal securities and loans, on a tax-equivalent basis. This table should be referred to in conjunction with this analysis and discussion of the financial condition and results of operations (dollars in thousands).

	2001			2000			1999		
	Average Balance(1)	Interest	Average Yield/Cost	Average Balance(1)	Interest	Average Yield/Cost	Average Balance(1)	Interest	Average Yield/Cost
ASSETS									
Interest bearing deposits with banks	\$ 385	\$ 10	2.60%	\$ 439	\$ 26	5.92%	\$ 3,840	\$ 204	5.31%
Securities (2)	223,280	11,821	5.29	237,025	15,669	6.61	187,258	10,336	5.52
Federal funds sold	136,778	5,632	4.12	26,202	1,627	6.21	30,844	1,536	4.98
Loans, net of unearned income (2)(3)	1,786,596	149,850	8.39	1,416,419	131,428	9.28	1,135,200	97,529	8.59
Total earning assets	2,147,039	167,313	7.79	1,680,085	148,750	8.85	1,357,142	109,605	8.08
Cash and due from banks	49,536			49,893			39,285		
Allowance for possible loan losses	(12,202)			(9,929)			(7,980)		
Premises and equipment, net	91,590			80,778			65,539		
Other assets	52,069			52,755			42,580		
Total assets	\$ 2,328,032			\$ 1,853,582			\$ 1,496,566		
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits - interest bearing:									
NOW accounts	\$ 205,306	\$ 4,790	2.33%	\$ 152,731	\$ 5,248	3.44%	\$ 123,846	\$ 3,607	2.91%
Savings and money market deposits	411,929	12,387	3.01	351,095	15,313	4.36	309,525	11,194	3.62
Time deposits	1,219,584	66,326	5.44	946,011	58,109	6.14	751,286	41,225	5.49
Total interest bearing deposits	1,836,819	83,503	4.55	1,449,837	78,670	5.43	1,184,657	56,026	4.73
Short-term borrowings and notes payable	53,649	2,845	5.30	74,893	4,371	5.84	53,076	2,633	4.96
Federal Home Loan Bank advances	21,945	942	4.29	-	-	-	-	-	-
Long-term debt - trust preferred securities	51,050	5,151	10.09	41,990	4,143	9.87	31,050	2,938	9.46
Total interest bearing liabilities	1,963,463	92,441	4.71	1,566,720	87,184	5.56	1,268,783	61,597	4.85
Non-interest bearing deposits	206,267			166,050			126,388		
Other liabilities	37,307			23,894			20,014		
Shareholders' equity	120,995			96,918			81,381		
Total liabilities and shareholders' equity	\$ 2,328,032			\$ 1,853,582			\$ 1,496,566		
Net interest income/spread		\$ 74,872	3.08%		\$ 61,566	3.29%		\$ 48,008	3.23%
Net interest margin			3.49%			3.66%			3.54%
Core net interest margin (4)			3.73%			3.91%			3.75%

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

(2) Interest income on tax advantaged securities and loans reflects a tax-equivalent adjustment based on a marginal federal tax rate of 35%. This total adjustment reflected in the above table is \$858, \$566 and \$274 in 2001, 2000 and 1999, respectively.

(3) The average balances of loans include non-performing loans and loans held for sale.

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

CHANGES IN INTEREST INCOME AND EXPENSE

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

	Year Ended December 31,					
	2001 Compared to 2000			2000 Compared to 1999		
	Change Due to Rate	Change Due to Volume	Total Change	Change Due to Rate	Change Due to Volume	Total Change
Interest income:						
Interest bearing deposits with banks	\$ (13)	(3)	(16)	22	(200)	(178)
Federal funds sold	(719)	4,724	4,005	344	(253)	91
Securities	(2,980)	(868)	(3,848)	2,274	3,059	5,333
Loans	(13,513)	31,935	18,422	8,290	25,609	33,899
Total interest income	(17,225)	35,788	18,563	10,930	28,215	39,145
INTEREST EXPENSE:						
NOW accounts	(1,965)	1,507	(458)	717	924	1,641
Savings and money market deposits	(5,284)	2,358	(2,926)	2,488	1,631	4,119
Time deposits	(7,208)	15,425	8,217	5,308	11,576	16,884
Short-term borrowings and notes payable	(371)	(1,155)	(1,526)	522	1,216	1,738
Federal Home Loan Bank advances	-	942	942	-	-	-
Long-term debt - trust preferred securities	96	912	1,008	131	1,074	1,205
Total interest expense	(14,732)	19,989	5,257	9,166	16,421	25,587
NET INTEREST INCOME	\$ (2,493)	15,799	13,306	1,764	11,794	13,558

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

ANALYSIS OF FINANCIAL CONDITION

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

Deposits. Over the past three years, the Company has experienced significant growth in both the number of accounts and the balance of deposits primarily as a result of de novo bank formations, new branch openings and strong marketing efforts. Total deposit balances increased 26.7% to \$2.31 billion at December 31, 2001, as compared to \$1.83 billion at December 31, 2000, which increased 24.8% when compared to the balance of \$1.46 billion at December 31, 1999.

The composition of the deposit base has remained relatively consistent over the last three years as evidenced by the deposit balances and relative composition of each deposit category to total deposits as of December 31, 2001, 2000 and 1999, in the following table (dollars in thousands):

	2001		2000		1999	
	Ending Balance	Percent of Total	Ending Balance	Percent of Total	Ending Balance	Percent of Total
Non-interest bearing deposits	\$ 254,269	11%	\$ 198,319	11%	\$ 154,034	11%
NOW accounts	286,860	13	180,898	10	130,625	9
Savings and money market deposits	468,395	20	370,231	20	325,201	22
Time deposits	1,305,112	56	1,077,128	59	853,762	58
Total deposits	\$ 2,314,636	100%	\$ 1,826,576	100%	\$ 1,463,622	100%

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

	2001		2000		1999	
	Ending Balance	Percent of Total	Ending Balance	Percent of Total	Ending Balance	Percent of Total
Lake Forest Bank	\$ 584,493	25%	\$ 482,119	26%	\$ 416,642	29%
Hinsdale Bank	425,322	19	350,407	19	296,127	20
North Shore Bank	482,333	21	410,205	23	327,130	22
Libertyville Bank	296,056	13	245,119	13	191,085	13
Barrington Bank	284,316	12	215,456	12	156,859	11
Crystal Lake Bank	165,456	7	107,555	6	75,779	5
Northbrook Bank	76,660	3	15,715	1	-	-
Total deposits	\$ 2,314,636	100%	\$ 1,826,576	100%	\$ 1,463,622	100%

Percentage increase from prior year-end	26 7%	24 8%	19 1%
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Other Funding Sources. Although deposits are the Company's primary source of funding its interest-earning assets, the Company's ability to manage the types and terms of deposits is somewhat limited by customer preferences and market competition. As a result, in addition to deposits, the Company uses several other funding sources to support its growth. These other sources include short-term borrowings, notes payable, FHLB advances, trust preferred securities and the issuance of equity securities as well as the retention of earnings. The Company evaluates the terms and unique characteristics of each source, as well as its asset-liability management position, in determining the use of such funding sources.

Short-term borrowings. Short-term borrowings include securities sold under repurchase agreements and federal funds purchased and totaled \$28.1 million and \$43.6 million at December 31, 2001 and 2000, respectively. This funding category fluctuates based on daily liquidity needs of the Banks, FIFC and Tricom.

Notes payable. The notes payable balances of \$46.6 million at December 31, 2001 and \$27.6 million at December 31, 2000, represent the balances on a revolving credit agreement with an unaffiliated bank. This revolving credit line is available for corporate purposes such as to provide capital to fund continued growth at existing bank subsidiaries, expansion of WAMC, possible future acquisitions and for other general corporate matters. See Note 10 to the Consolidated Financial Statements for further discussion of the terms of this revolving credit line.

FHLB Advances. In 2001, the Banks began to use FHLB advances as a source of funding. These advances provide the Banks with access to fixed rate funds which are useful in mitigating interest rate risk and achieving an acceptable interest rate spread on fixed rate loans or securities. FHLB advances to the Banks totaled \$90 million at December 31, 2001. See Note 11 to the Consolidated Financial Statements for further discussion of the terms of these advances.

Long-term debt - trust preferred securities. The Company has \$51.1 million of trust preferred securities outstanding which were sold in two public offerings. In October 1998, the Company sold \$31.05 million of 9.00% trust preferred securities and in June 2000, sold \$20.0 million at 10.50%. The trust preferred securities offerings increased the Company's regulatory capital, and provided for the continued growth of its banking and trust franchise. The ability to treat these trust preferred securities as regulatory capital under Federal Reserve Bank guidelines and to deduct the related interest expense for Federal income taxes, provides the Company with a cost-effective form of capital. See Note 12 to the Consolidated Financial Statements for further discussion of these trust preferred securities.

Total assets and earning assets. The Company's total assets were \$2.71 billion at December 31, 2001, an increase of \$602.6 million, or 28.7%, when compared to \$2.10 billion at December 31, 2000, which increased \$423.4 million, or 25.2%, over the December 31, 1999 total of \$1.68 billion. Earning assets totaled \$2.50 billion at December 31, 2001, an increase of \$583.4 million, or 30.5%, from the balance of \$1.92 billion a year earlier. Earning assets as a percentage of total assets were 92.4% and 91.1% as of December 31, 2001 and 2000, respectively. The increases in total assets and earning assets since December 31, 2000 were primarily attributable to the \$488.1 million increase in deposits, which mainly resulted from continued market share growth.

Loans. Total loans, net of unearned income, totaled \$2.06 billion at December 31, 2001, and continued on a solid growth track during 2001 increasing \$503.4 million, or 32.3%, over the December 31, 2000 balance of \$1.56 billion. In 2000, total loans increased \$279.8 million, or 21.9%, compared to the balance at the end of 1999. Growth has occurred in all core categories and the premium finance receivables portfolio. Decreases in the indirect auto loan portfolio were the result of management's decision to slow the volume of originations of indirect auto loans due to the current economic and competitive environment surrounding this portfolio. Total loans, net of unearned income, comprised 82.5% of total earning assets at December 31, 2001 as compared to 81.3% at December 31, 2000. Total loans were 89.1% of total deposits at December 31, 2001 as compared to 85.3% at December 31, 2000. These loan-to-deposit ratios fall within management's desired range of 85%-90%. Deploying the deposits in higher yielding earning assets is consistent with management's objective of being an asset-driven organization whereby excess loan originations can be sold to third parties and new deposit growth can be immediately invested in higher yielding assets. The following table presents loan balances, net of unearned income, by category as of December 31, 2001, 2000 and 1999 (dollars in thousands):

	2001		2000		1999	
	BALANCE	PERCENT OF TOTAL	Balance	Percent of Total	Balance	Percent of Total
Core loans:						
Commercial and commercial real estate	\$ 1,007,580	49%	\$ 647,947	42%	\$ 485,776	38%
Home equity	261,049	12	179,168	12	139,194	11
Residential real estate	182,945	9	141,919	9	111,026	9
Other loans	59,157	3	51,995	3	49,925	4
Total core loans	1,510,731	73	1,021,029	66	785,921	62
Niche loans:						
Premium finance receivables	348,163	17	313,065	20	219,341	17
Indirect auto loans	184,209	9	203,572	13	255,410	20
Tricom finance receivables	18,280	1	20,354	1	17,577	1
Total niche loans	550,652	27	536,991	34	492,328	38
Total loans, net of unearned income	\$ 2,061,383	100%	\$ 1,558,020	100%	\$ 1,278,249	100%

Niche Loan Categories. In order to minimize the time lag typically experienced by de novo banks in redeploying deposits into higher yielding earning assets, the Company has developed lending programs focused on specialized earning asset niches that generally have large volumes of homogeneous assets that can be acquired for the Banks' portfolios and possibly sold in the secondary market to generate fee income. These specialty niches also diversify the Banks' loan portfolios and add higher yielding earning assets that help to improve the

net interest margin. Currently, the Company's three specialty loan areas that are considered separate operating segments consist of the premium finance, indirect auto and Tricom segments. Other specialty loan programs include medical and municipal equipment leases through a division of Lake Forest Bank, mortgage broker warehouse lending through Hinsdale Bank, the Community Advantage program at Barrington Bank, which provides lending, deposit and cash management services to condominium, homeowner and community associations and the small aircraft lending program at Crystal Lake Bank. Management continues to evaluate other specialized types of earning assets to assist with the deployment of deposit funds and to diversify the earning asset portfolio.

