

WINTRUST FINANCIAL CORP

FORM 10-Q (Quarterly Report)

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CIK	0001015328
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002
Commission File Number 0-21923

WINTRUST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Illinois

36-3873352

(State of incorporation or organization)

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

727 North Bank Lane
Lake Forest, Illinois 60045
(Address of principal executive offices)

(847) 615-4096

(Registrant's telephone number, including area code)

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

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

Common Stock - no par value, 17,179,145 shares, as of November 4, 2002.

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PART I

ITEM 1. FINANCIAL STATEMENTS

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CONDITION

(In thousands)	(UNAUDITED) SEPTEMBER 30, 2002	December 31, 2001	(Unaudited) September 30, 2001
ASSETS			
Cash and due from banks	\$ 88,535	\$ 71,575	\$ 56,169
Federal funds sold and securities purchased under resale agreements	303,560	51,955	184,632
Interest-bearing deposits with banks	1,591	692	156
Available-for-sale securities, at fair value	371,684	385,350	296,442
Trading account securities	5,964	--	--
Brokerage customer receivables	44,222	--	--
Mortgage loans held-for-sale	58,237	42,904	23,923
Loans, net of unearned income	2,483,892	2,018,479	1,823,801
Less: Allowance for loan losses	17,199	13,686	13,094
Net loans	2,466,693	2,004,793	1,810,707
Premises and equipment, net	117,299	99,132	94,958
Accrued interest receivable and other assets	92,518	38,936	38,155
Goodwill	25,220	9,976	10,128
Other intangible assets	1,252	109	126
Total assets	\$ 3,576,775	\$ 2,705,422	\$ 2,515,396
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Non-interest bearing	\$ 281,204	\$ 254,269	\$ 209,276
Interest bearing	2,690,281	2,060,367	1,975,033
Total deposits	2,971,485	2,314,636	2,184,309
Notes payable	63,625	46,575	33,000
Federal Home Loan Bank advances	140,000	90,000	30,000
Other borrowings	49,245	28,074	38,358
Long-term debt - trust preferred securities	51,050	51,050	51,050
Accrued interest payable and other liabilities	83,342	33,809	40,655
Total liabilities	3,358,747	2,564,144	2,377,372
Shareholders' equity:			
Preferred stock	--	--	--
Common stock	17,148	14,532	14,510
Surplus	152,557	97,956	97,699
Common stock warrants	96	99	99
Treasury stock, at cost	--	--	--
Retained earnings	49,045	30,995	25,831
Accumulated other comprehensive loss	(818)	(2,304)	(115)
Total shareholders' equity	218,028	141,278	138,024
Total liabilities and shareholders' equity	\$ 3,576,775	\$ 2,705,422	\$ 2,515,396

See accompanying notes to unaudited consolidated financial statements.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except per share data)	2002	2001	2002	2001
INTEREST INCOME				
Interest and fees on loans	\$ 41,398	\$ 38,425	\$ 116,425	\$ 112,830
Interest bearing deposits with banks	9	1	17	4
Federal funds sold and securities purchased under resale agreements	713	1,413	1,211	3,731
Securities	4,829	2,690	14,540	9,136
Trading account securities	42	--	122	--
Brokerage customer receivables	554	--	1,739	--
Total interest income	47,545	42,529	134,054	125,701
INTEREST EXPENSE				
Interest on deposits	18,449	21,290	51,709	64,885
Interest on Federal Home Loan Bank advances	1,490	265	3,465	265
Interest on notes payable and other borrowings	904	557	3,017	2,267
Interest on long-term debt - trust preferred securities	1,287	1,287	3,863	3,863
Total interest expense	22,130	23,399	62,054	71,280
NET INTEREST INCOME	25,415	19,130	72,000	54,421
Provision for loan losses	2,504	2,100	7,335	6,002
Net interest income after provision for loan losses	22,911	17,030	64,665	48,419
NON-INTEREST INCOME				
Trust, asset management and brokerage fees	6,725	486	18,726	1,459
Fees on mortgage loans sold	3,794	1,725	7,745	5,197
Service charges on deposit accounts	798	637	2,289	1,790
Gain on sale of premium finance receivables	656	1,265	2,250	3,656
Administrative services revenue	941	995	2,694	3,137
Net securities gains (losses)	196	(57)	43	315
Other	2,847	2,050	8,733	5,788
Total non-interest income	15,957	7,101	42,480	21,342
NON-INTEREST EXPENSE				
Salaries and employee benefits	16,863	9,031	45,625	26,244
Occupancy, net	1,700	1,238	4,853	3,660
Equipment expense	1,760	1,561	5,286	4,627
Data processing	1,073	860	3,129	2,512
Advertising and marketing	596	411	1,653	1,144
Professional fees	737	459	2,033	1,524
Amortization of goodwill	--	152	--	465
Amortization of other intangibles	120	17	237	51
Other	5,095	2,610	13,713	8,365
Total non-interest expense	27,944	16,339	76,529	48,592
Income before taxes and cumulative effect of accounting change	10,924	7,792	30,616	21,169
Income tax expense	3,640	2,784	10,663	7,640
Income before cumulative effect of accounting change	7,284	5,008	19,953	13,529
Cumulative effect of change in accounting for derivatives, net of tax	--	--	--	(254)
NET INCOME	\$ 7,284	\$ 5,008	\$ 19,953	\$ 13,275
BASIC EARNINGS PER SHARE:				
Income before cumulative effect of accounting change	\$ 0.43	\$ 0.35	\$ 1.24	\$ 1.01
Cumulative effect of accounting change, net of tax	--	--	--	(0.02)
NET INCOME PER COMMON SHARE - BASIC	\$ 0.43	\$ 0.35	\$ 1.24	\$ 0.99
DILUTED EARNINGS PER SHARE:				
Income before cumulative effect of accounting change	\$ 0.40	\$ 0.32	\$ 1.16	\$ 0.95
Cumulative effect of accounting change, net of tax	--	--	--	(0.02)
NET INCOME PER COMMON SHARE - DILUTED	\$ 0.40	\$ 0.32	\$ 1.16	\$ 0.93
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.060	\$ 0.047	\$ 0.120	\$ 0.093
Weighted average common shares outstanding	17,114	14,493	16,047	13,470
Dilutive potential common shares	1,198	957	1,089	744
Average common shares and dilutive common shares	18,312	15,450	17,136	14,214

See accompanying notes to unaudited consolidated financial statements.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands)	COMPRE- HENSIVE INCOME	COMMON STOCK	SURPLUS	COMMON STOCK WARRANTS	TREASURY STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPRE- HENSIVE INCOME (LOSS)	TOTAL SHAREHOLDERS' EQUITY
Balance at December 31, 2000		\$ 13,285	\$79,282	\$ 100	\$ (3,863)	\$ 13,835	\$ (363)	\$ 102,276
Comprehensive income:								
Net income	\$13,275	--	--	--	--	13,275	--	13,275
Other comprehensive income, net of tax:								
Unrealized gains on securities, net of reclassification adjustment	748	--	--	--	--	--	748	748
Unrealized losses on derivative instruments	(500)	--	--	--	--	--	(500)	(500)
Comprehensive income	\$13,523							
Cash dividends declared on common stock		--	--	--	--	(1,279)	--	(1,279)
Common stock issued for:								
New issuance, net of costs		1,125	17,244	--	3,863	--	--	22,232
Employee stock purchase plan		7	148	--	--	--	--	155
Exercise of common stock warrants		1	11	(1)	--	--	--	11
Exercise of stock options		92	1,014	--	--	--	--	1,106
Balance at September 30, 2001		\$ 14,510	\$97,699	\$ 99	\$ --	\$ 25,831	\$ (115)	\$ 138,024
BALANCE AT DECEMBER 31, 2001		\$ 14,532	\$97,956	\$ 99	\$ --	\$ 30,995	\$ (2,304)	\$ 141,278
COMPREHENSIVE INCOME:								
NET INCOME	\$ 19,953	--	--	--	--	19,953	--	19,953
OTHER COMPREHENSIVE INCOME, NET OF TAX:								
UNREALIZED GAINS ON SECURITIES, NET OF RECLASSIFICATION ADJUSTMENT	1,810	--	--	--	--	--	1,810	1,810
UNREALIZED LOSSES ON DERIVATIVE INSTRUMENTS	(324)	--	--	--	--	--	(324)	(324)
COMPREHENSIVE INCOME	\$ 21,439							
CASH DIVIDENDS DECLARED ON COMMON STOCK		--	--	--	--	(1,903)	--	(1,903)
PURCHASE OF FRACTIONAL SHARES RESULTING FROM STOCK SPLIT		--	(10)	--	--	--	--	(10)
COMMON STOCK ISSUED FOR:								
NEW ISSUANCE, NET OF COSTS		1,363	35,149	--	--	--	--	36,512
ACQUISITION OF THE WAYNE HUMMER COMPANIES		763	14,237	--	--	--	--	15,000
DIRECTOR COMPENSATION PLAN		3	64	--	--	--	--	67
EMPLOYEE STOCK PURCHASE PLAN		7	357	--	--	--	--	364
EXERCISE OF COMMON STOCK WARRANTS		3	27	(3)	--	--	--	27
EXERCISE OF STOCK OPTIONS		477	4,777	--	--	--	--	5,254
BALANCE AT SEPTEMBER 30, 2002		\$17,148	\$ 152,557	\$ 96	\$ --	\$49,045	\$ (818)	\$218,028

	Nine Months Ended September 30,	
	2002	2001
Disclosure of reclassification amount and income tax impact:		
Unrealized holding gains on available for sale securities during the period, net	\$ 2,822	\$ 1,496
Unrealized holding losses on derivative instruments arising during the period	(499)	(769)
Less: Reclassification adjustment for gains included in net income, net	43	315
Less: Income tax expense	794	164
Net unrealized gains on available-for-sale securities and derivative instruments	\$ 1,486	\$ 248

See accompanying notes to unaudited consolidated financial statements.

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

	Nine Months Ended September 30,	
(In thousands)	2002	2001
OPERATING ACTIVITIES:		
Net income	\$ 19,953	\$ 13,275
Adjustments to reconcile net income to net cash provided by, or used for, operating activities:		
Cumulative effect of accounting change	--	254
Provision for loan losses	7,335	6,002
Depreciation and amortization	6,402	5,921
Net decrease in deferred income taxes	319	604
Tax benefit from exercises of stock options	2,684	275
Net amortization (accretion) of securities	2,585	(974)
Originations of mortgage loans held for sale	(645,300)	(357,716)
Proceeds from sales of mortgage loans held for sale	629,967	344,217
Net (increase) decrease in trading securities	(1,153)	16
Net decrease in brokerage customer receivables	18,760	--
Gain on sale of premium finance receivables	(2,250)	(3,656)
Gain on sale of available-for-sale securities, net	(43)	(315)
Loss (gain) on sale of premises and equipment, net	4	(198)
Increase in accrued interest receivable and other assets, net	(6,860)	(5,060)
Increase (decrease) in accrued interest payable and other liabilities, net	28,235	(10,873)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 60,638	\$ (8,228)
INVESTING ACTIVITIES:		
Proceeds from maturities of available-for-sale securities	\$ 397,919	\$ 222,181
Proceeds from sales of available-for-sale securities	2,535,853	1,174,424
Purchases of available-for-sale securities	(2,919,618)	(1,497,514)
Proceeds from sales of premium finance receivables	222,410	186,558
Cash paid for the Wayne Hummer Companies, net of cash received	(8,225)	--
Net (increase) decrease in interest-bearing deposits with banks	(607)	26
Net increase in loans	(690,151)	(462,692)
Purchase of Bank Owned Life Insurance	(41,144)	--
Purchase of premises and equipment, net	(23,491)	(13,835)
NET CASH USED FOR INVESTING ACTIVITIES	\$ (527,054)	\$ (390,852)
FINANCING ACTIVITIES:		
Increase in deposit accounts	\$ 656,849	\$ 357,733
Decrease in other borrowings, net	(26,478)	(5,281)
Increase in notes payable, net	17,050	5,425
Proceeds from Federal Home Loan Bank advances	50,000	30,000
Issuance of common shares, net of issuance costs	36,512	22,232
Issuance of common shares from stock options, employee stock purchase plan, common stock warrants and cash for stock split fractional shares, net	2,951	997
Dividends paid	(1,903)	(1,279)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 734,981	\$ 409,827
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 268,565	\$ 10,747
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	\$ 123,530	\$ 230,054
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 392,095	\$ 240,801
Supplemental disclosure of cash flow information:		
Acquisition of the Wayne Hummer Companies:		
Fair value of assets acquired, including cash and cash equivalents	\$ 76,055	\$ --
Value ascribed to intangibles	16,624	--
Liabilities assumed	63,577	--

See accompanying notes to unaudited consolidated financial statements.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

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

Wintrust is a financial holding company currently engaged in the business of providing traditional community banking services to customers in the Chicago metropolitan area. Additionally, the Company operates various non-bank subsidiaries.

As of September 30, 2002, Wintrust had seven wholly-owned bank subsidiaries (collectively, "Banks"), all of which started as de novo institutions, including Lake Forest Bank & Trust Company ("Lake Forest Bank"), Hinsdale Bank & Trust Company ("Hinsdale Bank"), North Shore Community Bank & Trust Company ("North Shore Bank"), Libertyville Bank & Trust Company ("Libertyville Bank"), Barrington Bank & Trust Company, N.A. ("Barrington Bank"), Crystal Lake Bank & Trust Company, N.A. ("Crystal Lake Bank") and Northbrook Bank & Trust Company ("Northbrook Bank").

The Company provides loans to businesses to finance the insurance premiums they pay on their commercial insurance policies ("premium finance receivables") on a national basis, through First Insurance Funding Corporation ("FIFC"). FIFC is a wholly-owned subsidiary of Crabtree Capital Corporation ("Crabtree") which is a wholly-owned subsidiary of Lake Forest Bank. Wintrust, through Tricom, Inc. of Milwaukee ("Tricom"), also 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 the temporary staffing industry, with clients located throughout the United States. Tricom is a wholly-owned subsidiary of Hinsdale Bank. The Company provides trust and investment services at each of its Banks through its wholly-owned subsidiary, Wayne Hummer Trust Company, N.A. ("WHTC"), formerly known as Wintrust Asset Management Company. Wayne Hummer Investments, LLC ("WHI") is a broker-dealer providing a full range of private client and securities brokerage services to clients located primarily in the Midwest and is a wholly-owned subsidiary of North Shore Bank. Focused Investments LLC ("Focused") is a broker-dealer that provides a full range of investment services to clients through a network of relationships with community-based financial institutions primarily in Illinois. Focused is a wholly-owned subsidiary of WHI. Wayne Hummer Asset Management Company ("WHAMC") provides money management services and advisory services to individuals and institutions, municipal and tax-exempt organizations, as well as four proprietary mutual funds in addition to portfolio management and financial supervision for a wide range of pension and profit-sharing plans. WHAMC is a wholly-owned subsidiary of Wintrust. Collectively WHI, WHAMC and Focused are referred to as the "Wayne Hummer Companies" or "WHC". Wintrust Information Technology Services Company provides information technology support, item capture and statement preparation services to the Wintrust subsidiaries and is a wholly-owned subsidiary of Wintrust.

The accompanying consolidated financial statements are unaudited and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations or cash flows in accordance with generally accepted accounting principles. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report and Form 10-K for the year ended December 31, 2001. Operating results for the three-month and year-to-date periods presented are not necessarily indicative of the results which may be expected for the entire year. Reclassifications of certain prior period amounts have been made to conform to the current period presentation.

(2) CASH AND CASH EQUIVALENTS

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

(3) AVAILABLE-FOR-SALE SECURITIES

The following table is a summary of the available-for-sale securities portfolio as of the dates shown:

(In thousands)	SEPTEMBER 30, 2002		December 31, 2001		September 30, 2001	
	AMORTIZED COST	FAIR VALUE	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury	\$ 2,563	\$ 2,573	\$ 3,045	\$ 3,048	\$ 26,043	\$ 26,043
U.S. Government agencies	202,812	203,647	151,911	152,185	80,881	81,030
Municipal	8,045	8,228	6,507	6,686	5,638	5,872
Corporate notes and other	76,278	74,565	26,691	25,895	56,590	56,657
Mortgage-backed	62,830	63,497	184,483	181,425	110,483	111,163
Federal Reserve/FHLB Stock and other equity securities	19,048	19,174	15,384	16,111	15,109	15,677
Total available-for-sale securities	\$ 371,576	\$ 371,684	\$ 388,021	\$ 385,350	\$ 294,744	\$ 296,442

(4) LOANS

The following table is a summary of the loan portfolio as of the dates shown:

(Dollars in thousands)	SEPTEMBER 30, 2002	December 31, 2001	September 30, 2001
BALANCE:			
Commercial and commercial real estate	\$ 1,250,348	\$ 1,007,580	\$ 847,838
Home equity	350,422	261,049	236,446
Residential real estate	151,193	140,041	132,809
Premium finance receivables	470,470	348,163	335,742
Indirect auto loans	184,665	184,209	191,208
Tricom finance receivables	20,981	18,280	19,244
Consumer and other loans	55,813	59,157	60,514
Total loans, net of unearned income	\$ 2,483,892	\$ 2,018,479	\$ 1,823,801
MIX:			
Commercial and commercial real estate	50 %	50 %	47 %
Home equity	14	13	13
Residential real estate	6	7	7
Premium finance receivables	19	17	18
Indirect auto loans	8	9	11
Tricom finance receivables	1	1	1
Other loans	2	3	3
Total loans, net of unearned income	100 %	100 %	100 %

Included in loans as of September 30, 2002 is an aggregate of \$1.7 million of loans to the Company's Chief Executive Officer and Chief Operating Officer secured by 172,500 shares of the Company's common stock. The total maximum available to be borrowed under these loan arrangements is \$1.7 million. The loans are full recourse to the borrowers.

(5) DEPOSITS

The following is a summary of deposits as of the dates shown:

(Dollars in thousands)	SEPTEMBER 30, 2002	December 31, 2001	September 30, 2001
BALANCE:			
Non-interest bearing	\$ 281,204	\$ 254,269	\$ 209,276
NOW	360,583	286,860	246,319
Brokerage customer deposits	179,796	--	--
Money market	381,593	335,881	311,336
Savings	135,958	132,514	128,697
Time certificate of deposits	1,632,351	1,305,112	1,288,681
Total deposits	\$ 2,971,485	\$ 2,314,636	\$ 2,184,309
MIX:			
Non-interest bearing	9 %	11 %	10 %
NOW	12	12	11
Brokerage customer deposits	6	--	--
Money market	13	15	14
Savings	5	6	6
Time certificate of deposits	55	56	59
Total deposits	100 %	100 %	100 %

As previously disclosed, following its acquisition of the Wayne Hummer Companies in February 2002, Wintrust has undertaken an effort to migrate funds from the money market mutual fund balances managed by WHAMC into deposit accounts of the Wintrust Banks. Consistent with reasonable interest rate risk parameters, the funds will generally be invested in excess loan production of the Banks as well as other investments suitable for banks. As of September 30, 2002, \$180 million had migrated into an insured bank deposit product at the various Banks. The migration of additional funds to the Banks is subject to the desire of the customers to make the transition of their funds into FDIC-insured bank accounts, capital capacity of the Company and the availability of suitable investments in which to deploy the funds. As of October 31, 2002, a total of approximately \$195 million was resident in this account and Wintrust estimates that approximately \$200 to \$300 million will migrate to the Banks by the end of 2002.

(6) NOTES PAYABLE, FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS:

The following is a summary of notes payable, Federal Home Loan Bank advances and other borrowings as of the dates shown:

(In thousands)	SEPTEMBER 30, 2002	December 31, 2001	September 30, 2001
Notes payable	\$ 63,625	\$ 46,575	\$ 33,000
Federal Home Loan Bank advances	140,000	90,000	30,000
Other borrowings:			
Federal funds purchased	--	11,800	22,500
Securities sold under repurchase agreements	19,064	16,274	15,858
Wayne Hummer Companies borrowings	25,181	--	--
Other	5,000	--	--
Total other borrowings	\$ 49,245	\$ 28,074	\$ 38,358
Total notes payable, Federal Home Loan Bank advances and other borrowings	\$ 252,870	\$ 164,649	\$ 101,358

The Wayne Hummer Companies borrowings consists of collateralized demand obligations to third party banks at interest rates approximating the fed funds rate that are used to finance securities purchased by customers on margin and securities owned by WHI and demand obligations to brokers and clearing organizations at rates approximating fed funds. Other represents the Company's interest-bearing deferred portion of the purchase price of the Wayne Hummer Companies. Please see Note 11 - Business Combinations for further discussion.

(7) LONG-TERM DEBT - TRUST PREFERRED SECURITIES

The Company issued a total of \$51.1 million of Trust Preferred Securities through two separate issuances by Wintrust Capital Trust I and Wintrust Capital Trust II ("Trusts"). The Trusts issued a total of \$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") issued by the Company, with the same maturities and fixed interest rates as the Trust Preferred Securities. The Debentures are the sole assets of the Trusts and are eliminated, along with the related income statement effects, in the consolidated financial statements.

The composition of the Trust Preferred Securities as of September 30, 2002 (Dollars in thousands):

Issuance Trust	Amount	Issuance Date	Rate Type	Rate	Maturity Date	Earliest Redemption Date
Wintrust Capital Trust I	\$ 31,050	10/98	Fixed	9.00%	09/30/28	09/30/03
Wintrust Capital Trust II	20,000	06/00	Fixed	10.50%	06/30/30	06/30/05
Total	<u>\$ 51,050</u>					

The Company has guaranteed the payment of distributions on 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 Company under the guarantees, the subordinated debentures, and other related agreements provide, in the aggregate, a full, irrevocable and unconditional guarantee, on a subordinated basis, of all of the obligations of the Trusts under the Trust Preferred Securities. 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 any time after the date shown above, and earlier at the discretion of the Company if certain conditions are met, and, in any event, only after the Company has obtained Federal Reserve approval, if then required under applicable guidelines or regulations.

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.

(8) EARNINGS PER SHARE

The following table shows the computation of basic and diluted earnings per share for the periods shown:

(In thousands, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
Net Income	\$ 7,284	\$ 5,008	\$ 19,953	\$ 13,275
Average common shares outstanding	17,114	14,493	16,047	13,470
Effect of dilutive common shares	1,198	957	1,089	744
Weighted average common shares and effect of dilutive common shares	18,312	15,450	17,136	14,214
Net income per average common share: Basic	\$ 0.43	\$ 0.35	\$ 1.24	\$ 0.99
Diluted	\$ 0.40	\$ 0.32	\$ 1.16	\$ 0.93

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

(9) SEGMENT INFORMATION

The segment financial information provided in the following tables has been derived from the internal profitability reporting system used by management to monitor and manage the financial performance of the Company. The Company evaluates segment performance based on after-tax profit or loss and other appropriate profitability measures common to each segment. Certain indirect expenses have been allocated based on actual volume measurements and other criteria, as appropriate. Inter-segment revenue and transfers are generally accounted for at current market prices. The other category, as shown in the following table, reflects parent company information. The net interest income and segment profit of the banking segment includes income and related interest costs from portfolio loans that were purchased from the premium finance and indirect auto segments. For purposes of internal segment profitability analysis, management reviews the results of its premium finance and indirect auto segments as if all loans originated and sold to the banking segment were retained within that segment's operations, thereby causing the inter-segment elimination amounts shown in the following table. The following table presents a summary of certain operating information for each reportable segment for three months ended for the periods shown:

Three Months Ended
September 30,

(Dollars in thousands)	2002	2001	\$ Change in Contribution	% Change in Contribution	
NET INTEREST INCOME:					
Banking	\$ 22,620	\$ 17,936	\$ 4,684	26.1	%
Premium finance	8,614	6,909	1,705	24.7	
Indirect auto	2,025	1,807	218	12.1	
Tricom	1,193	976	217	22.2	
Trust, asset management and brokerage	1,249	188	1,061	N/M	
Inter-segment eliminations	(8,433)	(7,019)	(1,414)	(20.2)	
Other	(1,853)	(1,667)	(186)	(11.2)	
Total net interest income	\$ 25,415	\$ 19,130	\$ 6,285	32.9	%
NON-INTEREST INCOME:					
Banking	\$ 7,387	\$ 4,495	\$ 2,892	64.3	%
Premium finance	656	1,265	(609)	(48.1)	
Indirect auto	17	1	16	N/M	
Tricom	940	995	(55)	(5.5)	
Trust, asset management and brokerage	7,092	486	6,606	N/M	
Inter-segment eliminations	(135)	(141)	6	4.3	
Other	--	--	--	--	
Total non-interest income	\$ 15,957	\$ 7,101	\$ 8,856	124.7	%
SEGMENT PROFIT (LOSS):					
Banking	\$ 7,849	\$ 5,427	\$ 2,422	44.6	%
Premium finance	3,415	2,860	555	19.4	
Indirect auto	916	626	290	46.3	
Tricom	466	317	149	47.0	
Trust, asset management and brokerage	35	(114)	149	130.7	
Inter-segment eliminations	(3,522)	(2,610)	(912)	(34.9)	
Other	(1,875)	(1,498)	(377)	(25.2)	
Total segment profit	\$ 7,284	\$ 5,008	\$ 2,276	45.4	%
SEGMENT ASSETS:					
Banking	\$ 3,476,454	\$ 2,496,020	\$ 980,434	39.3	%
Premium finance	513,770	375,397	138,373	36.9	
Indirect auto	190,680	198,676	(7,996)	(4.0)	
Tricom	32,714	29,954	2,760	9.2	
Trust, asset management and brokerage	81,604	5,423	76,181	N/M	
Inter-segment eliminations	(727,812)	(598,457)	(129,355)	(21.6)	
Other	9,365	8,383	982	11.7	
Total segment assets	\$ 3,576,775	\$ 2,515,396	\$ 1,061,379	42.2	%