Premium finance receivables. The Company originates commercial premium finance receivables through FIFC. All premium finance receivables originated by FIFC are subject to the Company's stringent credit standards, and substantially all such loans are made to commercial customers. The Company rarely finances consumer insurance premiums. At December 31, 2001, premium finance receivables totaled \$348.2 million and accounted for 17% of the Company's total loan portfolio. The balance reflects an increase of \$35.1 million, or 11.2%, from the \$313.1 million balance a year earlier. The majority of the receivables originated by FIFC are sold to the Banks and retained in their loan portfolios. However, premium finance receivables originated in excess of the capacity to retain such receivables within the Banks' loan portfolios are sold to an unrelated third party. In 2001, FIFC sold approximately \$245 million, or 19%, of the \$1.3 billion of receivables originated in 2001, to an unrelated third party and recognized gains of approximately \$4.6 million from such sales. Total loan originations in 2001 increased approximately \$223.6 million, or 21%, over the \$1.1 billion of originations in 2000. This increase in origination volume is due in part to market increases in insurance premiums. With continued growth expectations in 2002, it is probable that the Company will continue selling a portion of these new receivables to unrelated third parties. See Consolidated Results of Operations for further information on these loan sales.

Indirect auto loans. The Company finances fixed rate automobile loans sourced indirectly through an established network of unaffiliated automobile dealers located throughout the Chicago metropolitan area. These indirect auto loans are secured by new and used automobiles and generally have an original maturity of 36 to 60 months with the average actual maturity estimated to be approximately 35 to 40 months. The risk associated with this portfolio is diversified among many individual borrowers. The Company utilizes credit underwriting standards that management believes results in a high quality portfolio. The Company does not currently originate any significant level of sub-prime loans, which are made to individuals with impaired credit histories at generally higher rates, and accordingly, with higher levels of credit risk. Management continually monitors the dealer relationships and the Banks are not dependent on any one dealer as a source of such loans. In response to economic conditions and the competitive environment for this product, the Company has been reducing the level of new indirect auto loans originated. However, the Company continues to maintain its relationships with the dealers and may increase its volume of originations when market conditions indicate it is prudent to do so. As of December 31, 2001, net indirect auto loans totaled \$184.2 million, a decrease of \$19.3 million, or 9.5%, from the previous year-end balance

Tricom finance receivables. These receivables consist of high-yielding short-term accounts receivable financing to Tricom's clients in the temporary staffing industry located throughout the United States. Typically, Tricom also provides value-added out-sourced administrative services to many of these clients, such as data processing of payrolls, billing and cash management services, which generates additional fee income. As of December 31, 2001, Tricom's finance receivables totaled \$18.3 million, a decrease of \$2.1 million, or 10.2%, from the previous year-end balance, resulting from the general slowdown in the economy and the reduction in the placement of temporary staffing individuals by Tricom's customers.

Core Loan Categories. Core loans include commercial and commercial real estate loans, home equity loans, residential real estate loans and consumer loans. Core loans totaled \$1.5 billion at December 31, 2001, and represented 73% of the Company's total loan portfolio. Core loans increased \$489.7 million, or 48.0%, over the prior year amount of \$1.0 billion.

Commercial and commercial real estate loans, the largest loan category, totaled \$1.0 billion at December 31, 2001 and increased \$359.6 million, or 55.5%, over the December 31, 2000 balance of \$647.9 million. This category comprised 49% of the loan portfolio at the end of 2001 and the increase over the prior year-end balance was mainly due to the combination of increased business development efforts, a low interest rate environment and a continued healthy local economy.

Home equity loans totaled \$261.0 million as of December 31, 2001 and increased \$81.9 million, or 45.7%, when compared to the December 31, 2000 balance of \$179.2 million. This increase was mainly the result of increased

line of credit usage and special marketing programs. Unused commitments on home equity lines of credit have increased approximately \$79.7 million, or 35.4%, over the balance at December 31, 2000 and totaled \$304.6 million at December 31, 2001.

Residential real estate loans totaled \$182.9 million at December 31, 2001, and increased \$41.0 million, or 28.9%, over the prior year-end balance. Mortgage loans held for sale are included in this category and totaled \$42.9 million and \$10.4 million at December 31, 2001 and 2000, respectively. The Company collects a fee on the sale of these loans into the secondary market to avoid the interest-rate risk associated with these loans, as they are predominantly long-term fixed rate loans. The increase in the amount of mortgage loans held for sale reflects the significant increase in mortgage loan activity at the end of 2001 resulting from the low interest rate environment. The remaining loans in this category are maintained within the Banks' loan portfolios and comprise mostly adjustable rate mortgage loans and shorter-term fixed rate mortgage loans.

Liquidity Management Assets. Funds that are not utilized for loan originations are used to purchase investment securities and short-term money market investments, to sell as federal funds and to maintain in interest-bearing deposits with banks. The balances of these assets fluctuate frequently based on deposit inflows and loan demand. As a result of anticipated significant loan growth in the development of de novo banks and earning asset niches, it has been Wintrust's policy to generally maintain its securities portfolio in short-term, liquid, and diversified high credit quality securities at the Banks in order to facilitate the funding of quality loan demand as it emerges and to keep the Banks in a liquid condition in the event that deposit levels fluctuate. The aggregate carrying value of these earning assets increased to \$438.0 million at December 31, 2001 from \$357.9 million at December 31, 2000. Total liquidity management assets as a percent of total earning assets was 17.5% at December 31, 2001 an 18.7% at December 31, 2000. A detail of the carrying value of the individual categories of liquidity management assets as of December 31, 2001 and 2000 is set forth in the following table (in thousands):

	2001	2000
Federal funds sold and securities purchased under resale agreements	\$ 51,955	164,641
Interest-bearing deposits with banks	692	182
Securities	385,350	193,105
Total liquidity management assets	\$ 437,997	357,928

CONSOLIDATED RESULTS OF OPERATIONS

Overview of the Company's profitability characteristics. The following discussion of Wintrust's results of operations requires an understanding that the Company's bank subsidiaries have all been started as new banks since December 1991 and have an average life of approximately six years. The Company's premium finance company, FIFC, began limited operations in 1991 as a start-up company. The Company's trust and investment company, WAMC, began operations in September 1998. Previously, the Company's Lake Forest Bank operated a trust department on a much smaller scale than WAMC. Tricom started operations as a new company in 1989 and was acquired by the Company in 1999. Accordingly, Wintrust is still a young company that has a strategy of continuing to build its customer base and securing broad product penetration in each marketplace that it serves. The Company has expanded its banking franchise from three banks with 5 offices in 1994 to seven banks with 29 offices at the end of 2001. FIFC has matured from its limited operations in 1991 to a company that generates, on a national basis, over \$1.0 billion in premium finance receivables annually. In addition, WAMC has been building a team of experienced trust professionals who are located within the banking offices of five of the seven subsidiary Banks. These expansion activities have understandably suppressed faster, opportunistic earnings. However, as the Company matures and existing banks become more profitable, the start-up costs associated with future bank and branch openings and other new financial services ventures will not have as significant an impact on earnings. Additionally, the Company's more mature banks have several operating ratios that are either comparable to or better than peer group data, suggesting that as the Banks become more established, the overall earnings level will continue to increase.

EARNINGS SUMMARY

Net income for the year ended December 31, 2001 totaled \$18.4 million, or \$1.27 per diluted common share, compared to \$11.2 million, or \$0.83 per diluted share, in 2000, and \$9.4 million, or \$0.73 per diluted share in 1999. The results for 2000 include the impact of a non-recurring \$4.3 pre-tax charge (\$2.6 million after tax), or \$0.20 per diluted common share, related to a fraudulent loan scheme perpetrated against the Company's premium finance subsidiary. Excluding the effect of this non-recurring charge, net income increased 34.0% in 2001 and 46.0% in 2000 while earnings per diluted common share increased 23.3% in 2001 and 41.1% in 2000. Return on average equity was 15.24% in 2001, 14.20% in 2000 (excluding the non-recurring charge) and 11.58% in 1999.

Earnings results for 2001 reflect an increase in net revenues of \$23.5 million, or 29.6%, fueled by increases in net interest income of \$13.0 million, or 21.3%, and non-interest income of \$10.5 million, or 57.3%. For 2000, net revenues increased \$21.8 million, or 37.8%, resulting from increases in net interest income of \$13.3 million, or 27.8%, and non-interest income of \$8.5 million, or 86.6%. The increases in net interest income during these periods was primarily a result of increases in average earning assets, particularly increases in average loans of 26.1% and 24.8%, in 2001 and 2000, respectively. The increase in non-interest income in 2001 was due in large part to the positive effects of the declining interest rate environment, particularly on mortgage refinancing activity and management's ability to enhance returns in the securities portfolio with covered call option contracts. For 2000, the increase in non-interest income was mainly the result of increases in administrative service revenues resulting from the October 1999 acquisition of Tricom and gains on the sales of premium finance receivables. Excluding the 2000 non-recurring charge noted above, non-interest expense increased \$12.3 million, or 23.0%, in 2001 and \$13.8 million, or 34.8% in 2000. The increases in non-interest expense were due primarily to the growth and expansion realized by the Company during 2001 and 2000, including the recognition of a full year of Tricom's expenses in 2000, compared to a three month period in 1999.