N/M = not meaningful

The following table presents a summary of certain operating information for each reportable segment for nine months ended for the periods shown:

	Nine Months Ended September 30,				
			\$ Change in	% Change in	
(Dollars in thousands)	2002	2001	Contribution	Contribution	
NET INTEREST INCOME:					
Banking	\$ 66,158	\$ 51,490	\$ 14,668	28.4	%
Premium finance	24,791	19,392	5,399	27.8	
Indirect auto	6,055	4,798	1,257	26.2	
Tricom	3,191	2,825	366	13.0	
Trust, asset management and brokerage	2,559	540	2,019	373.9	
Inter-segment eliminations	(24,955)	(19,388)	(5,567)	(28.7)	
Other	(5,799)	(5,236)	(563)	(10.8)	
Total net interest income	\$ 72,000	\$ 54,421	\$ 17,579	32.3	%
NON-INTEREST INCOME:					
Banking	\$ 16,785	\$ 13,352	\$ 3,433	25.7	%
Premium finance	3,499	3,613	(114)	(3.2)	
Indirect auto	35	3	32	N/M	
Tricom	2,694	3,137	(443)	(14.1)	
Trust, asset management and brokerage	19,388	1,459	17,929	N/M	
Inter-segment eliminations	(421)	(363)	(58)	(16.0)	
Other	500	141	359	254.6	
Total non-interest income	\$ 42,480	\$ 21,342	\$ 21,138	99.0	%
SEGMENT PROFIT (LOSS):					
Banking	\$ 21,063	\$ 15,175	\$ 5,888	38.8	%
Premium finance	10,829	7,632	3,197	41.9	
Indirect auto	2,454	1,558	896	57.5	
Tricom	1,223	919	304	33.1	
Trust, asset management and brokerage	(194)	(418)	224	53.6	
Inter-segment eliminations	(10,433)	(7,196)	(3,237)	(45.0)	
Other	(4,989)	(4,395)	(594)	(13.5)	
Total segment profit	\$ 19,953	\$ 13,275	\$ 6,678	50.3	%

N/M = not meaningful

(10) 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. On January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), 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. Derivative financial instruments 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 derivative financial instruments 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 derivative financial instruments not qualifying as hedges are reported in income.

Derivative financial instruments 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 derivative financial instruments 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.

During the first nine months of 2002, \$180 million notional principal amount of interest rate cap contracts matured. At September 30, 2002, the Company had \$75 million of notional principal amounts of interest rate caps with maturities ranging from January 2003 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 September 30, 2002, the Company had \$25 million notional principal amount of an interest rate swap contract 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 that were outstanding as of the dates shown and whether the changes in fair values are accounted for in the income statement (IS) or as other comprehensive income (OCI):

(In thousands)	Change in market value	SEPTEMBER 30, 2002		December 31, 2001	
		NOTIONAL AMOUNT	FAIR VALUE	Notional Amount	Fair Value
Interest rate caps	IS	\$25,000	\$ --	\$ 185,000	\$ --
Interest rate caps	OCI	50,000	--	70,000	54
Interest rate swap	OCI	25,000	(1,230)	25,000	(681)

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. These transactions do not qualify as hedges pursuant to SFAS 133 and, accordingly, changes in fair values of these contracts are reported in other non-interest income. The option premium income generated by these transactions is also recognized as other non-interest income. There were no call options outstanding as of September 30, 2002, December 31, 2001 or September 30, 2001, respectively.

(11) BUSINESS COMBINATIONS

In February, 2002, Wintrust completed its acquisition of Wayne Hummer Investments, LLC ("WHI" - including its wholly owned subsidiary, Focused Investments LLC) and Wayne Hummer Management Company (subsequently renamed Wayne Hummer Asset Management Company "WHAMC"). The results of the Wayne Hummer Companies have been included in Wintrust's consolidated financial statements only since the effective date (February 1, 2002) of the acquisition.

The acquisition of the Wayne Hummer Companies will augment fee-based revenue and diversify Wintrust's revenue stream by adding brokerage services 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 the Banks and the Wayne Hummer Companies.

The aggregate purchase price was \$28 million consisting of \$8 million in cash, 762,742 shares of Wintrust's common stock (then valued at \$15 million) and \$5 million of deferred cash payments to be made over a three-year period subsequent to the closing date. Wintrust is obligated to pay additional consideration contingent upon the attainment of certain performance measures over the next five years. The additional consideration, if paid, will be recorded as additional goodwill at its fair value when paid, or when the additional consideration is deemed, beyond a reasonable doubt, to have been earned. The value of Wintrust's common stock issued was determined based on the unweighted average of the high and low sales prices of Wintrust's common stock on the Nasdaq National Market for the 10 trading days ending on the second trading day preceding the effective date of the acquisition. The Company recorded \$15.2 million of goodwill and \$1.4 million of finite-lived intangible assets related to the customer list of WHAMC.

The following pro forma information reflects the Company's results of operations for the periods shown as if the Wayne Hummer Companies would have been included from the beginning of the periods shown. The Wintrust as reported results include the results of the Wayne Hummer Companies since the effective date of the acquisition:

(Dollars in thousands, except per share data)	Three Months Ended September 30,	
	2002	2001
NET REVENUE:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 41,372	\$ 26,231
WHC (results prior to February 1, 2002)	--	7,850
Pro forma net revenue	\$ 41,372	\$ 34,081
INCOME BEFORE TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 10,924	\$ 7,792
WHC (results prior to February 1, 2002)	--	486
Pro forma income before taxes and cumulative effect of accounting change	\$ 10,924	\$ 8,278
NET INCOME:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 7,284	\$ 5,008
WHC (results prior to February 1, 2002)	--	316
Pro forma net income	\$ 7,284	\$ 5,324
BASIC EPS:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 0.43	\$ 0.35
WHC (results prior to February 1, 2002)	--	--
Pro forma basic EPS	\$ 0.43	\$ 0.35
DILUTED EPS:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 0.40	\$ 0.32
WHC (results prior to February 1, 2002)	--	0.01
Pro forma diluted EPS	\$ 0.40	\$ 0.33

The following pro forma information reflects the Company's results of operations for the periods shown as if the Wayne Hummer Companies would have been included from the beginning of the periods shown. The Wintrust as reported results include the results of the Wayne Hummer Companies since the effective date of the acquisition:

(Dollars in thousands, except per share data)	Nine Months Ended September 30,	
	2002	2001
NET REVENUE:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 114,480	\$ 75,763
WHC (results prior to February 1, 2002)	2,919	24,539
Pro forma net revenue	\$ 117,399	\$ 100,302
INCOME BEFORE TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 30,616	\$ 21,169
WHC (results prior to February 1, 2002)	108	1,684
Pro forma income before taxes and cumulative effect of accounting change	\$ 30,724	\$ 22,853
NET INCOME:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 19,953	\$ 13,275
WHC (results prior to February 1, 2002)	70	1,095
Pro forma net income	\$ 20,023	\$ 14,370
BASIC EPS:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 1.24	\$ 0.99
WHC (results prior to February 1, 2002)	--	0.02
Pro forma basic EPS	\$ 1.24	\$ 1.01
DILUTED EPS:		
Wintrust as reported (includes WHC from February 1, 2002)	\$ 1.16	\$ 0.93
WHC (results prior to February 1, 2002)	--	0.03
Pro forma diluted EPS	\$ 1.16	\$ 0.96

(12) GOODWILL AND OTHER INTANGIBLE ASSETS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141"), and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS 141 also specifies the criteria for intangible assets acquired in a purchase method business combination to be recognized and reported apart from goodwill. SFAS 142 requires companies to no longer amortize goodwill and intangible assets with indefinite useful lives, but instead test these assets for impairment at least annually in accordance with the provisions of SFAS 142. Under SFAS 142, intangible assets with definite useful lives continue to be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with the FASB's Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

Wintrust adopted the provisions of SFAS 142 effective January 1, 2002. As of the date of adoption, Wintrust had unamortized goodwill in the amount of \$10.0 million, and unamortized identifiable intangible assets in the amount of \$109,000, all of which were subject to the transition provisions of SFAS 141 and SFAS 142. As part of its adoption of SFAS 142, the Company has performed a transitional impairment test on its goodwill assets, which indicated that no impairment charge was required. In addition, no material reclassifications or adjustments to the useful lives of finite-lived intangible assets were made as a result of adopting the new guidance. The full impact of adopting SFAS 142 is expected to result in an increase in net income of approximately \$413,000, or approximately \$0.02 per diluted share, in 2002 as a result of Wintrust no longer having to amortize goodwill against earnings.

Assuming retroactive adoption of SFAS 142, net income for the nine months ended September 30, 2001 would have increased as a result of ceasing amortization of goodwill. The following table sets forth the reconciliation of net income and earnings per share excluding goodwill amortization for the periods shown. The 2001 period is presented on a pro forma basis excluding goodwill amortization:

(Dollars in thousands, except per share data)	Nine Months Ended			
	September 30, 2002		September 30, 2001	
	NET INCOME	EARNINGS PER SHARE	Net Income	Earnings Per Share
Earnings per share - Basic:				
Net income/Basic EPS as reported	\$ 19,953	\$ 1.24	\$ 13,275	\$ 0.99
Add back: Goodwill amortization	--	--	465	0.03
Less: Tax on deductible goodwill	--	--	(149)	(0.01)
Adjusted net income/Basic EPS	\$ 19,953	\$ 1.24	\$ 13,591	\$ 1.01
Earnings per share - Diluted:				
Net income/Diluted EPS as reported	\$ 19,953	\$ 1.16	\$ 13,275	\$ 0.93
Add back: Goodwill amortization	--	--	465	0.03
Less: Tax on deductible goodwill	--	--	(149)	(0.01)
Adjusted net income/Diluted EPS	\$ 19,953	\$ 1.16	\$ 13,591	\$ 0.95

A summary of goodwill assets by business segment is presented in the following table:

(In thousands)	January 1, 2002	Goodwill Acquired	Impairment Losses	SEPTEMBER 30, 2002
Banking	\$ 1,018	\$ --	\$ --	\$ 1,018
Premium finance	--	--	--	--
Indirect auto	--	--	--	--
Tricom	8,958	--	--	8,958
Trust, asset management and brokerage	--	15,244	--	15,244
Parent and other	--	--	--	--
Total	\$ 9,976	\$ 15,244	\$ --	\$ 25,220

At September 30, 2002 and 2001, Wintrust had \$1.3 million and \$126,000, respectively, in unamortized finite-lived intangible assets. As a result of the acquisition of WHAMC, \$1.38 million was assigned to the customer list of WHAMC and is being amortized over a 7-year period on an accelerated basis. Total amortization expense associated with these intangible assets in the first nine months of 2002 and 2001 was approximately \$237,000 and \$51,000, respectively. Estimated amortization expense on finite-lived intangible assets for the years ended 2002 through 2006 is as follows:

(In thousands)

2002	\$ 324
2003	310
2004	229
2005	202
2006	168

(13) RECENT ACCOUNTING PRONOUNCEMENT

On January 1, 2002, Wintrust adopted SFAS 144, which superseded SFAS 121 and provides a single accounting model for long-lived assets to be disposed of. Although retaining many of the fundamental recognition and measurement provisions of SFAS 121, the new rules significantly change the criteria that would have to be met to classify an asset as held-for-sale. SFAS 144 also supersedes the provisions of Accounting Principles Board (APB) Opinion 30 with regard to reporting the effects of a disposal of a segment of a business and requires expected future operating losses from discontinued operations to be displayed in discontinued operations in the period(s) in which the losses are incurred (rather than as of the measurement date as presently required by APB Opinion 30). In addition, more dispositions will qualify for discontinued operations treatment in the income statement. The adoption of SFAS 144 did not have a material impact on Wintrust's financial condition or results of operations.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition as of September 30, 2002, compared with December 31, 2001, and September 30, 2001, and the results of operations for the three and nine-month periods ended September 30, 2002 and 2001 should be read in conjunction with the Company's unaudited consolidated financial statements and notes contained in this report. This discussion contains forward-looking statements that involve risks and uncertainties and, as such, future results could differ significantly from management's current expectations. See the last section of this discussion for further information on forward-looking statements.

On January 24, 2002, Wintrust's Board of Directors declared a 3-for-2 stock split of its common stock, effected in the form of a 50% stock dividend, paid on March 14, 2002 to shareholders of record as of March 4, 2002. All historical share data and per share amounts have been restated to reflect this split.