NET INTEREST INCOME

The primary source of the Company's revenue is net interest income. Net interest income is the difference between interest income and fees on earning assets, such as loans and securities, and interest expense on the liabilities to fund those assets, including interest bearing deposits and other borrowings. The amount of net interest income is affected by both changes in the level of interest rates and the amount and composition of earning assets and interest bearing liabilities. The table included in the previous section of this report titled "Average Balance Sheets, Interest Income and Expense, and Interest Rate Yields and Costs" presents the interest income and expense associated with the major balance sheet categories, along with the related average balances and yields, for the three years ending December 31, 2001. Also in that section of this report is a table titled "Changes in Interest Income and Expense" which presents the dollar amount of changes in interest income and expense, by major balance sheet category, attributable to changes in the volume of the balance sheet category and changes in the rate earned or paid with respect to that category of assets or liabilities, for the years ending December 31, 2001 and 2000. In order to compare the tax-exempt asset yields to taxable yields, interest income in the tables referred to above and in the following discussion are adjusted to tax-equivalent yields based on the marginal corporate Federal tax rate of 35%. The tax-equivalent adjustments to interest income for 2001, 2000 and 1999 were \$858,000, \$566,000 and \$274,000, respectively.

Tax-equivalent net interest income in 2001 totaled \$74.9 million, up from \$61.6 million in 2000 and \$48.0 million in 1999, representing increases of \$13.3 million, or 21.6%, in 2001 and \$13.6 million, or 28.2%, in 2000. These increases were primarily attributable to increases in average earning assets of \$467.0 million, or 27.8%, in 2001 and \$322.9 million, or 23.8%, in 2000. Loans are the most significant component of the earning asset base as they earn interest at a higher rate than the other earning assets. Average loans increased \$370.2 million, or 26.1%, in 2001 and \$281.2 million, or 24.8%, in 2000. Total average loans as a percentage of total average earning assets were 83.2%, 84.3% and 83.6% in 2001, 2000, and 1999, respectively. The average yield on loans was 8.39% in 2001, 9.28% in 2000 and 8.59% in 1999. The 89 basis point decrease in the yield on loans in 2001 reflects the overall lower market rates in 2001 and the 69 basis point increase in the yield in 2000, as compared to 1999, is primarily a result of market rate increases throughout 2000. Similarly, the average rate paid on interest bearing deposits, the largest component of the Company's interest bearing liabilities, was 4.55% in 2001, 5.43% in 2000, and 4.73% in 1999, representing a decrease of 88 basis points in 2001 and an increase of 70 basis points in 2000. Net interest margin, which reflects net interest income as a percent of average earning assets, was 3.49% in 2001, 3.66% in 2000 and 3.54% in 1999. The decrease in the net interest margin in 2001 was due to continued decreases in short-term rates throughout 2001 causing compression in the spread between the yields earned on interest earning assets and the rates paid on interest bearing liabilities. During 2001, the Federal Reserve Bank cut short-term interest rates eleven times, resulting in a decrease in short-term rates totaling 475 basis points. Compression resulted when deposit rates could not be reduced in the same magnitude as decreases in short term market rates due to the low level of the rate paid on certain deposit accounts. The 12 basis point increase in the net interest margin in 2000 was primarily the result of solid growth in loans in 2000 and effective deposit pricing strategies. The core net interest margin, which excludes the impact of the Company's Trust Preferred Securities, was 3.73% in 2001, 3.91% in 2000 and 3.75% in 1999.

PROVISION FOR POSSIBLE LOAN LOSSES

The provision for possible loan losses totaled \$7.9 million in 2001, \$5.1 million in 2000 and \$3.7 million in 1999. The increases in provisions in 2001 and 2000 were the result of solid loan growth in each of the core loan categories, as well as the premium finance receivables portfolio, and higher levels of charge-offs in the premium finance receivables portfolio. In 2001 and 2000, year end loan balances increased 32.3% and 21.9%, respectively. Net charge-offs as a percentage of average loans were 0.26% in 2001, 0.24% in 2000 and 0.19% in 1999. While management believes the allowance for possible loan losses is adequate to provide for losses inherent in the portfolio, there can be no assurances that future losses will not exceed the amounts provided for, thereby affecting future results of operations. The amount of future additions to the allowance for possible loan losses will be dependent upon the economy, changes in real estate values, interest rates, the regulatory environment, the level of past-du and non-performing loans, and other factors. Please refer to the "Asset Quality" section of this report for further discussion of the Company's loan loss experience and non-performing assets.

NON-INTEREST INCOME

Non-interest income totaled \$28.8 million in 2001, and increased \$10.5 million, or 57.3%, from the \$18.3 million reported in 2000. In 2000, non-interest income increased \$8.5 million, or 86.6%, from the \$9.8 million reported in 1999. The increase in 2001 was primarily a result of increases in fees on mortgage loans sold and income from covered call option transactions, and to a lesser extent increases from service charges on deposits, gains on the sale of premium finance receivables and net gains on the sale of securities.

Fees on mortgage loans sold include income from originating and selling residential real estate loans into the secondary market. These fees totaled \$7.8 million in 2001, an increase of \$4.9 million, or 169%, over the \$2.9 million reported in 2000. The increase in 2001 was due to the lower interest rate environment which resulted in significantly higher levels of refinancing activity. Conversely, the rising interest rate environment in 2000 resulted in a decrease of \$295,000, or 9.2%, in fees on mortgage loans sold compared to the 1999 total. Management anticipates that the high levels of refinancing activity experienced in 2001 will taper off in 2002, barring any further reductions in mortgage interest rates.

Service charges on deposit accounts totaled \$2.5 million in 2001, \$1.9 million in 2000 and \$1.6 million in 1999. These increases of 29.3% in 2001 and 23.9% in 2000 were due mainly to increases in total deposits of 26.7% in 2001 and 24.8% in 2000. The majority of deposit service charges relate to customary fees on overdrawn accounts and returned items. The level of service charges received is substantially below peer group levels as management believes in the philosophy of providing high quality service without encumbering that service with numerous activity charges.

Trust and asset management fees totaled \$2.0 million for 2001 and 2000, and \$1.2 million for 1999. These fees include fees earned on assets under management, custody fees and other trust related fees. Trust and asset management fees have been negatively impacted by the recent equity market declines and weaker economic conditions. Lower valuations of the equity securities under management affect the fees earned thereon. The increase in fees in 2000 as compared to 1999 was the result of new business development efforts generated by a larger staff of experienced trust officers that were added in late 1998 with the formation of WAMC. Wintrust is committed to growing the trust and investment business in order to better service its customers and create a more diversified revenue stream. In February 2002, Wintrust acquired the Wayne Hummer Companies, which will augment and diversify the Company's revenue stream. The acquisition will provide Wintrust with additional product offerings, including full service brokerage capabilities, annuities and insurance, as well as increase the size of its portfolio of managed investment accounts.

The Company sold approximately \$245 million of premium finance receivables in 2001 and approximately \$225 million in 2000, in each year amounting to approximately 20% of FIFC's total originations. In 1999, the Company sold approximately \$69 million of premium finance receivables. Wintrust began selling the receivables during the second quarter of 1999 as the level of originations outpaced the Company's capacity to retain such loans within the Banks' loan portfolios. Consistent with Wintrust's strategy to be asset-driven, it is probable that sales of premium finance receivables will occur in the future, depending on the level of new volume growth in relation to the capacity to retain such loans within the Banks' loan portfolios. FIFC continues to service the loans sold and recognizes its retained interest in the loans sold, which consists of a servicing asset and interest only strip, net of a liability for its guarantee obligation pursuant to the terms of the sale agreement. Since these loans are short-term in nature, with terms of less than

twelve months, the Company's exposure to prepayment and market value risk is minimal. Any remaining balance of the Company's retained interest at the time of its clean up call is recorded as an adjustment to the gain on sale of premium finance receivables. This activity resulted in the recognition of net gains of \$4.6 million in 2001, \$3.8 million in 2000, and \$1.0 million in 1999. At December 31, 2001, the Company was servicing approximately \$108 million of loans pursuant to these sales.

Administrative services revenue generated by Tricom was \$4.1 million in 2001, \$4.4 million in 2000 and \$1.0 million in 1999. This revenue comprises income from administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. The revenue growth at Tricom has stagnated in recent quarters due to the general slowdown in the economy and the reduction in the placement of temporary staffing individuals by Tricom's customers. Wintrust acquired Tricom in October 1999 and accounted for the acquisition using the purchase method of accounting. As a result, Tricom's administrative revenues for 1999 are included in the Company's financial statements from the date of acquisition.

Premium income from covered call option transactions totaled \$4.3 million in 2001, \$882,000 in 2000 and \$441,000 in 1999. The call option transactions were designed to increase the total return associated with holding certain investment securities and do not qualify as hedges pursuant to SFAS 133. There were no outstanding call options at December 31, 2001 or December 31, 2000.

Other non-interest income totaled \$3.1 million in 2001, \$2.4 million in 2000 and \$1.4 million in 1999. The increase in 2001 of \$725,000 was primarily attributable to an increase of \$304,000 of rental income from equipment leases. The \$1.0 million increase in 2000 was due primarily to a \$866,000 increase in rental income from equipment leases.

NON-INTEREST EXPENSE

Non-interest expense totaled \$65.8 million in 2001, \$57.8 million in 2000 and \$39.7 million in 1999. The 2000 results include a non-recurring \$4.3 million charge as a result of the fraud perpetrated against the Company's premium finance subsidiary. Excluding this non-recurring charge, non-interest expense increased \$12.3 million, or 23.0% in 2001, and \$13.8 million, or 34.8%, in 2000. These increases were predominantly caused by the continued growth and expansion of the Banks, WAMC and FIFC. In addition, \$4.2 million of the increase in 2000 was a result of 2000 reflecting a full year of operating expense related to the October 1999 acquisition of Tricom. In 2001, the Company opened two new full-service banking locations and closed a limited-service facility, and in 2000, added four new banking locations, including the opening of its seventh de novo bank. In 2001, total deposits increased 26.7% and total loans increased 32.3%, and in 2000 total deposits increased 24.8% and total loan balances increased 21.9%, requiring higher levels of staffing and other operating costs, such as occupancy, equipment, advertising and data processing, to both attract and service the larger customer base.

Despite the growth and the related increases in many of the non-interest expense categories, Wintrust's net overhead ratio (non-interest expense, excluding the non-recurring fraud charge, less non-interest income to total average assets) improved to 1.59% in 2001, from 1.90% in 2000 and 2.00% in 1999. The Company is operating in its previously stated performance goal range of 1.50% - 2.00%. This is a key indicator of operating efficiency and the Company continues to compare favorably with regard to this ratio to its peer group based on the most recent peer group data.

Salaries and employee benefits is the largest component of non-interest expense, accounting for 54.2% of the total in 2001. For the years ended December 31, 2001, 2000 and 1999, salaries and employee benefits totaled \$35.6 million, \$28.1 million and \$20.8 million, respectively, reflecting increases of \$7.5 million, or 26.7%, in 2001 and \$7.3 million, or 35.1%, in 2000. Approximately \$2.1 million of the 2000 increase relates to the inclusion of Tricom's expenses for a full year in 2000 compared to a three-month period in 1999. Increases in salaries and benefits for 2001 and 2000 generally reflect the higher staffing levels necessary to support the continued growth of the Company's balance sheet and fee-based businesses. As previously noted, during 2001, deposits increased 26.7% and loans increased 32.3% and during 2000, deposits increased 24.8% and loans increased 21.9%. In addition, the Company added two full-service banking locations in 2001 and added four new banking locations, including the opening of its seventh de novo bank, in 2000, all of which required additional staffing. The Company also increased staff at FIFC to support the growth in the premium finance business.

Equipment expense, which includes furniture, equipment and computer software depreciation and repairs and maintenance costs, totaled \$6.3 million in 2001, \$5.1 million in 2000 and \$3.2 million in 1999. The 2001 increase of \$1.2 million, or 23.4% was caused mainly by higher levels of depreciation expense related to the opening of new facilities and the expansion of existing facilities. The 2000 increase of \$1.9 million, or 59.5%, reflects the

impact of the acquisition of Tricom and other growth as discussed earlier.

Net occupancy expenses for the years ended December 31, 2001, 2000 and 1999, were \$4.8 million, \$4.3 million and \$3.0 million, respectively, reflecting increases of 13.4% in 2001 and 42.2% in 2000. The 2001 increase was due mainly to the opening of additional facilities in 2001 and throughout 2000. The 2000 increase was attributable to the opening of additional facilities and the October 1999 acquisition of Tricom.

Data processing expenses totaled \$3.4 million in 2001, \$2.8 million in 2000 and \$2.2 million in 1999, resulting in increases of 19.6% for 2001 and 30.8% for 2000. These increases were due primarily to the additional transactional charges related to the larger deposit and loan portfolios, as well as the impact of Tricom's expenses for a full year in 2000. During 2001, average loan balances increased 26.1% and average deposits increased 26.4%, while during 2000, average loan balances increased 24.8% and average deposit balances increased 23.3%.

Advertising and marketing expenses totaled \$1.6 million for 2001, \$1.3 million for 2000 and \$1.4 million for 1999. Marketing costs are necessary to attract loans and deposits at the newly chartered banks, to announce new branch openings, as well as the expansion of trust and investment services through WAMC, and to continue to promote community-based products at the more established locations. The level of marketing expenditures depends on the type of marketing programs utilized which are determined based on the market area, targeted audience, competition and various other factors. Management has begun to more effectively utilize targeted marketing programs in the more mature market areas.

Professional fees, which includes legal, audit and tax fees, external loan review costs and normal regulatory exam assessments, totaled \$2.1 million in 2001, \$1.7 million in 2000 and \$1.2 million in 1999. These increases are attributable to the general growth in the Company's total assets and fee-based businesses.

Amortization of intangibles expense totaled \$685,000 in 2001, \$713,000 in 2000 and \$251,000 in 1999. The goodwill and other intangibles primarily relate to the October 1999 Tricom acquisition and the mid-1998 acquisition of the MMF leasing division at Lake Forest Bank. The increase in 2000 reflects the inclusion of a full year of amortization for the Tricom acquisition. Effective January 1, 2002, pursuant to the provisions of SFAS 142, these intangible assets will no longer be amortized, but will be tested at least annually for impairment. See Note 2 to the Consolidated Financial Statements for further discussion.

In 2000, the Company recorded a pre-tax charge of \$4.3 million as a result of a fraud perpetrated against the Company's premium finance subsidiary. This charge includes approximately \$300,000 of professional fees associated with the Company's pursuit of recovery of the loss as well as a partial recovery of \$200,000. The Company continues to pursue legal action against the parties involved and is optimistic that it will receive additional recoveries of the loss. However, the amount and timing of such recoveries, if any, are not known at this time.

Other non-interest expenses were \$11.3 million in 2001, \$9.5 million in 2000 and \$7.7 million in 1999, reflecting increases of 19.3% in 2001 and 23.7% in 2000. This category includes loan expenses, correspondent bank service charges, insurance, postage, stationery and supplies, telephone, directors fees, and other sundry expenses. These increases were generally caused by the Company's expansion activities, including increased costs from the origination and servicing of a larger base of deposit and loan accounts, and in 2000, the Tricom acquisition, as discussed earlier.

INCOME TAXES

The Company recorded income tax expense of \$10.4 million in 2001, \$5.3 million in 2000 and \$4.7 million in 1999. The effective tax rates were 35.8%, 32.2% and 33.4% in 2001, 2000 and 1999, respectively. The lower effective rates in 2000 and 1999, as compared to 2001, were due to decreases in tax expense in 2000 and 1999 resulting from reductions in the valuation allowance previously established regarding the Company's deferred tax assets. Please refer to Note 14 to the Consolidated Financial Statements for further discussion and analysis of the Company's tax position.

OPERATING SEGMENT RESULTS

As described in Note 21 to the Consolidated Financial Statements, the Company's operations consist of five primary segments: banking, premium finance, indirect auto, Tricom and trust and asset management. The Company's profitability is primarily dependent on the net interest income, provision for possible loan losses, non-interest income and operating expenses of its banking segment. The net interest income of the banking segment includes income and related interest costs from portfolio loans that were purchased from the premium finance and indirect auto segments. For purposes of internal segment profitability analysis, management reviews the results of its premium finance and indirect auto segments as if all loans originated and sold to the banking segment were retained within that segment's operations.

The banking segment's net interest income for the year ended December 31, 2001 totaled \$69.9 million as compared to \$57.2 million for the same period in 2000, an increase of \$12.7 million, or 22.2%. The increase in net interest income for 2000 when compared to the total of \$44.3 million in 1999 was \$12.9 million, or 29.2%. These increases were the primarily the result of continued growth in the loan portfolio. Average total loans increased 26% in 2001 and 25% in 2000. The banking segment's non-interest income totaled \$18.5 million in 2001, an increase of \$9.9 million, or 114.7%, when compared to the 2000 total of \$8.6 million. This increase was primarily due to an increase of \$4.9 million in fees on mortgage loans sold, reflecting heavy origination volumes driven by the low interest rate environment and a strong local housing market, a \$3.5 million increase in fees from covered call option transactions which were entered into to enhance the overall return on the investment portfolio and a \$568,000 increase in service charges on deposits. In 2000, noninterest income for the banking segment increased \$1.5 million, or 20.8%, compared to the prior year amount of \$7.1 million. This increase was due primarily to increases in equipment rental income of \$866,000, call option premium income of \$441,000 and service charges on deposits of \$374,000 and was offset partially by a decrease of \$295,000 in fees on mortgage loans sold. The reduction in fees on mortgage loans sold in 2000 reflected low origination and refinancing activity due to increasing mortgage interest rates. The banking segment's net income for the year ended December 31, 2001 totaled \$20.8 million, an increase of \$6.1 million, or 41.1%, as compared to the 2000 total of \$14.8 million. The total segment profit in 2000 increased \$4.5 million, or 43.6%, over the \$10.3 million that was recorded in 1999. These after-tax segment profit increases were primarily the result of higher levels of net interest income and non-interest income, as noted above, and the general continued maturation and related profitability improvements of the more established de novo bank subsidiaries.

Net interest income for the premium finance segment totaled \$26.9 million for the year ended December 31, 2001 and increased \$12.1 million, or 81.5%, over the \$14.8 million in 2000. This increase resulted from higher levels of premium finance receivables and lower funding costs in 2001 compared to 2000. In 2000, net interest income for the premium finance segment increased \$2.2 million, or 17.3%, over the 1999 total of \$12.6 million. This increase resulted from higher levels of premium finance receivables produced from various business development efforts and other new product offerings. The premium finance segment's non-interest income totaled \$4.5 million, \$3.8 million and \$1.0 million for the years ended December 31, 2001, 2000 and 1999, respectively. Noninterest income for this segment reflects the gains from the sale of premium finance receivables to an unrelated third party, as more fully discussed in the Consolidated Results of Operations section. The Company began selling premium finance receivables to an unrelated third party in the second quarter of 1999. Net after-tax profit of the premium finance segment totaled \$10.6 million, \$2.6 million and \$4.3 million for the years ended December 31, 2001, 2000 and 1999, respectively. Net income for 2000 was negatively impacted by a \$4.3 million (\$2.6 million after tax) non-recurring charge related to a fraud perpetrated by one independent insurance agent. Excluding this one-time charge, the premium finance segment profit increased \$5.4 million, or 103.5%, in 2001 compared to 2000, and increased \$922,000, or 21.6%, in 2000 compared to the segment's profit in 1999. The improvements in profitability during both 2001 and 2000 (excluding the one-time charge) were due mainly to the combination of higher volumes, lower funding costs and the sales of excess originations to third parties.

Net interest income for the indirect auto segment totaled \$6.8 million in 2001, compared to the \$6.5 million reported for 2000. The slight increase in net interest income was due to lower funding cost in 2001 compared to 2000, offset significantly by lower outstanding indirect auto loans. Net interest income decreased \$1.7 million, or 20.9%, in 2000 compared to 1999, due primarily to higher funding costs in 2000 coupled with a slightly lower level of average outstanding loans and slightly lower yields on such loans. Due to the impact of the current economic and competitive environment surrounding indirect auto lending, management has been reducing the level of new indirect automobile loans originations. Indirect automobile loans were \$184 million, \$204 million, and \$255 million at December 31, 2001, 2000 and 1999, respectively. The indirect auto segment after-tax profit totaled \$2.2 million for the year ended December 31, 2001, an increase of \$620,000, from the 2000 total of \$1.6 million. This segment' profitability in 2001 was negatively affected by a lower level of outstanding balances, but was offset by lower funding costs as well as a lower credit loss provision allocated to his portfolio due to a lower level of charge-offs experienced in 2001. (See the "Credit Risk and Asset Quality" section of this report.) In 2000, the after-tax segment profit decreased \$1.1 million, or 40.4%, from the 1999 total of \$2.7 million due primarily to the decrease in net interest income noted above.

The Tricom segment data reflects the business associated with short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash manage-

ment services, that Tricom provides to its clients in the temporary staffing industry. The segment's net interest income was \$3.9 million in 2001, reflecting an increase of \$296,000, or 8.1%, compared to the \$3.6 million reported for 2000. Non-interest income for 2001 was \$4.1 million, decreasing \$392,000, or 8.8%, from the \$4.5 million reported in 2000. The segment's net income was \$1.2 million in 2001, a decrease of \$381,000, or 23.4%, compared to 2000. The decrease in the segment's net income is attributable to the decrease in non-interest income as well as an increase of \$455,000, 8.5%, in operating expenses. The revenue growth at Tricom has stagnated in recent quarters due to the general slowdown in the economy and the reduction in the placement of temporary staffing individuals by Tricom's customers. The segment's results for 1999, as reflected in Note 21 to the Consolidated Financial Statements, reflect the operations of Tricom from October 1, 1999, the effective date of the Company's acquisition of Tricom, through December 31, 1999.