OVERVIEW AND STRATEGY

Wintrust's operating subsidiaries were organized within approximately the last eleven years. We have grown from \$2.52 billion in total assets at September 30, 2001 to \$3.58 billion in total assets at September 30, 2002, an increase of 42%. The historical financial performance of the Company has been affected by costs associated with growing market share in deposits and loans, opening new banks and branch facilities, and building an experienced management team. The Company's recent financial performance generally reflects the improved profitability of our operating subsidiaries 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 to 24 months for new banks to first achieve operational profitability depending on the number and timing of branch facilities added.

The Banks began operations during the period indicated in the table below:

	Operations began in:	
	Month	Year
Lake Forest Bank	December	1991
Hinsdale Bank	October	1993
North Shore Bank	September	1994
Libertyville Bank	October	1995
Barrington Bank	December	1996
Crystal Lake Bank	December	1997
Northbrook Bank	November	2000

Subsequent to these initial dates of operations, each of the Banks, except Northbrook Bank, has established additional full-service banking facilities. As of September 30, 2002, the Banks had 31 banking facilities. Since September 30, 2001, Northbrook Bank opened its new permanent facility in December 2001 and Hinsdale Bank opened a branch facility in Riverside in January 2002. In May 2002 Lake Forest Bank opened a new branch in Highland Park. In June 2002 and July 2002, respectively, we opened a new permanent facility for our Wauconda branch of Libertyville Bank and our McHenry branch of Crystal Lake Bank. Construction is currently underway on a new larger facility in South Libertyville (a branch of Libertyville Bank), an additional Skokie branch of North Shore Bank and a new temporary facility in Cary (a branch of Crystal Lake Bank). Additionally, the Company has purchased property for a permanent facility in Highland Park and has purchased property for a new facility in Deerfield.

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 operating subsidiaries. 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.

On February 20, 2002, the Company completed its acquisition of the Wayne Hummer Companies, comprising Wayne Hummer Investments LLC ("WHI"), Wayne Hummer Management Company (subsequently renamed Wayne Hummer Asset Management Company "WHAMC") and Focused Investments LLC ("FI"), each based in the Chicago area.

WHI, established in 1931, has been providing a full-range of investment products and services tailored to meet the specific needs of individual investors throughout the country, primarily in the Midwest. WHI also operates an office in Appleton, Wisconsin that opened in 1936 that serves the greater Appleton area. WHI is a member of the New York Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers, and has over \$3.6 billion in customer assets in custody at September 30, 2002.

WHAMC, established in 1981, is the investment advisory affiliate of WHI and is advisor to the Wayne Hummer family of mutual funds. The Wayne Hummer family of funds includes the Wayne Hummer Growth Fund, the Wayne Hummer CorePortfolio Fund, the Wayne Hummer Income Fund, and the Wayne Hummer Money Market Fund. With assets under management in excess of \$780 million, the investment management group provides advisory services to individuals and institutions, municipal and tax-exempt organizations, including approximately \$382 million in the Wayne Hummer Mutual Funds. Additionally, WHAMC 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 for individual investors. WHAMC manages approximately \$400 million in these portfolios.

FI, a NASD member broker/dealer, is a wholly-owned subsidiary of WHI and provides a full range of investment services to clients through a network of relationships with community-based financial institutions primarily in Illinois.

FIFC is the Company's most significant specialized earning asset niche, originating approximately \$1.3 billion in loan volume for the full year of 2001 and \$1.3 billion in the first nine months of 2002. FIFC makes loans to businesses to finance the insurance premiums they pay on their commercial insurance policies. The loans are originated by FIFC working through independent medium and large insurance agents and brokers located throughout the United States. The insurance premiums financed are primarily for commercial customers' purchases of liability, property and casualty and other commercial insurance. The majority of these loans are purchased by the Banks in order to more fully utilize their lending capacity. 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 to an unrelated third party with servicing retained. 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.

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 high yielding, short-term accounts receivable financing and value-added, out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to the temporary staffing industry, with clients throughout the United States. These receivables may involve greater credit risks than generally associated with the loan portfolios of more traditional community banks depending on the marketability of the collateral. The principal sources of repayments on the receivables are payments to borrowers from their customers who are located throughout the United States. The Company mitigates this risk by employing lockboxes and other cash management techniques to protect their interests. 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 our indirect auto lending which is conducted through a division of Hinsdale Bank, Lake Forest Bank's MMF Leasing Services 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 lending businesses that generate assets suitable for bank investment and/or secondary market sales. The Company is not pursuing growth in the indirect auto segment, however, and anticipates that the indirect auto loan portfolio will comprise a smaller portion of the net loan portfolio in the future.

In September 1998, the Company formed a trust subsidiary originally named Wintrust Asset Management Company, which was renamed in May 2002 to Wayne Hummer Trust Company ("WHTC") 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. In addition to offering these services to existing bank customers at each of the Banks, the Company believes WHTC can successfully compete for trust business by targeting small to mid-size businesses and affluent individuals whose needs command the personalized attention offered by WHTC's experienced trust professionals. Services offered by WHTC typically include traditional trust products and services, as well as investment management services.

RESULTS OF OPERATIONS

EARNINGS SUMMARY

The Company's key operating measures, as compared to the same period last year, are shown below:

(Dollars in thousands, except per share data)	NINE MONTHS ENDED		Percentage (%)/ Basis Point (bp) Change
	SEPTEMBER 30, 2002	September 30, 2001	
Net income before cumulative effect of accounting change	\$ 19,953	\$ 13,529	47.5 %
Net income	19,953	13,275	50.3
Net income per common share - Basic	1.24	0.99	25.3
Net income per common share - Diluted	1.16	0.93	24.7
Net revenues	114,480	75,763	51.1
Net interest income	72,000	54,421	32.3
Net interest margin	3.42 %	3.57 %	(15) bp
Core net interest margin(1)	3.60	3.82	(22)
Net overhead ratio (2)	1.48	1.62	(14)
Efficiency ratio (3)	66.51	63.86	265
Return on average assets	0.87	0.79	8
Return on average equity	14.98	15.44	(46)
	THREE MONTHS ENDED		Percentage (%)/ Basis Point (bp) Change
	SEPTEMBER 30, 2002	September 30, 2001	
Net income before cumulative effect of accounting change	\$ 7,284	\$ 5,008	45.4 %
Net income	7,284	5,008	45.4
Net income per common share - Basic	0.43	0.35	22.9
Net income per common share - Diluted	0.40	0.32	25.0
Net revenues	41,372	26,231	57.7
Net interest income	25,415	19,130	32.9
Net interest margin	3.26 %	3.46 %	(20) bp
Core net interest margin(1)	3.42	3.69	(27)
Net overhead ratio (2)	1.40	1.52	(12)
Efficiency ratio (3)	67.48	61.61	587
Return on average assets	0.85	0.83	2
Return on average equity	13.68	14.87	(119)
AT END OF PERIOD			
Total assets	\$ 3,576,775	\$ 2,515,396	42.2 %
Total loans, net of unearned income	2,483,892	1,823,801	36.2
Total deposits	2,971,485	2,184,309	36.0
Total shareholders' equity	218,028	138,024	58.0
Book value per common share	12.71	9.51	33.6
Market price per common share	28.65	20.70	38.4
Allowance for loan losses to total loans	0.69 %	0.72 %	(3) bp
Non-performing assets to total assets	0.35	0.54	(19)
(1)	The core net interest margin excludes the interest expense associated with Wintrust's Long-term Debt - Trust Preferred Securities.		
(2)	The net overhead ratio is calculated by netting total non-interest expense and total non-interest income, annualizing this amount, and dividing by that period's total average assets. A lower ratio indicates a higher degree of efficiency.		
(3)	The efficiency ratio is calculated by dividing total non-interest expense by tax-equivalent net revenues (less securities gains or losses). A lower ratio indicates more efficient revenue generation.		

The Company analyzes its performance on a net income basis in accordance with accounting principles generally accepted in the United States, as well as other ratios such as the net overhead ratio, efficiency ratio and core net interest margin. These performance measures are presented as supplemental information to enhance the readers' understanding of, and highlight trends in, the Company's financial results. These measures should not be viewed as a substitute for net income and earnings per share as determined in accordance with accounting principles generally accepted in the United States. The calculations used by the Company to derive core net interest margin, net overhead ratio and the efficiency ratio may vary from, and not be comparable to, other companies.

Net income for the third quarter ended September 30, 2002 totaled \$7.3 million, an increase of \$2.3 million, or 45%, over the \$5.0 million recorded in the third quarter of 2001. On a per share basis, net income for the third quarter of 2002 totaled \$0.40 per diluted common share, an \$0.08 per share, or 25%, increase as compared to the 2001 third quarter total of \$0.32 per diluted common share. The lower growth rate in the earnings per share as compared to net income was primarily due to the issuance of 762,742 shares in conjunction with the February 2002 acquisition of the Wayne Hummer Companies and the issuance of 1,362,750 additional shares of common stock in June and July of 2002. The return on average equity for the third quarter of 2002 stood at 13.68%.

For the first nine months of 2002, net income totaled \$20.0 million, or \$1.16 per diluted common share, an increase of \$6.7 million, or 50%, when compared to \$13.3 million, or \$0.93 per diluted common share, for the same period in 2001. Return on average equity for the first nine months of 2002 was 14.98% versus 15.44% for the same period of 2001.

The results for the first nine months of 2002 include pre-tax income of \$1.25 million, or \$754,000 after-tax, for a partial settlement related to the non-recurring charge recorded in 2000. Excluding this settlement income, net income in the first nine months of 2002 was \$19.2 million, or \$1.12 per diluted share. Included in the first nine months of 2001 is a cumulative effect of a change in accounting for interest rate caps resulting in an after-tax charge of \$254,000, or \$0.02 per diluted share.

On February 20, 2002, Wintrust completed its acquisition of the Wayne Hummer Companies. Accounted for as a purchase, the Wayne Hummer Companies results of operations are included in Wintrust's year-to-date 2002 results only since the effective date of the acquisition (February 1, 2002).

NET INTEREST INCOME

Net interest income, which is the difference between interest income and fees on earning assets and interest expense on deposits and borrowings, is the major source of earnings for Wintrust. Tax-equivalent net interest income for the quarter ended September 30, 2002 totaled \$25.6 million, an increase of \$6.2 million, or 32%, as compared to the \$19.4 million recorded in the same quarter of 2001. Average loans in the third quarter of 2002, the most significant portion of average earning assets, increased \$604 million, or 33%, over the third quarter of 2001.

Net interest margin represents tax-equivalent net interest income as a percentage of the average earning assets during the period. For the third quarter of 2002 the net interest margin was 3.26%, a decrease of 20 basis points when compared to the net interest margin of 3.46% in the prior year third quarter. The core net interest margin, which excludes the interest expense related to Wintrust's Long-term Debt - Trust Preferred Securities, was 3.42% for the third quarter of 2002, and decreased 27 basis points when compared to the prior year third quarter's core margin of 3.69%. Wintrust's net interest margin declined by 30 basis points when compared to the second quarter of 2002. The net interest margin contracted due to a flattening yield curve, the Company's preference for variable rate commercial and commercial real estate loans and agency securities with call options written against them being called with the proceeds being invested in lower yielding liquid assets, combined with the asset sensitivity of the balance sheet.

The following table presents a summary of the Company's net interest income and related net interest margins, calculated on a fully taxable equivalent basis, for the periods shown:

(Dollars in thousands)	FOR THE THREE MONTHS ENDED					
	SEPTEMBER 30, 2002			September 30, 2001		
	AVERAGE	INTEREST	YIELD/ RATE	Average	Interest	Yield/ Rate
Liquidity management assets (1) (2)	\$ 611,355	\$ 5,604	3.64 %	\$ 372,353	\$ 4,123	4.39 %
Other earning assets (3)	56,836	596	4.16	--	--	--
Loans, net of unearned income (2) (4)	2,452,239	41,572	6.73	1,848,468	38,636	8.29
Total earning assets	\$ 3,120,430	\$ 47,772	6.07 %	\$ 2,220,821	\$ 42,759	7.64 %
Interest-bearing deposits	\$ 2,539,544	\$ 18,449	2.88 %	\$ 1,905,097	\$ 21,290	4.43 %
Federal Home Loan Bank advances	139,900	1,490	4.23	22,500	265	4.67
Notes payable and other borrowings	114,778	904	3.12	44,729	557	4.94
Long-term debt - trust preferred securities	51,050	1,287	10.09	51,050	1,287	10.09
Total interest-bearing liabilities	\$ 2,845,272	\$ 22,130	3.09 %	\$ 2,023,376	\$ 23,399	4.59 %
Interest rate spread (5)			2.98 %			3.05 %
Net free funds/contribution (6)	\$ 275,158		0.28	\$ 197,445		0.41
Net interest income/Net interest margin		\$ 25,642	3.26 %		\$ 19,360	3.46 %
Core net interest margin (7)			3.42 %			3.69 %

- (1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks and federal funds sold.
- (2) Interest income on tax-advantaged loans and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the quarters ended September 30, 2002 and 2001 were \$227,000 and \$230,000, respectively.
- (3) Other earning assets include brokerage customer receivables and trading account securities. (4) Loans, net of unearned income includes mortgages held for sale and non-accrual loans. (5) Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.
- (6) Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The contribution is based on the rate paid for total interest-bearing liabilities.
- (7) The core net interest margin excludes the impact of Wintrust's Long-term Debt - Trust Preferred Securities.