The trust and asset management segment reflects the operations of WAMC, a trust and investment subsidiary that began operations as a separate subsidiary in late 1998. Net interest income attributable to the trust segment totaled \$755,000 for 2001, as compared to \$508,000 in 2000 and \$469,000 in 1999. The net interest income reported by the trust segment is due to the trust company's earning assets as well as the net interest allocated to the trust company from trust account balances on deposit at Lake Forest Bank. Trust fee income totaled \$2.0 million in 2001 and 2000, and \$1.2 million in 1999. Trust fees include fees earned on assets under management, custody fees and other trust related fees. Trust fees have been negatively impacted by equity market declines and weaker economic conditions. Lower valuations of the equity securities under management affect the fees earned thereon. The trust segment after-tax loss totaled \$413,000 in 2001 and 2000, and \$559,000 in 1999. The losses in each of these years were also due to the fact that they represent the start-up years of WAMC. As expected during the start-up years, operating expenses, primarily the salaries and benefit costs of experienced trust professionals have exceeded trust fees generated. With the acquisition of the Wayne Hummer Companies in 2002, management expects that the trust and asset management segment will begin to reflect profitability in 2002.

ASSET-LIABILITY MANAGEMENT

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

Interest rate risk arises when the maturity or repricing periods and interest rate indices of the interest earning assets, interest bearing liabilities, and derivative financial instruments are different. The Company continuously monitors not only the organization's current net interest margin, but also the historical trends of these margins. In addition, management attempts to identify potential adverse swings in net interest income in future years, as a result of interest rate movements, by performing simulation analysis of potential interest rate environments. If a potential adverse swing in net interest margin and/or net income is identified, management then would take appropriate actions with its asset-liability structure to counter these potentially adverse situations. Please refer to earlier sections of this discussion and analysis for further discussion of the net interest margin.

Since the Company's primary source of interest bearing liabilities is customer deposits, the Company's ability to manage the types and terms of such deposits may be somewhat limited by customer preferences and local competition in the market areas in which the Company operates. The rates, terms and interest rate indices of the Company's interest earning assets result primarily from the Company's strategy of investing in loans and short-term securities that permit the Company to limit its exposure to interest rate risk, together with credit risk, while at the same time achieving an acceptable interest rate spread.

One method utilized by financial institutions to manage interest rate 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 December 31, 2001, the Company had \$255 million notional principal amount of interest rate cap contracts outstanding that mature between March 2002 and February 2003. These contracts were purchased to mitigate the effect of rising rates on certain floating rate deposit products. Additionally, during 2001, the Company entered into a \$25 million notional principal amount interest rate swap contract that matures in February 2004. This contract effectively con-

verts a portion of the Company's floating-rate notes payable to a fixed-rate basis, thus reducing the impact of rising interest rates on future interest expense.

During 2001, the Company also entered into certain covered call option transactions related to certain securities held by the Company. These transactions are designed to increase the total return associated with holding these securities as earning assets and are not used to manage exposure to changing market interest rates. However, the Company's exposure to interest rate risk may be affected by these transactions. To mitigate this risk, the Company may acquire fixed rate term debt or use other financial derivative instruments.

The Company's exposure to interest rate risk is reviewed on a regular basis by management and the boards of directors of the Banks and the Company. The objective is to measure the effect on net income and to adjust balance sheet and derivative financial instruments to minimize the inherent risk while at the same time maximizing net interest income. Tools used by management include a standard gap analysis 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.

Standard gap analysis starts with contractual repricing information for assets, liabilities and certain derivative financial instruments. These items are then combined with repricing estimations for certain administered rate (NOW, savings and money market accounts) and non-rate related products (demand deposit accounts, other assets, other liabilities). The following table illustrates the Company's estimated interest rate sensitivity and periodic and cumulative gap positions as of December 31, 2001 (dollars in thousands):

	TIME TO MATURITY OR REPRICING				
	0-90 Days	91-365 Days	1-5 Years	Over 5 Years	Total
ASSETS:					
Fed funds sold and securities purchased under resale agreements	\$ 51,955	--	--	--	51,955
Interest bearing deposits with banks	692	--	--	--	692
Available-for-sale securities	127,946	38,366	83,538	135,500	385,350
Loans, net of unearned income	1,150,678	387,581	443,922	79,202	2,061,383
Total earning assets	1,331,271	425,947	527,460	214,702	2,499,380
Other assets	--	--	--	206,042	206,042
Total rate sensitive assets (RSA)	\$ 1,331,271	425,947	527,460	420,744	2,705,422
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Interest bearing deposits (1)	\$ 1,179,868	596,989	281,290	2,220	2,060,367
Short-term borrowings	28,074	--	--	--	28,074
Federal Home Loan Bank advances	--	--	62,000	28,000	90,000
Notes payable	46,575	--	--	--	46,575
Long-term debt - trust preferred securities	--	--	--	51,050	51,050
Total interest bearing liabilities	1,254,517	596,989	343,290	81,270	2,276,066
Demand deposits	--	--	--	254,269	254,269
Other liabilities	--	--	--	33,809	33,809
Shareholders' equity	--	--	--	141,278	141,278
EFFECT OF DERIVATIVE FINANCIAL INSTRUMENTS:					
Interest rate swap (pay fixed, receive floating)	(25,000)	--	25,000	--	--
Total rate sensitive liabilities and shareholders' equity (RSL)	\$ 1,229,517	596,989	368,290	510,626	2,705,422
Repricing gap (RSA - RSL)	\$ 101,754	(171,042)	159,170	(89,882)	
Cumulative repricing gap	\$ 101,754	(69,288)	89,882	--	
Cumulative RSA/Cumulative RSL	108%	96%	104%		
Cumulative RSA/Total assets	49%	65%	84%		
Cumulative RSL/Total assets	45%	68%	81%		
Cumulative GAP/Total assets	4%	(3)%	3%		
Cumulative GAP/Cumulative RSA	8%	(4)%	4%		

(1) Non-contractual interest-bearing deposits are subject to immediate withdrawal and therefore, included in 0-90 days.

While the gap position and related ratios illustrated in the table are useful tools that management can use to assess the general positioning of the Company's and its subsidiaries' balance sheets, it is only as of a point in time. Additionally the gap position does not reflect the impact of the interest rate cap contracts that may mitigate the effect of rising rates on certain floating rate deposit products.

Management uses an additional measurement tool to evaluate its asset-liability sensitivity that determines exposure to changes in interest rates by measuring the percentage change in net interest income due to changes in interest rates over a two-year time horizon. Management measures its exposure to changes in interest rates using many different interest rate scenarios. One interest rate scenario utilized is to measure the percentage change in net interest income assuming an instantaneous permanent parallel shift in the yield curve of 200 basis points, both upward and downward. This analysis includes the impact of the interest rate cap and swap agreements mentioned above. Utilizing this measurement concept, the interest rate risk of the Company, expressed as a percentage change in net interest income over a two-year time horizon due to changes in interest rates, at December 31, 2001 and December 31, 2000, is as follows:

	+200 Basis Points	-200 Basis Points
Percentage change in net interest income due to an immediate 200 basis point shift in the yield curve: (1)		
December 31, 2001	7.2%	(11.4)%
December 31, 2000	5.0%	(1.6)%

(1) The December 31, 2001, 200 basis point instantaneous permanent parallel shift downward in the yield curve impacted a majority of rate sensitive assets by the entire 200 basis points, while certain interest-bearing deposits may already be at their floor, or reprice significantly less than 200 basis points. This causes the results for 2001, in a 200 basis point downward shift, to reflect a significantly larger decrease in net interest income than shown for 2000.

These results are based solely on a permanent parallel shift in the yield curve and do not reflect the net interest income sensitivity that may arise from other factors, such as changes in the shape of the yield curve or the change in spread between key market rates. The above results are conservative estimates due to the fact that no management action to mitigate potential changes in net interest income are included in this simulation process. These management actions could include, but would not be limited to, delaying a change in deposit rates, extending the maturities of liabilities, the use of derivative financial instruments, changing the pricing characteristics of loans or modifying the growth rate of certain types of assets or liabilities.

As previously noted in the "Net Interest Income" section of this report, the Federal Reserve Bank cut short-term interest rates eleven times during 2001, totaling 475 basis points and resulting in the lowest interest rate environment in recent history. As reflected in the previous table, the Company believes its balance sheet is well positioned to benefit in the event rates begin to rise in 2002, as is expected.

LIQUIDITY AND CAPITAL RESOURCES

Federal banking regulatory agencies established capital adequacy rules which take into account risk attributable to balance sheet assets and off-balance sheet activities. All bank holding companies must meet a minimum total risk-based capital ratio of 8.0%. Of the 8.0% required, at least half must be comprised of core capital elements defined as Tier 1 capital. The federal agencies also have adopted leverage capital (Tier 1 capital as a percent of average quarterly assets) guidelines which banking organizations must meet. Under these guidelines, the most highly rated banking organizations must meet a minimum leverage ratio of at least 3%, while lower rated banking organizations must maintain a minimum leverage ratio of at least 4% to 5%. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Consolidated Financial Statements.

The following table reflects the capital guidelines established by the Federal Reserve Bank for a bank holding company:

MINIMUM CAPITAL ADEQUATELY WELL REQUIREMENTS CAPITALIZED CAPITALIZED

Leverage ratio	3.0%	4.0%	5.0%
Tier 1 risk-based capital ratio	4.0%	4.0%	6.0%
Total risk-based capital ratio	8.0%	8.0%	10.0%

The Company's consolidated leverage ratio (Tier 1 capital/total fourth quarter average assets less intangibles) and Tier 1 risk-based capital ratio were 7.1% and 7.7%, respectively, at December 31, 2001, which are in excess of the "well capitalized" regulatory levels. The Company's consolidated total risk-based capital ratio was 8.5% at December 31, 2001, categorizing the Company as "adequately capitalized". In January 2002, the Company became designated as a Financial Holding Company, thereby requiring its depository institutions to maintain their capital ratios in the "well capitalized" categories at all

times. Refer to Note 16 of the Consolidated Financial Statements for further information on the capital positions of the Company's subsidiary banks. The following table reflects various measures of the Company's capital at December 31, 2001 and 2000.

	2001	2000
Average equity-to-average asset ratio	5.2%	5.2%
Leverage ratio	7.1	6.3
Tier 1 risk-based capital ratio	7.7	6.9
Total risk-based capital ratio	8.5	8.4
Dividend payout ratio	7.4	8.0

The Company's principal source of funds at the holding company level are from dividends from its subsidiaries, borrowings on its revolving credit line with an unaffiliated bank, proceeds from trust preferred securities offerings and additional equity offerings. Refer to Notes 10, 12 and 20 of the Consolidated Financial Statements for further information on the Company's notes payable, Trust Preferred Securities offerings and shareholders' equity, respectively. The table below provides a summary of the funds raised through common stock public offerings and Trust Preferred Securities public offerings over the last four years: (dollars in millions)

Date of offering	Type of offering	Net proceeds received	% of increase in regulatory capital
October 1998	Trust preferred securities	\$31.1	78%
November 1999	Common Stock	6.0	78(1)
June 2000	Trust preferred securities	20.0	67
June 2001	Common Stock	22.2	49

(1) Excludes \$4.0 million in capital generated from issuance of common stock in connection with the acquisition of Tricom.

Over the last three years, as shown in the table above, proceeds from public offerings of Trust Preferred Securities and the Company's common stock have accounted for a decreasing portion of the increase in the Company's total regulatory capital. While these funding and capital generation sources will continue to be reviewed, the Company's reliance on internally generated capital is expected to continue to grow.

Banking laws impose restrictions upon the amount of dividends which can be paid to the holding company by the Banks. Based on these laws, the Banks could, subject to minimum capital requirements, declare dividends to the Company without obtaining regulatory approval in an amount not exceeding (a) undivided profits, and (b) the amount of net income reduced by dividends paid for the current and prior two years. In addition, the payment of dividends may be restricted under certain financial covenants in the Company's revolving credit line agreement. At January 1, 2002, subject to minimum capital requirements at the Banks, approximately \$10.1 million was available as dividends from the Banks without prior regulatory approval. During 2001 and 2000, dividends paid by the subsidiaries to Wintrust totaled \$13.5 million and \$16.0 million, respectively. There were no dividends paid by the subsidiaries to Wintrust in 1999.

The Company declared its first semi-annual cash dividend on its common stock in 2000. A summary of the Company's cash dividends on common stock is as follows:

Record Date	Payable Date	Per share amount of cash dividend
February 10, 2000	February 24, 2000	\$0.0333
August 10, 2000	August 24, 2000	\$0.0333
February 8, 2001	February 22, 2001	\$0.0467
August 9, 2001	August 23, 2001	\$0.0467
February 5, 2002	February 19, 2002	\$0.0600

The Company continues to target an earnings retention ratio of approximately 90% to support continued growth. The dividends paid in 2001 represented a 40% increase over the dividends paid in 2000. Along those same lines, the semi-annual dividend declared on January 24, 2002 represents (on an annualized basis) a 29% increase over 2001.

In January 2000, the Board of Directors approved a stock repurchase program authorizing the purchase of up to 450,000 shares of common stock, from time to time, in open market or privately negotiated transactions. Through December 31, 2000, the Company repurchased a total of 363,450 shares at an average price of \$10.63 per share. The shares repurchased pursuant to this buyback program were reissued with the Company's common stock offering in June 2001. No additional shares were repurchased during 2001.

Liquidity management at the Banks involves planning to meet anticipated funding needs at a reasonable cost. Liquidity management is guided

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

Core deposits are the most stable source of liquidity for community banks due to the nature of long-term relationships generally established with depositors and the security of deposit insurance provided by the FDIC. Core deposits are generally defined in the industry as total deposits less time deposits with balances greater than \$100,000. At December 31, 2001, approximately 61% of the Company's total assets were funded by core deposits, as compared to approximately 60% at the end of 2000. The remaining assets were funded by other funding sources such as time deposits with balances in excess of \$100,000, borrowed funds, and the capital of the Banks. Due to the Company's strategy of targeting high net worth individuals, the Company believes that many of its time deposits with balances in excess of \$100,000 are also a stable source of funds.

Liquid assets refer to money market assets such as Federal funds sold and interest bearing deposits with banks, as well as available-for-sale debt securities. Net liquid assets represent the sum of the liquid asset categories less the amount of assets pledged to secure public funds. At December 31, 2001, net liquid assets totaled approximately \$174.6 million, compared to approximately \$164.0 million at December 31, 2000.

The Banks routinely accept deposits from a variety of municipal entities. Typically, these municipal entities require that banks pledge marketable securities to collateralize these public deposits. At December 31, 2001 and 2000, the Banks had approximately \$116.0 million and \$116.8 million, respectively, of securities collateralizing such public deposits and other short-term borrowings. Deposits requiring pledged assets are not considered to be core deposits, and the assets that are pledged as collateral for these deposits are not deemed to be liquid assets.

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

CREDIT RISK AND ASSET QUALITY

Management believes that the loan portfolio is well diversified and well secured, without undue concentration in any specific risk area. Control of loan quality is continually monitored by management and is reviewed by the Banks' Board of Directors and their Credit Committees on a monthly basis. Independent external reviews of the loan portfolio are provided by the examinations conducted by regulatory authorities and an independent entity engaged by the Board of Directors. The allowance for possible loan losses is maintained at a level deemed adequate to provide for losses inherent in the loan portfolio based on management's assessment of 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 allowance for possible loan losses consists of an allocated component and an unallocated component. The allocated component of the allowance for possible loan losses reflects expected losses resulting from analysis developed through specific credit allocations for individual loans and reserve percentages for each loan category. The specific credit allocations are based on a regular analysis of all loans where the internal credit rating is at or above a predetermined classification. The reserve percentages for each loan category are based on historical credit losses, trends in delinquencies and local and national economic trends. The allocated component also includes consideration of the amounts necessary for concentrations and changes in portfolio mix and volume. The unallocated portion of the allowance for possible loan losses reflects management's estimate of probable inherent but undetected losses within the portfolio due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition, the difficulty in identifying triggering events that correlate perfectly to subsequent loss rates, and risk factors that have not yet manifested themselves in the loss allocation factors. Management believes the unallocated portion of the allowance for possible loan losses is necessary due to the imprecision inherent in estimating expected future credit losses.

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

	2001	2000	1999	1998	1997
Balance at beginning of year	\$ 10,433	8,783	7,034	5,116	3,636
Provision for possible loan losses	7,900	5,055	3,713	4,297	3,404
Allowance acquired in business combination	--	--	175	--	--
Charge-offs:					
Commercial and commercial real estate	984	897	691	1,327	573
Home equity	25	--	--	27	13
Residential real estate	34	50	14	84	--
Other	34	103	132	198	103
Total core loan charge-offs	1,077	1,050	837	1,636	689
Premium finance receivables	3,062	1,294	456	455	1,126
Indirect auto loans	1,080	1,339	1,156	646	300
Tricom finance receivables	103	73	--	--	--
Total charge-offs	5,322	3,756	2,449	2,737	2,115
Recoveries:					
Commercial and commercial real estate	163	53	35	100	17
Home equity	72	--	--	13	62
Residential real estate	--	--	--	--	--
Other	1	5	6	76	9
Total core loan recoveries	236	58	41	189	88
Premium finance receivables	245	129	167	127	77
Indirect auto loans	194	164	102	42	26
Tricom finance receivables	--	--	--	--	--
Total recoveries	675	351	310	358	191
Net charge-offs	4,647	3,405	2,139	2,379	1,924
Balance at end of year	\$ 13,686	10,433	8,783	7,034	5,116
Year-end total loans, net of unearned income	\$ 2,061,383	1,558,020	1,278,249	992,062	712,631
Average total loans, net of unearned income	1,786,596	1,416,419	1,135,200	848,344	620,801
Allowance as percent of year-end total loans	0.66%	0.67%	0.69%	0.71%	0.72%
Net charge-offs to average total loans	0.26%	0.24%	0.19%	0.28%	0.31%
Net charge-offs to the provision for possible loan losses	58.82%	67.36%	57.61%	55.36%	56.52%

Net charge-offs of core banking loans for the year ended December 31, 2001 totaled \$841,000 as compared to a total of \$992,000 for 2000. Net charge-offs of core banking loans as a percentage of average core banking loans decreased in 2001 to 0.07%, compared to 0.11% in 2000.

Premium finance receivable net charge-offs for the year ended December 31, 2001 totaled \$2.8 million as compared to \$1.2 million in 2000. Net charge-offs were 0.79% of average premium finance receivables in 2001 versus 0.43% in 2000. The increase in net charge-offs in 2001 was attributable, in part, to accounts with smaller balances and higher delinquencies and charge-offs than the Company's traditional premium finance portfolio. As a result, the Company eliminated more than 1,300 relationships with insurance agencies that were referring business to FIFC that had relatively smaller balances. The business associated with those terminated relationships is becoming a less significant percentage of the premium finance receivables portfolio.

Indirect auto loan net charge-offs decreased to \$886,000 in 2001, compared to \$1.2 million in 2000. Net charge-offs as a percentage of average indirect auto loans were 0.46% in 2001 and 0.50% in 2000.

The allowance for possible loan losses as a percentage of total net loans at December 31, 2001 and 2000 was 0.66% and 0.67%, respectively. As a percent of average total loans, total net charge-offs for 2001 and 2000 were 0.26% and 0.24%, respectively. While management believes that the allowance for possible loan losses is adequate to provide for losses inherent in the portfolio, there can be no assurances that future losses will not exceed the amounts provided for, thereby affecting future earnings. Future additions to the allowance, which are charged to earnings through the provision for possible loan losses, may be necessary due to changes in economic conditions, including changes in real estate values and interest rates, the level of delinquencies or charge-offs, changes in the regulatory environment and other unforeseen factors.

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

	2001	2000	1999	1998	1997

Past Due greater than 90 days and still accruing:					
Core banking loans:					
Residential real estate and home equity	\$ 168	-	385	459	-
Commercial, consumer and other	1,059	651	328	341	868
Premium finance receivables	2,402	4,306	1,523	1,214	887
Indirect auto loans	361	397	391	274	11
Tricom finance receivables	-	-	-	-	-

Total	3,990	5,354	2,627	2,288	1,766

Non-accrual loans:					
Core banking loans:					
Residential real estate and home equity	1,385	153	-	99	390
Commercial, consumer and other	1,180	617	1,895	1,388	392
Premium finance receivables	5,802	3,338	2,145	1,455	1,629
Indirect auto loans	496	221	298	195	29
Tricom finance receivables	104	-	-	-	-

Total non-accrual loans	8,967	4,329	4,338	3,137	2,440

Total non-performing loans:					
Core banking loans:					
Residential real estate and home equity	1,553	153	385	558	390
Commercial, consumer and other	2,239	1,268	2,223	1,729	1,260
Premium finance receivables	8,204	7,644	3,668	2,669	2,516
Indirect auto loans	857	618	689	469	40
Tricom finance receivables	104	-	-	-	-

Total non-performing loans	12,957	9,683	6,965	5,425	4,206

Other real estate owned	100	-	-	587	-

Total non-performing assets	\$ 13,057	9,683	6,965	6,012	4,206

Total non-performing loans by category as a percent of its own respective category:					
Core banking loans:					
Residential real estate and home equity	0.35%	0.05%	0.15%	0.27%	0.22%
Commercial, consumer and other	0.21%	0.18%	0.41%	0.43%	0.47%
Premium finance receivables	2.36%	2.44%	1.67%	1.50%	1.96%
Indirect auto loans	0.47%	0.30%	0.27%	0.22%	0.03%
Tricom finance receivables	0.57%	-	-	-	-

Total non-performing loans	0.63%	0.62%	0.54%	0.55%	0.59%

Total non-performing assets to total assets	0.48%	0.46%	0.41%	0.45%	0.40%

Non-accrual loans to total loans	0.43%	0.28%	0.34%	0.32%	0.34%

Allowance for possible loan losses as a percentage of non-performing loans	105.63%	107.75%	126.10%	129.66%	121.64%

NON-PERFORMING CORE BANKING LOANS AND OTHER REAL ESTATE OWNED

Total non-performing loans for the Company's core banking business were \$3.8 million as of December 31, 2001 and were comprised of \$1.6 million of residential real estate and home equity loans and \$2.2 million of commercial, commercial real estate and consumer loans. The non-performing residential real estate and home equity loans increased \$1.4 million from the December 31, 2000 balance and represented 0.35% of such outstanding loans at December 31, 2001. The non-performing commercial, commercial real estate and consumer loans increased \$971,000 from the December 31, 2000 balance and represented 0.21% of such outstanding loans at December 31, 2001, compared to 0.18% as of December 31, 2000. Non-performing core banking loans consist primarily of a small number of commercial and real estate loans, which management believes are well secured and in the process of collection. The small number of such non-performing loans allows management to monitor closely the status of these credits and work with the borrowers to resolve these problems effectively. The Company had \$100,000 of other real estate owned as of December 31, 2001 and none as of December 31, 2000.