The yield on total earning assets for the third quarter of 2002 was 6.07% as compared to 7.64% in 2001, a decrease of 157 basis points, resulting primarily from the effect of decreases in general market rates of interest on liquidity management assets and loans. The other earning assets shown in the third quarter of 2002 reflect interest-bearing brokerage customer receivables and trading account securities managed at the Wayne Hummer Companies. The yield on earning assets is heavily dependent on the yield earned on loans since average loans comprised approximately 79% of total average earning assets. The third quarter 2002 yield on loans was 6.73%, a 156 basis point decrease compared to the prior year third quarter yield of 8.29%. The average prime lending rate was 4.75% during the third quarter of 2002 versus 6.58% during the third quarter of 2001, reflecting a decrease of 183 basis points.

The rate paid on interest-bearing liabilities for the third quarter of 2002 was 3.09%, compared to 4.59% in the third quarter of 2001, a decline of 150 basis points. Interest-bearing deposits accounted for 89% of total interest-bearing funding in the third quarter of 2002, compared to 94% in the same period of 2001. The rate paid on interest-bearing deposits averaged 2.88% for the third quarter of 2002 versus 4.43% for the same quarter of 2001, a decrease of 155 basis points. During 2001, Wintrust began borrowing from the Federal Home Loan Bank ("FHLB"). The Company initially borrowed from the FHLB in the third and fourth quarters of 2001 and borrowed an additional \$50 million in the second quarter of 2002. The increase in notes payable and other borrowings in the third quarter of 2002 compared to the same quarter in 2001 was a result of the funding at the Wayne Hummer Companies for the brokerage customer receivables, additional funding required for the purchase of the Wayne Hummer Companies and borrowings utilized to fund the additional capital requirements of the Banks. The average rate paid on Federal Home Loan Bank advances,

notes payable and other borrowings decreased 112 basis points to 3.73% in the third quarter of 2002 as compared to 4.85% in the third quarter of 2001.

The following table presents a summary of the Company's net interest income and related net interest margin, calculated on a fully taxable equivalent basis, for the periods shown:

(Dollars in thousands)	FOR THE NINE MONTHS ENDED					
	SEPTEMBER 30, 2002			September 30, 2001		
	AVERAGE	INTEREST	YIELD/ RATE	Average	Interest	Yield/ Rate
Liquidity management assets (1) (2)	\$ 517,856	\$ 15,865	4.10%	\$ 331,602	\$ 12,918	5.21 %
Other earning assets (3)	57,663	1,861	4.31	--	--	--
Loans, net of unearned income (2) (4)	2,262,057	116,955	6.91	1,732,973	113,431	8.75
Total earning assets	\$ 2,837,576	\$ 134,681	6.35%	\$ 2,064,575	\$ 126,349	8.18 %
Interest-bearing deposits	\$ 2,286,074	\$ 51,709	3.02%	\$ 1,782,386	\$ 64,885	4.87 %
Federal Home Loan Bank advances	112,062	3,465	4.13	7,582	265	4.67
Notes payable and other borrowings	130,714	3,017	3.09	53,095	2,267	5.71
Long-term debt - trust preferred securities	51,050	3,863	10.09	51,050	3,863	10.09
Total interest-bearing liabilities	\$ 2,579,900	\$ 62,054	3.22%	\$ 1,894,113	\$ 71,280	5.03 %
Interest rate spread (5)			3.13 %			3.15 %
Net free funds/contribution (6)	\$ 257,676		0.29	\$ 170,462		0.42
Net interest income/Net interest margin		\$ 72,627	3.42 %		\$ 55,069	3.57 %
Core net interest margin (7)			3.60 %			3.82 %

- (1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks and federal funds sold.
- (2) Interest income on tax-advantaged loans and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the six months ended September 30, 2002 and 2001 were \$627,000 and \$648,000, respectively.
- (3) Other earning assets include brokerage customer receivables and trading account securities. (4) Loans, net of unearned income includes mortgages held for sale and non-accrual loans. (5) Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.
- (6) Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The contribution is based on the rate paid for total interest-bearing liabilities.
- (7) The core net interest margin excludes the impact of Wintrust's Long-term Debt - Trust Preferred Securities.

For the first nine months of 2002, tax-equivalent net interest income totaled \$72.6 million, an increase of \$17.5 million, or 32% over the \$55.1 million recorded in the same period in 2001. Growth in the Company's earning asset base was the primary contributor to this increase, as year-to-date average loans increased 31%.

The yield on total earning assets for the first nine months of 2002 was 6.35% as compared to 8.18% in 2001, a decrease of 183 basis points, resulting primarily from the effect of decreases in general market rates of interest on liquidity management assets and loans. The rate paid on interest-bearing liabilities for the first nine months of 2002 was 3.22%, compared to 5.03% in 2001, a decline of 181 basis points. The interest rate spread (difference between the yield on earning assets and the rate paid on interest-bearing liabilities) remained stable in the first nine months of 2002, increasing by two basis points when compared to the first nine months of 2001. The decline in the net interest margin was mainly caused by a 13 basis point reduction in the contribution from net free funds as the substitute value of these free funds fell by 181 basis points in 2002.

The following table presents a reconciliation of the Company's tax-equivalent net interest income between the three-month periods ended September 30, 2002 and June 30, 2002, the nine-month periods ended September 30, 2002 and September 30, 2001 and between the three-month periods ended September 30, 2002 and September 30, 2001. The reconciliation sets forth the change in the tax-equivalent net interest income as a result of changes in volumes, rates,

the change due to the combination of volume and rate and the differing number of days in each period:

(Dollars in thousands)	Third Quarter of 2002 Compared to Second Quarter of 2002	First Nine Months of 2002 Compared to First Nine Months of 2001	Third Quarter of 2002 Compared to Third Quarter of 2001
Tax-equivalent net interest income for comparative period	\$ 24,608	\$ 55,069	\$ 19,360
Change due to mix and growth of earning assets and interest-bearing liabilities (volume)	2,822	16,572	5,923
Change due to interest rate fluctuations (rate)	(1,781)	(868)	(299)
Change due to rate and volume fluctuations (rate/volume)	(273)	1,854	658
Change due to number of days in each quarter (days)	266	--	--
TAX-EQUIVALENT NET INTEREST INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2002	\$ 25,642	\$ 72,627	\$ 25,642

NON-INTEREST INCOME

For the third quarter of 2002, non-interest income totaled \$16.0 million, an increase of \$8.9 million, or 125%, over the prior year quarter. For the nine months ended September 30, 2002, non-interest income totaled \$42.5 million, an increase of \$21.1 million, or 99%, over the same period last year. The following table presents non-interest income by category for the periods presented:

(Dollars in thousands)	Three Months Ended September 30,		\$ Change	% Change
	2002	2001		
Trust, asset management and brokerage fees	\$ 6,725	\$ 486	6,239	1,283.7
Fees on mortgage loans sold	3,794	1,725	2,069	119.9
Service charges on deposit accounts	798	637	161	25.3
Gain on sale of premium finance receivables	656	1,265	(609)	(48.1)
Administrative services revenue	941	995	(54)	(5.4)
Fees from covered call options	1,320	1,132	188	16.6
Net available-for-sale securities gains (losses)	196	(57)	253	443.9
Other	1,527	918	609	66.3
Total non-interest income	\$ 15,957	\$ 7,101	8,856	124.7

(Dollars in thousands)	Nine Months Ended September 30,		\$ Change	% Change
	2002	2001		
Trust, asset management and brokerage fees	\$ 18,726	\$ 1,459	17,267	1,183.5
Fees on mortgage loans sold	7,745	5,197	2,548	49.0
Service charges on deposit accounts	2,289	1,790	499	27.9
Gain on sale of premium finance receivables	2,250	3,656	(1,406)	(38.5)
Administrative services revenue	2,694	3,137	(443)	(14.1)
Fees from covered call options	3,678	3,435	243	7.1
Net available-for-sale securities gains	43	315	(272)	(86.3)
Premium finance defalcation-partial settlement	1,250	--	1,250	N/M
Other	3,805	2,353	1,452	61.7
Total non-interest income	\$ 42,480	\$ 21,342	21,138	99.0

N/M = calculation not meaningful

Trust, asset management and brokerage fees comprise the trust and asset management revenue of Wayne Hummer Trust Company (previously known as Wintrust Asset Management Company) and the asset management fees, brokerage commissions, trading commissions and insurance product commissions at the Wayne Hummer Companies. The increase in this category, up \$6.2 million over the third quarter of 2001, is primarily attributable to the revenues from the Wayne Hummer Companies. Wintrust is committed to growing the trust and investment business in order to better service its customers and create a more diversified revenue stream. Non-interest income comprised approximately 27% of total net revenues in the third quarter of 2001. Primarily as a result of the Wayne Hummer Companies acquisition, this has increased to approximately 39% for the third quarter of 2002.

Fees on mortgage loans sold include income from originating and selling residential real estate loans into the secondary market. For the quarter ended September 30, 2002, these fees totaled \$3.8 million, an increase of \$2.1 million, or 120%, from the prior year third quarter and up from the \$1.9 million recorded in the second quarter of 2002. Although these fees are a continuous source of revenue, these fees continue to increase due to higher levels of mortgage origination volumes, particularly refinancing activity caused by the low level of mortgage interest rates. Management anticipates that the levels of refinancing activity may taper off slightly for the remainder of 2002, barring any further reductions in mortgage interest rates.

Service charges on deposit accounts totaled \$798,000 for the third quarter of 2002, an increase of \$161,000, or 25%, when compared to the same quarter of 2001. This increase was mainly due to a larger deposit base and a greater number of accounts at the banking subsidiaries. The majority of deposit service charges relates to customary fees on overdrawn accounts and returned items. The level of service charges received is substantially below peer group levels, as management believes in the philosophy of providing high quality service without encumbering that service with numerous activity charges.

The administrative services revenue contributed by Tricom added \$941,000 to total non-interest income in the third quarter of 2002, a decrease of \$54,000 from the third quarter of 2001 and an increase of \$10,000 from the second quarter of 2002. 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 had stagnated in previous quarters due to the general slowdown in the United States economy and the reduction in the placement of temporary staffing individuals by Tricom's customers. This business segment appears to be rebounding as exhibited by the slightly higher levels of revenue recorded by Tricom when compared to the first and second quarters of 2002. Tricom also earns interest and fee income from providing short-term accounts receivable financing to this same client base, which is included in the net interest income category.

Fees from covered call option transactions in the third quarter of 2002 increased by \$188,000 to \$1.3 million, compared to \$1.1 million in the same quarter last year. On a year-to-date basis, the Company has recognized \$3.7 million in fees in 2002 from this activity compared to \$3.4 million in 2001, an increase of \$243,000. During the first nine months of 2002, call option contracts were written against \$1.2 billion of underlying securities, compared to \$839 million in the first nine months of last year. The same security may be included in this total more than once to the extent that multiple call option contracts were written against it if the initial call option contracts were not exercised. The Company routinely enters into these transactions with the goal of enhancing its overall return on its investment portfolio. In the first nine months of both years, the Company wrote call options with terms of less than three months against certain U.S. Treasury and agency securities held in its portfolio for liquidity and other purposes. There were no outstanding call options at September 30, 2002, December 31, 2001 or September 30, 2001.

As a result of continued strong loan originations of premium finance receivables, Wintrust sold premium finance receivables to an unrelated third party in the third quarter of 2002 and recognized gains totaling \$656,000 related to this activity on sales of \$86.4 million of net receivables, compared with \$1.3 million of recognized gains in the third quarter of 2001 on sales of \$63.7 million. On a year-to-date basis, the Company recognized gains of \$2.2 million in 2002 on sales of \$222.4 million, compared to \$3.7 million in 2001 on sales of \$186.6 million. Recognized gains related to this activity are significantly influenced by the spread between the net yield on the loans sold and the rate, based on a fixed spread to LIBOR, passed on to the purchaser. This spread ranged from 3.62% to 5.51% in the first nine months of 2002 compared to a range of 5.96% to 6.77% in the same period last year. The net yield on the loans sold and the rates passed on to the purchaser typically do not react in a parallel fashion, therefore causing the spreads to vary from period to period. The

lower amount of gain recognized in the third quarter of 2002 compared to the prior year was influenced by significantly lower spreads (ranging from 3.62% to 3.70% in the third quarter of 2002, compared to 6.70% to 6.77% in the same period of 2001) as well as increased estimates of credit losses. During the first nine months of 2002, credit losses were estimated at 0.75% of the estimated average balances, compared to 0.25% in the first nine months of 2001. The increase was a result of a higher level of charge-offs in recent quarters in the overall premium finance receivables portfolio (see page 34 "Allowance for Loan Losses" for more detail). The lower gain recognized in 2002 was also significantly influenced by a reduction in the number of months these loans are estimated to be outstanding. This reduction was due to recent trends of early pay-downs as the economy has weakened, insurance rates have escalated and borrowers cancelled their existing insurance in favor of more cost-effective alternatives. The average terms of the loans in the first nine months of 2002 were estimated at approximately 8 months compared to 9 months in the same period last year. The applicable discount rate used in determining gains related to this activity was unchanged from the discount rate used in 2001.