NON-PERFORMING PREMIUM FINANCE RECEIVABLES

The table below presents the level of non-performing premium finance receivables as of December 31, 2001 and 2000, and the amount of net charge-offs for the years then ended.

	2001	2000
Non-performing premium finance receivables	\$ 8,204,000	7,644,000
- as a percent of premium finance receivables	2.36%	2.44%
Net charge-offs of premium finance receivables	\$ 2,817,000	1,156,000
- as a percent of average premium finance receivables	0.79%	0.43%

The level of non-performing premium finance receivables, although higher than the amount at December 31, 2000, has declined since the levels at March 31, 2001, June 30, 2001 and September 30, 2001. Additionally, non-performing premium finance receivables as a percent of total premium finance receivables outstanding declined to 2.36% at December 31, 2001, from 2.73% and 2.44% at September 30, 2001 and December 31, 2000, respectively. As previously noted, the Company eliminated more than 1,300 relationships with insurance agencies that were referring business to our premium finance subsidiary that had relatively small balances and higher than normal delinquency rates. The business associated with those accounts is gradually becoming a less significant percent of the entire portfolio. Management continues to see progress in this portfolio and expects the relative level of non-performing loans related to this portfolio to decline in 2002.

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

NON-PERFORMING INDIRECT AUTO LOANS

Total non-performing indirect automobile loans were \$857,000 at December 31, 2001 and \$618,000 at December 31, 2000. The ratio of these non-performing loans to total indirect automobile loans was 0.47% at December 31, 2001 and 0.30% at December 31, 2000. As noted in the Allowance for Possible Loan Losses table, net charge-offs as a percent of total indirect automobile loans decreased to 0.46% in 2001 from 0.50% in 2000. Despite the increase in the level of net non-performing loans, these ratios continue to be below standard industry ratios for this type of lending. Due to the impact of the current economic and competitive environment surrounding this type of lending, management has been reducing the level of new indirect automobile loans originated. Indirect automobile loans at December 31, 2001 were \$184 million, a decrease of \$19 million, or 10%, from the balance at December 31, 2000.

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 balances of potential problem loans as of December 31, 2001 and 2000 were approximately \$23.8 million and \$11.9 million, respectively. The December 31, 2001 balance includes two loans totalling \$10.1 million. Both loans are within the local geographic footprint of Wintrust, represent long-term banking relationships and are supported with collateral.

Loan Concentrations. Loan concentrations are considered to exist when there are amounts loaned to a multiple number of borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. The Company had no concentrations of loans exceeding 10% of total loans at December 31, 2001, except for loans included in the premium finance operating segment.

EFFECTS OF INFLATION

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

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements may be deemed to include, among other things, statements relating to the Company's projected growth, anticipated improvements in earnings, earnings per share and other financial performance measures, and management's long-term performance goals, as well as statements relating to the anticipated effects on financial results of condition from expected development or events, the Company's business and growth strategies, including anticipated internal growth, plans to form additional de novo banks and to open new branch offices, and to pursue additional potential development or acquisition of banks or specialty finance businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- o The level of reported net income, return on average assets and return on average equity for the Company will in the near term continue to be impacted by start-up costs associated with de novo bank formations, branch openings, and expanded trust and investment operations. De novo banks 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.
- o The Company's success to date has been and will continue to be strongly influenced by its ability to attract and retain senior management experienced in banking and financial services.
- o Although management believes the allowance for possible loan losses is adequate to provide for losses inherent in the existing portfolio of loans and leases, there can be no assurance that the allowance will prove sufficient to cover actual future loan or lease losses.

o If market interest rates should move contrary to the Company's gap position on interest earning assets and interest bearing liabilities, the "gap" will work against the Company and its net interest income may be negatively affected.

o The financial services business is highly competitive which may affect the pricing of the Company's loan and deposit products as well as its services.

o The Company's ability to adapt successfully to technological changes to compete effectively in the marketplace.

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

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

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

o Unforeseen future events surrounding the brokerage and asset management business, including competition and related pricing of brokerage and asset management products and difficulties integrating the acquisition of the Wayne Hummer Companies.

DIRECTORS & Officers

Wintrust Financial Corporation

DIRECTORS

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John J. Schornack
Ingrid S. Stafford
Katharine V. Sylvester
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Edward J. Wehmer
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OFFICERS

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David A. Dykstra
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Chief Operating Officer & Chief
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Executive Vice President/Marketing
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Jolanta K. Slusarski
Vice President/Compliance
Helene A. Torrenga
Assistant Vice President/Finance

Lake Forest Bank & Trust Company

DIRECTORS

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EXECUTIVE OFFICERS

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President
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President/Bank of Highwood-Fort Sheridan Mary Beth Jones
President-West Lake Forest
Sandra McCraren
President-Highland Park

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Executive Vice President/Senior Credit Officer Kathryn Walker-Eich
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Senior Vice President/Commercial Lending Janice C. Nelson
Senior Vice President/Consumer Lending
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Vice President/Commercial Lending
Lori Higgins
Vice President/Loan Administration
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Vice President-West Lake Forest
Pat McNeilly
Assistant Vice President-Highwood
Laura Cascarano
Assistant Vice President-Highwood

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Maria Santello
Mortgage Loan Officer-Highwood
Susan Potash
Loan Servicing Officer-Highwood
Jane Gibbs
Loan Administration Officer-Highwood
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Commercial Banking Officer/Credit Analyst- West Lake Forest
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Assistant Vice President/MMF Leasing Services

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Assistant Vice President
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Personal Banking Officer
Piera Dallabattista
Assistant Vice President-Highwood
April Thompson
Personal Banking Officer-Highwood
Shilpa Patel
Personal Banking Officer-West Lake Forest Thomas Groth
Personal Banking Officer-West Lake Forest Twila D. Hungerford
Vice President/Manager-Lake Bluff

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Kathleen E. Bickmore
Assistant Vice President/Operations
Pamela Barker
Assistant Vice President/Operations
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Administration Officer
Carolyn P. Szymanski
Public Relations Officer
Jo Marie Loesch
Operations Officer

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President-Clarendon Hills Bank
Stephen C. Pleimling
President-The Community Bank of
Western Springs
Roberta Head
President--Riverside Bank

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Lending
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Senior Vice President/Mortgages
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Senior Vice President/Mortgages
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Senior Vice President
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Vice President/Indirect Lending
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Assistant Vice President
Kathy Oergel
Assistant Vice President
Phyllis Long
Assistant Vice President
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Jason Bledsoe
Commercial Loan Officer
Matthew Corley
Commercial Loan Officer
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Loan Processing Officer
Cheryl Cummings
Loan Processing Officer

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Michelle Paetsch
Assistant Vice President
Amy Boburka
Assistant Vice President

Holly Bishop
Assistant Vice President
Carol Franzo
Assistant Vice President
Kim Fernandez
Operations Officer
Patricia Mayo
Operations Officer
Rhonda Sippel
Accounting Officer

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Vice President/Mortgages
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Assistant Vice President
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Loan Operations Officer

Steve Bailen
Loan Officer
Jaki Trigg
Loan Operations Officer

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Assistant Vice President
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Assistant Vice President
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Assistant Vice President
Diane Schwartz
Assistant Vice President
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David Sweeney
Personal Banking Officer
Connie Berman
Personal Banking Officer
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Personal Banking Officer

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Vice President/Controller
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Assistant Vice President/Human
Resources/Marketing
Angelica Escobar
Assistant Controller
Karin Jacobson
Assistant Teller Manager

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President/Wauconda Community Bank

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Vice President/Commercial Banking Services Barbra Meyer
Credit Administration Officer

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Vice President
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Mortgage Representative
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Mortgage Representative

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Assistant Vice President
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Assistant Vice President
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Assistant Vice President
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Assistant Vice President
Colleen Turley
Assistant Vice President
Karen Bouas
Assistant Vice President
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Personal Banking
Cindy Tysland
Personal Banking Officer

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Teller Operations Officer
Dwayne Nicholson
Operations Officer/MIS
Deborah Wrigley
Operations Officer/Loan
Administraion
Joy Botsford
Operations Officer/Loan
Administration

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W. Bradley Stetson
President
Georgeanna Mehr
President, Hoffman Estates
Community Bank

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Senior Vice President
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Vice President
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Vice President
Charlotte Neault
Vice President
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Assistant Vice President
Peter J. Santangelo
Assistant Vice President
Karen G. Smith
Loan Administration Officer
Kathy E. Zuniga
Loan Operations Officer

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Vice President/Retail Banking
James Weiler
Vice President/Controller
Gloria B. Andersen
Assistant Vice President
Personal Banking

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Marshall Pedersen
Anthony Pintozzi Jr.
Ormel J. Prust
Hollis W. Rademacher
Candy Reedy
Nancy Riley
Robert Robinson
Robert C. Staley
James Thorpe
Edward J. Wehmer (Chairman)

EXECUTIVE OFFICERS

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President & CEO
James Thorpe
Executive Vice President/Loans
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Senior Vice President/Operations
Phil Oeffling
President-McHenry Bank & Trust
Ormel J. Prust
Executive Vice President-McHenry
Bank & Trust

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Vice President, Manager/Residential Loans
Mark J. Peteler
Vice President/Construction Loans
Rosemarie Smith
Vice President-McHenry Bank & Trust
Joan Bassak
Vice President

PERSONAL BANKING/OPERATIONS

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Assistant Vice President
Peter Fidler
Controller

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Penelope J. Randel
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Jeffrey B. Steinback
Todd W. Stetson
Edward J. Wehmer (Chairman)

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Executive Vice President/Lending

LOANS

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Assistant Vice President

PERSONAL BANKING

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Personal Banking Officer
Marla S. Giblichman
Personal Banking Officer

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Rosemarie D. Mann
Operations Officer

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Randolph M. Hibben
John S. Lillard
Hollis W. Rademacher
Richard P. Spicuzza
Robert C. Staley
Edward J. Wehmer
Stanley R. Weinberger

EXECUTIVE OFFICERS

Joseph Alaimo
Chairman
James F. Duca II
President & CEO

OFFICERS

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Trust Officer/Lake Forest
Susan Gavinski
Assistant Vice President/Lake Forest
Judith McAndrew
Trust Officer/Lake Forest
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Vice President/Lake Forest
Laura H. Olson
Vice President/Lake Forest
Virginia Rickmeier
Trust Officer/Lake Forest
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Vice President/Lake Forest
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Vice President/Lake Forest
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Vice President/Hinsdale
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Vice President/Hinsdale
Kay Stevens
Vice President/Hinsdale
Ann Wiesbrock
Vice President/Hinsdale
T. Tolbert Chisum
Managing Director of
Marketing/North Shore
Jennifer Czerwinski
Vice President/North Shore
Elizabeth Karabatsos
Trust Officer/North Shore
Timothy J. Keefe
Vice President/Barrington
Kenneth H. Cooke
Vice President/Northbrook

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Laura A. Kogut
Raymond L. Kratzer
John S. Lillard
Edward J. Wehmer
Richard Wholey

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Chief Executive Officer
George T. "Ted" Becker
Executive Vice President, Chief Financial Officer
Laura A. Kogut
Executive Vice President, Chief Operations Officer
David P. Poitras
Executive Vice President & Director of Fixed Income

FOCUSED INVESTMENTS L.L.C.**EXECUTIVE OFFICERS:**

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President & CEO
Jenny J. Charles
Chief Operations Officer
Daniel J. Marks
Chief Financial Officer & Relationship Manager
Thomas E. Stamborski, CFP
National Sales Manager & Director of Marketing

**WAYNE HUMMER MANAGEMENT
COMPANY**

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Phillip W. Hummer
John S. Lillard
David P. Poitras
Thomas J. Rowland
Edward J. Wehmer

EXECUTIVE OFFICERS

Mark H. Dierkes, CFA
Managing Director, First Vice
President/Investments
Philip W. Hummer
Managing Director
David P. Poitras
Managing Director, First Vice
President
Thomas Rowland, CFA
Managing Director, First Vice
President/Investments

ADMINISTRATION

Amy B. Goeldner, CFA
Vice President, Portfolio
Manager
David D. Cox, CFA
Portfolio Manager
Damaris (Doni) E. Martinez
Vice President/Administration
Jean M. Maurice
Treasurer

FIRST INSURANCE FUNDING CORP.

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David A. Dykstra
Hollis W. Rademacher
Edward J. Wehmer (Chairman)

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Robert G. Lindeman
Executive Vice President/Information
Technology
Mark A. Steenberg
Executive Vice President/Operations

FINANCE/MARKETING/OPERATIONS

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Senior Vice President/CFO

Matthew E. Doubleday
Senior Vice President/Marketing
Mark C. Lucas
Senior Vice President/Asset
Management
G. David Wiggins
Senior Vice President/Loan
Origination
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John W. Dixon
Vice President/General Counsel
Amy J. Evola
Vice President/Inside Sales
Mary Kay Francel
Assistant Vice President/
Cash Management
Russell L Goldstein
Assistant Vice President/Asset
Management

TRICOM, INC. OF MILWAUKEE

DIRECTORS

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David A. Dykstra
Dennis J. Jones
John Leopold
Mary Martha Mooney
Hollis W. Rademacher
Katharine V. Sylvester
Edward J. Wehmer (Chairman)

SENIOR STAFF

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Director of Operations and
Technology Officer
Mary Jo Heim
Accounting Manager
Linda Walsch
Payroll Services Manager
Laura Dykstra
Client Services Manager
Sandra Sell
Credit Manager/Account
Executive

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SERVICES (WITS)**

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Sue Greffin
Internet Banking Manager
Tara Delaney-Grimes
Item Imaging Manager
Glenn Ritchie
Senior Systems Engineer
Dennis Brower
Senior Network Engineer
Ron Henriksen
Advanced Network Engineer

CORPORATE LOCATIONS

WINTRUST FINANCIAL CORPORATION

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LAKE FOREST BANK & Trust Company

Lake Forest Locations

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

Main Drive-thru
780 North Bank Lane
Lake Forest, IL 60045
847-615-4022

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

West Lake Forest Drive-thru
911 Telegraph Road
Lake Forest, IL 60045
847-615-4098

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

Bank of Highwood - Fort Sheridan
507 Sheridan Road
Highwood, IL 60040
847-266-7600
www.bankofhwfs.com

Highland Park Bank & Trust
600 Central Avenue
Port Clinton Square
Suite 142 (Facing First Street)

Highland Park, Illinois 60035
(opening soon)

MMF Leasing Services
810 S. Waukegan Road
Lake Forest, IL 60045
847-604-5060

HINSDALE BANK & TRUST COMPANY

Hinsdale Locations

Main Bank

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

Drive-thru
130 West Chestnut
Hinsdale, IL 60521
630-655-8025

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

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

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

Riverside Bank
17 E. Burlington
Riverside, IL 60546
708-447-3222
www.bankriverside.com

NORTH SHORE COMMUNITY BANK & TRUST COMPANY

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

Drive-thru
720 12th Street
Wilmette, IL 60091

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

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

Drive-thru
633 Vernon Avenue
Glencoe, IL 60022

Winnetka
576 Lincoln Ave
Winnetka, IL 60093
847-441-2265

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

LIBERTYVILLE BANK & TRUST COMPANY
Libertyville Locations

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

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

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

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

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

BARRINGTON BANK & TRUST COMPANY

Barrington Locations

Main Bank

201 S. Hough Street
Barrington, IL 60010
847-842-4500

www.barringtonbank.com

Mortgage Department

202 S. Cook Street
Barrington, IL 60010
847-842-4674

Corporate Locations

Community Advantage

202 S. Cook Street
Barrington, IL 60010
847-842-7980

www.community-advantage.com

Hoffman Estates Community Bank

1375 Palatine Road
Hoffman Estates, IL 60195
847-963-9500

www.hecommunitybank.com

CRYSTAL LAKE BANK & TRUST COMPANY

Crystal Lake Locations

Main Bank

70 N. Williams Street
Crystal Lake, IL 60014
815-479-5200

www.crystallakebank.com

Drive-thru

27 N. Main Street
Crystal Lake, IL 60014

South Crystal Lake

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

McHenry Bank & Trust

3322 West Elm Street
McHenry, IL 60050
815-344-6600

www.mchenrybank.com

NORTHBROOK BANK & TRUST COMPANY

Main Bank

1100 Waukegan Road
Northbrook, Illinois 60062
847-418-2800

www.northbrookbank.com

WINTRUST ASSET MANAGEMENT COMPANY

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

25 East First Street
Hinsdale, IL 60521

630-323-4404

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

201 S. Hough Street
Barrington, IL 60010
847-842-4500

1100 Waukegan Road
Northbrook, IL 60062
847-418-2800

WAYNE HUMMER INVESTMENTS, L.L.C.

300 South Wacker
Suite 1500
Chicago, Illinois 60606
312-431-1700
www.whummer.com

200 East Washington St.
Appleton, WI 54911
920-734-1474

**WAYNE HUMMER MANAGEMENT
COMPANY**

300 South Wacker
Suite 1340
Chicago, IL 60606
312-431-1700
www.whmgtco.com

FOCUSED INVESTMENTS L.L.C.

300 South Wacker
Suite 1680
Chicago, Illinois 60606
312-431-1700
www.focusedinvestments.com

FIRST INSURANCE FUNDING CORP.

450 Skokie Blvd., Suite 1000
Northbrook, IL 60062
847-374-3000
www.firstinsurancefunding.com

TRICOM, INC. OF MILWAUKEE

11270 West Park Place
Suite 100
Milwaukee, WI 53224
414-410-2200
www.tricom.com

**WINTRUST INFORMATION TECHNOLOGY
SERVICES**

851 North Villa Ave.
Villa Park, IL 60181
630-516-4060

PUBLIC LISTING AND MARKET SYMBOL

The Company's Common Stock is traded on The Nasdaq Stock Market(R) under the symbol WTFC. The stock abbreviation appears as "WintrstFnl" in the Wall Street Journal.

WEBSITE LOCATION

The Company maintains a financial relations internet website at the following location: www.wintrust.com

ANNUAL MEETING OF SHAREHOLDERS

May 23, 2002
Hyatt Deerfield
1750 Lake Cook Road
Deerfield, Illinois
10:00 A.M.

FORM 10-K

The Form 10-K Annual Report to the Securities and Exchange Commission will be available to holders of record upon written request to the Secretary of the Company. The information is also available on the Internet at the Securities and Exchange Commission's website. The address for the web site is: <http://www.sec.gov>.

TRANSFER AGENT

Illinois Stock Transfer Company
209 West Jackson Boulevard
Suite 903
Chicago, Illinois 60606
Telephone: 312-427-2953
Facsimile: 312-427-2879

**PRIMARY MARKET MAKERS FOR
WINTRUST FINANCIAL CORPORATION
COMMON STOCK**

Advest, Inc.
First Union Securities, Inc.
Howe Barnes Investments, Inc.
RBC Dain Rauscher Capital Markets
Sandler O'Neill & Partners
Stifel, Nicolaus & Company, Inc.
U.S. Bancorp Piper Jaffray
William Blair & Co.

Subsidiaries of the Registrant

Subsidiary	State of Organization or Incorporation
Lake Forest bank and Trust Company	Illinois
North Shore Community Bank and Trust Company	Illinois
Hinsdale Bank and Trust Company	Illinois
Libertyville Bank and Trust Company	Illinois
Barrington Bank and Trust Company, N.A.	National Banking Association
Crystal Lake Bank and Trust Company, N.A.	National Banking Association
Northbrook Bank and Trust Company	Illinois
Crabtree Capital Corporation	Delaware
First Insurance Funding Corporation	Illinois
Tricom, Inc. of Milwaukee	Wisconsin
Upgrad Personnel Services, Inc.	Wisconsin
Wintrust Asset Management Company, N.A.	National Banking Association
Wintrust Capital Trust I	Delaware
Wintrust Capital Trust II	Delaware
Wintrust Information Technology Services	Illinois

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following documents of our report dated February 28, 2002, with respect to the consolidated financial statements of Wintrust Financial Corporation included by reference in the Annual Report on Form 10-K for the year ended December 31, 2001:

- o Registration Statement (Form S-8 No. 333-61678) pertaining to the Wintrust Financial Corporation Directors Deferred Fee and Stock Plan.
- o Registration Statement (Form S-8 No. 333-33459) pertaining to the Wintrust Financial Corporation Employee Stock Purchase Plan.
- o Registration Statement (Form S-8 No. 333-52650) pertaining to the Wintrust Financial Corporation 1997 Stock Incentive Plan.
- o Registration Statement (Form S-8 No. 333-52652) pertaining to the Wintrust Financial Corporation Retirement Savings Plan.
- o Registration Statement (Form S-3 No. 333-90211) pertaining to shares of Wintrust Financial Corporation issued in connection with the acquisition of Tricom, Inc.
- o Registration Statement (Form S-3 No. 333-92075) pertaining to shares of Wintrust Financial Corporation issued in a private placement.
- o Registration Statement (Form S-3 No. 333-56566) pertaining to shares of Wintrust Financial Corporation issued in a private placement.
- o Registration Statement (Form S-3 No. 333-84188) pertaining to shares of Wintrust Financial Corporation issued in connection with the acquisition of Wayne Hummer Companies.

ERNST & YOUNG LLP

Chicago, Illinois
March 27, 2002

End of Filing

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