At September 30, 2002, premium finance loans sold and serviced for others for which we retain a recourse obligation related to credit losses totaled approximately \$128.0 million. The recourse obligation is considered in computing the net gain on the sale of the premium finance receivables. At September 30, 2002, the remaining estimated recourse obligation carried in other liabilities is approximately \$671,000.

Credit losses incurred on loans sold are applied against the recourse obligation liability that is established at the date of sale. Credit losses, net of recoveries, in the first nine months of 2002 for premium finance receivables sold and serviced for others totaled \$24,000. At September 30, 2002, non-performing loans related to this sold portfolio were approximately \$1.9 million, or 1.52%, of the sold loans. Ultimate losses on premium finance loans are substantially less than non-performing loans for the reason noted in the "Non-performing Premium Finance Receivables" portion of the "Asset Quality" section of this report on page 37.

Wintrust has a philosophy of maintaining its average loan-to-deposit ratio in the range of 85-90%. During the third quarter of 2002, the ratio was approximately 86%. Consistent with Wintrust's strategy to be asset-driven and the desire to maintain our loan-to-deposit ratio in the aforementioned range, it is probable that similar sales of premium finance receivables will occur in the future.

For the first nine months of 2002, total non-interest income was \$42.5 million, an increase of \$21.1 million, or 99%, compared to the same period in 2001. Excluding the impact of the Wayne Hummer Companies which contributed \$17.7 million of non-interest revenue, and the \$1.25 million received in partial settlement of the premium finance defalcation that was recovered in the first quarter of 2002, non-interest income for the first nine months of 2002 increased by \$2.2 million, or 10%, compared to the first nine months of 2001. This increase was comprised of increased fees on mortgage loans sold from originating and selling residential real estate loans into the secondary market of \$2.5 million, higher service charges on deposit accounts of \$499,000 due to a larger deposit base and a greater number of accounts at the Banks and higher other miscellaneous sources of revenue totaling \$1.1 million, offset by decreases in recognized gains related to the sale of premium finance receivables to an unrelated third party of \$1.4 million, lower administrative services revenue contributed by Tricom of \$443,000 and lower net securities gains of \$272,000.

NON-INTEREST EXPENSE

Non-interest expense for the third quarter of 2002 totaled \$27.9 million, an increase of \$11.6 million, or 71%, from the third quarter 2001 total of \$16.3 million. Operating expenses of the Wayne Hummer Companies, the continued growth and expansion of the Banks through the establishment of additional branches and the growth in the premium finance business are the major causes for this increase. Since September 30, 2001, total deposits and total loans have both increased 36%, requiring higher levels of staffing and resulting in an increase in other costs in order to both attract and service the larger customer base. Excluding the impact of the Wayne Hummer Companies, total non-interest expense increased \$4.3 million, or 26%, when compared to the third quarter of 2001, below the pace of the balance sheet growth.

The following table presents non-interest expense by category for the periods presented:

(Dollars in thousands)	Three Months Ended September 30,		\$ Change	% Change
	2002	2001		
Salaries and employee benefits	\$ 16,863	\$ 9,031	7,832	86.7
Occupancy, net	1,700	1,238	462	37.3
Equipment	1,760	1,561	199	12.7
Data processing	1,073	860	213	24.8
Advertising and marketing	596	411	185	45.0
Professional fees	737	459	278	60.6
Amortization of goodwill	--	152	(152)	(100.0)
Amortization of other intangibles	120	17	103	605.9
Other	5,095	2,610	2,485	95.2
Total non-interest expense	\$ 27,944	\$ 16,339	11,605	71.0

(Dollars in thousands)	Nine Months Ended September 30,		\$ Change	% Change
	2002	2001		
Salaries and employee benefits	\$ 45,625	\$ 26,244	19,381	73.8
Occupancy, net	4,853	3,660	1,193	32.6
Equipment	5,286	4,627	659	14.2
Data processing	3,129	2,512	617	24.6
Advertising and marketing	1,653	1,144	509	44.5
Professional fees	2,033	1,524	509	33.4
Amortization of goodwill	--	465	(465)	(100.0)
Amortization of other intangibles	237	51	186	364.7
Other	13,713	8,365	5,348	63.9
Total non-interest expense	\$ 76,529	\$ 48,592	27,937	57.5

On a year-to-date basis, non-interest expense totaled \$76.5 million, an increase of \$27.9 million, or 57%, over the first nine months of 2001. The Wayne Hummer Companies contributed \$19.3 million of this increase. The \$8.6 million increase excluding the Wayne Hummer Companies is predominantly due to a \$5.5 million increase in salaries and employee benefits costs and the higher general operating costs associated with operating additional and larger banking offices. Despite balance sheet growth in loans and deposits of 36%, Wintrust's net overhead ratio, excluding the impact of the Wayne Hummer Companies, decreased from 1.62% for the first nine months of 2001 to 1.47% for the comparable period in 2002.

Salaries and employee benefits totaled \$16.9 million for the third quarter of 2002, an increase of \$7.8 million, or 87%, as compared to the prior year's third quarter total of \$9.0 million. This increase was primarily due to the employee costs associated with the Wayne Hummer Companies, increases in salaries and employee benefit costs as a result of continued growth and expansion of the banking franchise, commissions associated with increased mortgage loan origination activity and normal annual increases in salaries and employee benefit costs. Excluding the impact of the Wayne Hummer

Companies, total salaries and employee benefits expense increased \$2.6 million, or 29%, when compared to the third quarter of 2001 and increased by \$1.6 million, or 16%, when compared to the second quarter of 2002. Commissions paid to mortgage originators contributed \$738,000 and \$605,000 of the increase in salaries and employee benefits over the third quarter of 2001 and the second quarter of 2002, respectively.

Other categories of non-interest expense, such as occupancy costs, equipment expense, data processing and other expense, also increased over the prior year third quarter due to the acquisition of the Wayne Hummer Companies.

Amortization expense related to goodwill and other intangibles totaled \$120,000 for the third quarter of 2002, compared with \$169,000 in the third quarter of 2001. See Note 12 - Goodwill and Other Intangible Assets to the Company's unaudited consolidated financial statements for a detailed discussion of intangible amortization.

INCOME TAXES

The Company recorded income tax expense of \$3.6 million for the three months ended September 30, 2002 versus \$2.8 million for the same period of 2001. On a year-to-date basis, income tax expense was \$10.7 million in 2002 and \$7.6 million in 2001. The effective tax rate was 33.3% in the third quarter of 2002 and 35.7 % in the third quarter of 2001.

OPERATING SEGMENT RESULTS

As shown in Note 9 to the unaudited consolidated financial statements, the Company's operations consist of five primary segments: banking, premium finance, indirect auto, Tricom and trust/asset management/brokerage. The Company's profitability is primarily dependent on the net interest income, provision for loan losses, non-interest income and operating expenses of its banking segment.

For the third quarter of 2002, the banking segment's net interest income totaled \$22.6 million, an increase of \$4.7 million, or 26%, as compared to \$17.9 million recorded in the same quarter of 2001. This increase was the direct result of earning asset growth, particularly in the loan portfolio. The banking segment's non-interest income totaled \$7.4 million for the third quarter of 2002 and increased \$2.9 million, or 64%, when compared to the prior year quarterly total of \$4.5 million. Contributing to this increase was a \$2.1 million increase in fees on mortgage loans sold. The banking segment's after-tax profit for the quarter ended September 30, 2002, totaled \$7.8 million, an increase of \$2.4 million, or 45%, as compared to the prior year quarterly total of \$5.4 million. On a year-to-date basis, net interest income totaled \$66.2 million for the first nine months of 2002, an increase of \$14.7 million, or 28%, as compared to the \$51.5 million recorded last year. Non-interest income increased \$3.4 million to \$16.8 million in the first nine months of 2002. This increase was due primarily to a \$2.5 million increase in fees on mortgage loans sold resulting from higher levels of refinancing activity as well as increased service charges on deposit accounts of \$499,000 due to a larger deposit base and a greater number of accounts at the banking subsidiaries. The banking segment's after-tax profit for the nine months ended September 30, 2002, totaled \$21.1 million, an increase of \$5.9 million, or 39%, as compared to the prior year total of \$15.2 million. The banking segment accounted for the majority of the Company's total asset growth since September 30, 2001, increasing by \$980 million.

Net interest income from the premium finance segment totaled \$8.6 million for the quarter ended September 30, 2002, an increase of \$1.7 million, or 25%, over the \$6.9 million recorded in the same quarter of 2001. This improvement was due to an increase in average premium finance receivables of approximately 35%. Non-interest income for the three months ended September 30, 2002 totaled \$656,000 million, compared to \$1.3 million in the same quarter of 2001. Gains from the sale of premium finance receivables decreased by \$609,000 compared to the same period last year. After-tax profit for the premium finance segment totaled \$3.4 million for the three-month period ended September 30, 2002, an increase of \$555,000, or 19%, over the same period of 2001. This increase was due to higher levels of premium finance receivables resulting from targeted marketing programs and market increases in insurance premiums charged by insurance carriers. On a year-to-date basis, net interest income totaled \$24.8 million for the first nine months of 2002, an increase of \$5.4 million, or 28%, as compared to the \$19.4 million recorded in the same period last year. Non-interest income decreased \$114,000 to \$3.5 million in the first nine months of 2002. The proceeds from a partial settlement during the first quarter of 2002 related to the premium finance defalcation which occurred and was recognized in 2000 of \$1.25 million was offset by a decrease of \$1.4 million on gains from the sale of premium finance receivables compared to the same period last

year. The premium finance segment's after-tax profit for the nine months ended September 30, 2002 totaled \$10.8 million, an increase of \$3.2 million, or 42%, as compared to the prior year period total of \$7.6 million.

The indirect auto segment recorded \$2.0 million of net interest income for the third quarter of 2002, an increase of \$218,000, or 12%, as compared to the 2001 quarterly total. Average outstanding loans decreased 3% in the third quarter of 2002, compared to the same quarter of 2001. After-tax segment profit totaled \$916,000 for the three-month period ended September 30, 2002, an increase of \$290,000, or 46%, when compared to the same period of 2001. The increase in this segment's profitability was caused mainly by lower variable rate funding costs in the third quarter of 2002 contributing to the higher levels of net interest income. On a year-to-date basis, net interest income totaled \$6.1 million for the first nine months of 2002, an increase of \$1.3 million, or 26%, as compared to the \$4.8 million recorded in the same period last year. The indirect auto segment's after-tax profit for the nine months ended September 30, 2002 totaled \$2.5 million, an increase of \$896,000, or 58%, as compared to the prior year period total of \$1.6 million. Consistent with the after-tax profit contribution in the third quarter of 2002, year-to-date profitability was positively impacted due to lower variable rate funding costs.

The Tricom segment data reflects the net interest income, non-interest income and segment profit associated with short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, that Tricom provides to its clients in the temporary staffing industry. The Tricom segment reported net interest income of \$1.2 million for the third quarter of 2002, an increase of \$217,000, or 22%, compared to \$976,000 reported in the same period of 2001. Non-interest income was \$940,000 in the third quarter of 2002, a decrease of \$55,000, or 6%, compared to \$995,000 in the third quarter of 2001. The segment's after-tax profit was \$466,000 in the third quarter of 2002, an increase of \$149,000, or 47%, as compared to the prior year third quarter of \$317,000. On a year-to-date basis, net interest income totaled \$3.2 million for the first nine months of 2002, an increase of \$366,000, or 13%, as compared to the \$2.8 million recorded in the first nine months of 2001. Non-interest income decreased \$443,000 to \$2.7 million in the first nine months of 2002. The Tricom segment's after-tax profit for the nine months ended September 30, 2002, totaled \$1.2 million, an increase of \$304,000, or 33%, as compared to \$919,000 in the first nine months of 2001. As discussed in Note 12 - Goodwill and Other Intangible Assets to the Company's unaudited consolidated financial statements, Tricom benefited from the adoption of SFAS 142. Ceasing amortization of goodwill contributed \$86,000 to the segment's after-tax profit in the third quarter of 2002 and \$258,000 to the segment's year-to-date 2002 after-tax profits.

The trust, asset management and brokerage segment reported net interest income of \$1.2 million for the third quarter of 2002 compared to \$188,000 for the same period last year. The rise in net interest income reported is due to the net interest allocated to the segment from non-interest bearing and interest-bearing account balances on deposit at the Banks and an increase in the segment's earning assets, primarily the interest-bearing brokerage customer receivables at WHI. This segment recorded non-interest income of \$7.1 million for the third quarter of 2002 as compared to \$486,000 for the same quarter of 2001, an increase of \$6.6 million. The increase is attributable to the revenues from the Wayne Hummer Companies. Wintrust is committed to growing the trust and investment business in order to better service its customers and create a more diversified revenue stream. The trust, asset management and brokerage segment's after-tax profit totaled \$35,000 for the three-month period ended September 30, 2002, as compared to an after-tax loss of \$114,000 for the same period of 2001. On a year-to-date basis, net interest income totaled \$2.6 million for the first nine months of 2002, an increase of \$2.0 million over the \$540,000 recorded last year. Non-interest income increased \$17.9 million to \$19.4 million in the first nine months of 2002. The increase is attributable to the revenues from the Wayne Hummer Companies. This segment's after-tax loss for the nine months ended September 30, 2002, totaled \$194,000, an improvement of \$224,000 as compared to the prior year loss of \$418,000. The increased contribution in net interest income and after tax profit in the third quarter of 2002 and the year-to-date 2002 results from this segment were primarily the result of the migration of funds from the money market mutual fund balances managed by WHAMC into deposit accounts of the Banks. See Note 5 - Deposits on page 7 for additional information on these deposits.

FINANCIAL CONDITION

Total assets were \$3.58 billion at September 30, 2002, an increase of \$1.1 billion, or 42%, over \$2.52 billion at September 30, 2001, and \$871 million, or 43% on an annualized basis, over \$2.71 billion at December 31, 2001. Growth at the newer Banks and branches along with market share increases at the more mature Banks and the addition of the Wayne

Hummer Companies were the primary factors for the increases since year-end, adding \$796 million and \$75 million in total assets, respectively. Total funding, which includes retail deposits, wholesale borrowings and Long-term Debt-Trust Preferred Securities, was \$3.28 billion at September 30, 2002, an increase of \$939 million, or 40%, over the September 30, 2001 reported amounts, and \$745 million, or 39% on an annualized basis, since December 31, 2001. The increased funding was primarily utilized to fund growth in the loan portfolio of \$660 million since September 30, 2001 and \$465 million since year-end. See Notes 3-7 of the Company's unaudited consolidated financial statements on pages 6-8 for additional period-end detail.

During the third quarter, the Company purchased \$41.1 million of Bank Owned Life Insurance ("BOLI"). The BOLI policies were purchased to consolidate existing term life insurance contracts of executive officers to mitigate the mortality risk associated with death benefits provided for in the executives' employment contracts. The BOLI balances are included in "Accrued interest receivable and other assets" on the Company's consolidated statement of condition. Adjustments to the cash surrender value of the BOLI policies are recorded as non-interest income. As a non-interest earning asset, the purchase of the BOLI policies in the third quarter of 2002 contributed three basis points to the decline in net interest margin as compared to the second quarter of 2002.

INTEREST-EARNING ASSETS

The following table sets forth, by category, the composition of average earning asset balances and the relative percentage of total average earning assets for the periods presented:

(Dollars in thousands)	THREE MONTHS ENDED					
	SEPTEMBER 30, 2002		June 30, 2002		September 30, 2001	
	BALANCE	PERCENT	Balance	Percent	Balance	Percent
Loans:						
Commercial and commercial real estate	\$ 1,171,503	37 %	\$ 1,059,413	38 %	\$ 836,998	38 %
Home equity	335,980	11	304,674	11	221,167	10
Residential real estate (1)	186,696	6	161,663	6	146,298	7
Premium finance receivables	491,486	16	432,603	16	362,875	16
Indirect auto loans	185,173	6	183,209	6	190,622	8
Tricom finance receivables	20,274	1	18,436	1	17,977	1
Other loans	61,127	2	58,970	2	72,531	3
Total loans, net of unearned income	\$ 2,452,239	79 %	\$ 2,218,968	80 %	\$ 1,848,468	83 %
Liquidity management assets (2)	611,355	19	484,483	17	372,353	17
Other earning assets (3)	56,836	2	71,100	3	--	--
Total earning assets	\$ 3,120,430	100 %	\$ 2,774,551	100 %	\$ 2,220,821	100 %
Total assets	\$ 3,392,669		\$ 2,992,133		\$ 2,405,547	
Total earning assets to total assets		92 %		93 %		92 %
(1) Includes mortgages held for sale						
(2) Liquidity management assets include available-for-sale securities, interest earning deposits with banks and federal funds sold.						
(3) Other earning assets include brokerage customer receivables and trading account securities.						

Average earning assets for the third quarter of 2002 increased \$346 million, or 49% on an annualized basis, over the second quarter of 2002. The ratio of average earning assets as a percent of total average assets remained consistent at approximately 92% - 93% as of each reporting period date shown in the above table.

Loan growth continued to fuel the Company's earning asset growth in the third quarter of 2002. Total average loans increased by \$233 million over the previous quarter. Commercial and commercial real estate loans grew on average by 42%, home equity by 41% and premium finance receivables by 54%, all on an annualized basis, over the second quarter of 2002. The residential real estate average loan growth is attributable to the growth in average balances of mortgages held for sale.

Average earning assets for the third quarter of 2002, increased \$900 million, or 41%, over the year-earlier third quarter. Average loans accounted for \$604 million of the total average earning asset growth. Average other earning assets, comprising the trading account securities and brokerage customer receivables as a result of the acquisition of the Wayne Hummer Companies, contributed \$57 million to total average earning asset growth.

In the normal course of business, Wayne Hummer Investments, LLC ("WHI") activities involve the execution, settlement, and financing of various securities transactions. These activities may expose WHI to risk in the event the customer is unable to fulfill its contractual obligations. WHI maintains cash and margin accounts for its customers generally located in the Chicago, Illinois and Appleton, Wisconsin metropolitan areas of the Midwest.

WHI's customer securities activities are transacted on either a cash or margin basis. In margin transactions, WHI extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in customer's accounts. In connection with these activities, WHI executes and clears customer transactions relating to the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose WHI to off-balance-sheet risk, particularly in volatile trading markets, in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, WHI may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. WHI seeks to control the risks associated with its customers' activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. WHI monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

WHI's customer financing and securities settlement activities require WHI to pledge customer securities as collateral in support of various secured financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities pledged as collateral, WHI may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. WHI attempts to control this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure. In addition, WHI establishes credit limits for such activities and monitors compliance on a daily basis.

The following table sets forth, by category, the composition of average earning asset balances and the relative percentage of total average earning assets for the periods presented:

(Dollars in thousands)	NINE MONTHS ENDED			
	SEPTEMBER 30, 2002		September 30, 2001	
	BALANCE	PERCENT	Balance	Percent
Loans:				
Commercial and commercial real estate	\$ 1,073,017	38 %	\$ 751,938	37 %
Home equity	305,475	11	199,060	10
Residential real estate (1)	172,560	6	145,907	7
Premium finance receivables	445,814	16	355,553	17
Indirect auto loans	184,586	6	191,904	9
Tricom finance receivables	18,954	1	18,447	1
Other loans	61,651	2	70,164	3
Total loans, net of unearned income	\$ 2,262,057	80 %	\$ 1,732,973	84 %
Liquidity management assets (2)	517,856	18	331,602	16
Other earning assets (3)	57,663	2	--	--
Total earning assets	\$ 2,837,576	100 %	\$ 2,064,575	100 %
Total assets	\$ 3,068,189		\$ 2,245,797	
Total earning assets to total assets		92 %		92 %
(1) Includes mortgages held for sale.				
(2) Liquidity management assets include available-for-sale securities, interest earning deposits with banks and federal funds sold.				
(3) Other earning assets include brokerage customer receivables and trading account securities.				

Average earning assets for the nine months ended September 30, 2002 increased \$773 million, or 37%, over the first nine months of 2001. The ratio of year-to-date total average earning assets as a percent of year-to-date total average assets remained stable at approximately 92% for each reporting period shown in the above table, consistent with this ratio on a quarterly basis. Loan growth has fueled the Company's year-to-date total earning asset growth in 2002. Total average loans increased by \$529 million in the first nine months of 2002 over the same period in the previous year. Commercial and commercial real estate loans grew on average by 43%, home equity by 53% and premium finance receivables by 25% in the first nine months of 2002 compared to the first nine months of 2001.

DEPOSITS

The following table sets forth, by category, the composition of average deposit balances and the relative percentage of total average deposits for the periods presented:

(Dollars in thousands)	THREE MONTHS ENDED					
	SEPTEMBER 30, 2002		June 30, 2002		September 30, 2001	
	BALANCE	PERCENT	Balance	Percent	Balance	Percent
Non-interest bearing	\$ 274,325	10 %	\$ 241,180	10 %	\$ 212,189	10 %
NOW	316,889	11	286,013	12	214,208	10
Brokerage customer deposits	152,723	5	14,631	1	--	--
Money market	374,147	13	364,754	15	305,384	14
Savings	136,551	5	130,247	5	121,664	6
Time certificate of deposits	1,559,234	56	1,407,602	57	1,263,841	60
Total deposits	\$ 2,813,869	100	\$ 2,444,427	100	\$ 2,117,286	100 %

Total average deposits for the third quarter of 2002 were \$2.81 billion, an increase of \$697 million, or 33%, over the third quarter of 2001 and an increase of \$369 million, or 60% on an annualized basis, over the second quarter of 2002.

As previously disclosed, following its acquisition of the Wayne Hummer Companies in February 2002, Wintrust has undertaken efforts to migrate funds from the money market mutual fund balances managed by Wayne Hummer Asset Management Company into deposit accounts of the Wintrust Banks ("Brokerage customer deposits" in table above). Consistent with reasonable interest rate risk parameters, the funds will generally be invested in excess loan production of the Banks as well as other investments suitable for banks. As of September 30, 2002, \$179.8 million had migrated into an insured bank deposit product at the various Banks. The migration of additional funds to the Banks is subject to the desire of the customers to make the transition of their funds into FDIC-insured bank accounts, capital capacity of the Company and the availability of suitable investments in which to deploy the funds. As of October 31, 2002, a total of approximately \$195 million was resident in this account and Wintrust estimates that approximately \$200 to \$300 million may migrate to the Banks by the end of 2002. Excluding these deposits, average deposits increased \$231, or 38% on an annualized basis, over the second quarter of 2002.

OTHER FUNDING SOURCES

Although deposits are the Company's main source of funding its interest-earning asset growth, the Company's ability to manage the types and terms of deposits is somewhat limited by customer preferences and market competition. As a result, the Company uses several other funding sources to support its interest-earning asset growth. These sources include short-term borrowings, notes payable, FHLB advances, trust preferred securities, the issuance of equity securities as well as the retention of earnings.

Average total interest-bearing funding, from sources other than deposits and including trust preferred securities, decreased by \$15 million in the third quarter of 2002 to \$306 million, compared to the second quarter of 2002 average balance of \$321 million. These funding sources increased by \$187 million compared to the third quarter of 2001 average total balance of \$118 million.

The following table sets forth, by category, the composition of average other funding sources for the periods presented:

(In thousands)	THREE MONTHS ENDED		
	SEPTEMBER 30, 2002	June 30, 2002	September 30, 2001
Notes payable	\$ 50,429	\$ 66,323	\$ 25,261
Federal Home Loan Bank advances	139,900	104,938	22,500
Federal funds purchased	3,318	24,386	886
Securities sold under repurchase agreements	21,665	19,230	18,582
Wayne Hummer Companies borrowings	34,366	49,648	--
Other	5,000	5,000	--
Long-term Debt - Trust Preferred Securities	51,050	51,050	51,050
Total other funding sources	\$ 305,728	\$ 320,575	\$ 118,279

The Wayne Hummer Companies borrowings consist of demand obligations to third party banks primarily collateralized with customer assets at interest rates approximating the fed funds rate that are used to finance securities purchased by customers on margin and securities owned by WHI and demand obligations to brokers and clearing organizations at rates approximating fed funds. The decrease in the average balance in the third quarter of 2002 compared to the second quarter of 2002 is a result of lower balances required to finance securities purchased by customers on margin.

During 2001, Wintrust initiated borrowing from the Federal Home Loan Bank ("FHLB"). The Company initially borrowed from the FHLB in the third and fourth quarters of 2001 and borrowed an additional \$50 million in the second quarter of 2002 as part of the Company's interest rate risk management.

Other represents the Company's interest-bearing deferred portion of the purchase price of the Wayne Hummer Companies.

Subsequent to the end of the third quarter, the Company renewed its revolving loan agreement ("Agreement") with an unaffiliated bank (notes payable in above table). The total amount of the Agreement was increased to \$75 million, comprised of a \$50 million revolving note that matures on December 31, 2003 and a \$25 million revolving note that matures on February 27, 2006. This renewal increased the Company's available funding by \$5 million over the amount provided under the previous Agreement. Additionally, subsequent to the end of the third quarter, the Company completed a \$25 million subordinated debt agreement with an unaffiliated bank.

SHAREHOLDERS' EQUITY

Total shareholders' equity was \$218.0 million at September 30, 2002 and increased \$80.0 million since September 30, 2001 and \$76.8 million since the end of 2001. The increase from year-end was the result of the Company's issuance of 762,742 shares, or \$15.0 million, of its common stock in the acquisition of the Wayne Hummer Companies, issuance of 1,362,750 shares of common stock through an underwritten public offering completed in July 2002 (including the sale of shares subject to the underwriters' over-allotment option), through which the Company realized net proceeds of approximately \$36.5 million, net income of \$20.0 million, \$5.7 million of proceeds from the issuance of the Company's common stock as the result of the exercise of stock options and warrants and through the Company's employee stock purchase plan and director compensation plan, a \$1.5 million decrease in the unrealized loss on securities and derivative financial instruments offset by \$1.9 million of cash dividends paid on the Company's common stock. The annualized return on average equity for the nine months ended September 30, 2002 decreased to 14.98% as compared to 15.44% for the first nine months of 2001.

On June 14, 2002 Wintrust announced the closing of an underwritten public offering of 1,185,000 shares of common stock at a price of \$28.70 per share. Wintrust sold all 1,185,000 shares of common stock. In connection with the offering, Wintrust granted the underwriters of the offering a 30-day over-allotment option to purchase up to an additional 177,750 shares, which was exercised and closed in July, 2002. Net proceeds to the Company, including the over-allotment option

and after deducting the underwriting discount and estimated offering expenses, were approximately \$36.5 million. The net proceeds of this offering will be used to increase the capital at our existing Banks, to pursue growth opportunities (internal, additional de novo locations and possible acquisitions) and for general corporate purposes.

The following tables reflect various consolidated measures of capital as of the dates presented and the capital guidelines established by the Federal Reserve Bank for a bank holding company:

	SEPTEMBER 30, 2002	December 31, 2001	September 30, 2001
Leverage ratio	7.2 %	7.1 %	7.3 %
Tier 1 risk-based capital ratio	8.0	7.7	8.1
Total risk-based capital ratio	8.6	8.5	9.0
Dividend payout ratio	7.7	7.4	7.4
	Minimum Capital Requirements	Adequately Capitalized	Well 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 attempts to maintain an efficient capital structure in order to provide higher returns on equity. Additional capital is required from time to time, however, to support the growth of the organization. The issuance of additional common stock, additional trust preferred securities or subordinated debt are the primary forms of capital that are considered as the Company evaluates its capital position. As previously discussed, subsequent to the end of the third quarter, the Company completed a \$25 million subordinated debt agreement with an unaffiliated bank. This amount, in its entirety, qualifies as Tier II regulatory capital. The Company's total risk-based capital ratio at September 30, 2002 would have been 9.4%, had this amount been included.

On January 24, 2002, Wintrust declared a semi-annual cash dividend of \$0.06 per common share. In July, the Company also declared a semi-annual cash dividend of \$0.06 per common share, paid August 20, 2002 to shareholders of record on August 6, 2002. Both 2002 semi-annual dividends represent a 29% increase over the comparable dividends per share paid in 2001.

The Company has repurchased no shares of the Company's common stock since the third quarter of 2000.

ASSET QUALITY

ALLOWANCE FOR LOAN LOSSES

A reconciliation of the activity in the balance of the allowance for loan losses for the periods presented is shown below:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
BALANCE AT BEGINNING OF PERIOD	\$ 16,009	\$ 12,111	\$ 13,686	\$ 10,433
PROVISION FOR LOAN LOSSES	2,504	2,100	7,335	6,002
CHARGE-OFFS:				
Commercial and commercial real estate loans	379	359	782	734
Home equity loans	--	25	--	25
Residential real estate loans	3	11	3	24
Consumer and other loans	24	7	172	27
Premium finance receivables	1,034	751	2,878	2,299
Indirect automobile loans	165	251	640	741
Tricom finance receivables	1	--	10	--
Total charge-offs	1,606	1,404	4,485	3,850
RECOVERIES:				
Commercial and commercial real estate loans	144	152	279	156
Home equity loans	--	--	--	--
Residential real estate loans	--	--	--	--
Consumer and other loans	3	--	15	--
Premium finance receivables	111	73	240	202
Indirect automobile loans	33	62	103	151
Tricom finance receivables	1	--	26	--
Total recoveries	292	287	663	509
NET CHARGE-OFFS	(1,314)	(1,117)	(3,822)	(3,341)
BALANCE AT SEPTEMBER 30	\$ 17,199	\$ 13,094	\$ 17,199	\$ 13,094
Annualized net charge-offs as a percentage of average:				
Commercial and commercial real estate loans	0.08 %	0.10 %	0.06 %	0.10 %
Home equity loans	--	0.04	--	0.02
Residential real estate loans	0.01	0.03	--	0.02
Consumer and other loans	0.14	0.04	0.34	0.05
Premium finance receivables	0.75	0.74	0.79	0.79
Indirect automobile loans	0.28	0.39	0.39	0.41
Tricom finance receivables	--	--	(0.11)	--
Total loans	0.21 %	0.24 %	0.23 %	0.26 %
Net charge-offs as a percentage of the provision for loan losses	52.48 %	53.19 %	52.11 %	55.66 %
Loans at September 30			\$ 2,483,892	\$ 1,823,801
Allowance as a percentage of loans at period-end			0.69 %	0.72 %

Management believes that the loan portfolio is well diversified and well secured, without undue concentration in any specific risk area. Loan quality is continually monitored by management and is reviewed by the Banks' Boards of Directors and their Credit Committees on a monthly basis. Independent external review of the loan portfolio is provided by the examinations conducted by regulatory authorities and an independent loan review performed by an entity engaged by the Board of Directors. The amount of additions to the allowance for loan losses, which is charged to earnings through

the provision for loan losses, is determined based on management's assessment of the adequacy of the allowance for loan losses. Management evaluates on a quarterly basis a variety of factors, including actual charge-offs during the year, historical loss experience, delinquent and other potential problem loans, and economic conditions and trends in the market area in assessing the adequacy of the allowance for loan losses.

The provision for loan losses totaled \$2.5 million for the third quarter of 2002, an increase of \$404,000 from a year earlier. For the quarter ended September 30, 2002, net charge-offs totaled \$1.3 million, up from the \$1.1 million of net charge-offs recorded in the same period of 2001. On a ratio basis, annualized net charge-offs as a percentage of average loans decreased to 0.21% in the third quarter of 2002 from 0.24% in the same period in 2001.

On a year-to-date basis, the provision for loan losses totaled \$7.3 million for the first nine months of 2002, an increase of \$1.3 million over the same period last year. Net charge-offs for the first nine months of 2002 increased to \$3.8 million, a \$481,000 or 14% increase over the \$3.3 million recorded in the same period last year. On a ratio basis, annualized net charge-offs as a percentage of average loans decreased to 0.23% for the first nine months of 2002 from 0.26% in the first nine months of 2001.

The allowance for loan losses is maintained at a level believed adequate by management to cover losses inherent in the portfolio and is based on an assessment of individual problem loans, actual and anticipated loss experience and other pertinent factors. The allowance for loan losses consists of an allocated and unallocated component. The Company reviews potential problem loans on a case-by-case basis to allocate a specific dollar amount of reserves, whereas all other loans are reserved for based on assigned reserve percentages evaluated by loan groupings. The loan groupings utilized by the Company are commercial, commercial real estate, residential real estate, home equity, premium finance receivables, indirect automobile, Tricom finance receivables and consumer. The reserve percentages applied to these loan groups attempts to account for the inherent risk in the portfolio based upon various factors including industry concentration, geographical concentrations, local and national economic indicators, levels of delinquencies, historical loss experience including an analysis of the lack of maturity in the loan portfolio, changes in trends in risk ratings assigned to loans, changes in underwriting standards and other pertinent factors. The unallocated portion of the allowance for 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 loss allocation factors. Management believes the unallocated portion of the allowance for loan losses is necessary due to the imprecision inherent in estimating expected future credit losses. The amount of future additions to the allowance for loan losses will be dependent upon the economy, changes in real estate values, interest rates, the regulatory environment, the level of past-due and non-performing loans, and other factors. (See "Past Due Loans and Non-performing Assets" below).

The increase in the allowance for loan losses of \$3.5 million from December 31, 2001 to September 30, 2002 is primarily related to growth in the commercial and commercial real estate portfolio of \$242.8 million, or 32% on an annualized basis and growth in the premium finance receivables portfolio of \$122.3 million, or 47% on an annualized basis. The allowance for loan losses as a percentage of total loans was 0.69% at September 30, 2002 compared to 0.72% at September 30, 2001. The commercial and commercial real estate portfolios and the premium finance portfolio have traditionally experienced the highest levels of charge-offs by the Company, along with losses related to the indirect automobile portfolio. The level of the allowance for loan losses was not impacted significantly by changes in the amount or credit risk associated with the indirect automobile loan portfolio as that portfolio has increased by only \$456,000 from the prior year and the allocated loss has been reduced due to improvement in the delinquencies, underwriting standards and collection routines.

PAST DUE LOANS AND NON-PERFORMING ASSETS

The following table sets forth the Company's non-performing assets as of the dates presented:

(Dollars in thousands)	SEPTEMBER 30, 2002	June 30, 2002	December 31, 2001	September 30, 2001
PAST DUE GREATER THAN 90 DAYS AND STILL ACCRUING:				
Residential real estate and home equity	\$ 306	\$ 16	\$ 168	\$ 928
Commercial, consumer and other	2,247	1,055	1,059	495
Premium finance receivables	2,170	2,141	2,402	3,131
Indirect automobile loans	384	340	361	384
Tricom finance receivables	--	--	--	--
Total past due greater than 90 days and still accruing	5,107	3,552	3,990	4,938
NON-ACCRUAL LOANS:				
Residential real estate and home equity	346	401	1,385	869
Commercial, consumer and other	1,430	1,528	1,180	900
Premium finance receivables	4,731	5,417	5,802	6,042
Indirect automobile loans	409	163	496	364
Tricom finance receivables	75	104	104	207
Total non-accrual	6,991	7,613	8,967	8,382
TOTAL NON-PERFORMING LOANS:				
Residential real estate and home equity	652	417	1,553	1,797
Commercial, consumer and other	3,677	2,583	2,239	1,395
Premium finance receivables	6,901	7,558	8,204	9,173
Indirect automobile loans	793	503	857	748
Tricom finance receivables	75	104	104	207
Total non-performing loans	12,098	11,165	12,957	13,320
OTHER REAL ESTATE OWNED	353	756	100	244
TOTAL NON-PERFORMING ASSETS	\$ 12,451	\$ 11,921	\$ 13,057	\$ 13,564
Total non-performing loans by category as a percent of its own respective category:				
Residential real estate and home equity	0.13 %	0.09 %	0.39 %	0.49 %
Commercial, consumer and other	0.28	0.22	0.21	0.15
Premium finance receivables	1.47	1.64	2.36	2.73
Indirect automobile loans	0.43	0.27	0.47	0.39
Tricom finance receivables	0.36	0.54	0.57	1.08
Total non-performing loans	0.49 %	0.48 %	0.64 %	0.73 %
Total non-performing assets as a percentage of total assets	0.35 %	0.37 %	0.48 %	0.54 %
Allowance for loan losses as a percentage of non-performing loans	142.16 %	143.39 %	105.63 %	98.30 %

The information in the table should be read in conjunction with the detailed discussion following the table.

Non-performing Residential Real Estate, Commercial, Consumer and Other Loans

Total non-performing loans for Wintrust's residential real estate, commercial, consumer and other loans were \$4.3 million, up from the \$3.0 million reported at June 30, 2002, and from the \$3.8 million reported at December 31, 2001. These loans consist primarily of a small number of commercial, residential real estate and home equity 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 the status of these credits and work with the borrowers to resolve these problems effectively.

Non-performing Premium Finance Receivables

The table below presents the level of non-performing premium finance receivables as of September 30, 2002 and 2001, and the amount of net charge-offs for the nine months then ended.

(Dollars in thousands)	SEPTEMBER 30, 2002	September 30, 2001
Non-performing premium finance receivables	\$ 6,901	\$ 9,173
- as a percent of premium finance receivables	1.47%	2.73%
Net charge-offs of premium finance receivables	\$ 2,638	\$ 2,097
- annualized as a percent of premium finance receivables	0.79%	0.79%

The improvement in the level of non-performing premium finance receivables since September 30, 2001 is indicative of actions taken by management. As noted in Wintrust's prior quarterly earnings releases in 2001, Wintrust has eliminated more than 1,300 relationships with certain insurance agents that were referring new business to our premium finance subsidiary that had relatively small balances and higher than normal delinquency rates. The business associated with those accounts has become a less significant percent of the entire portfolio and is nearly extinguished. Management continues to see progress in this portfolio and continues to expect the level of non-performing loans related to this portfolio to remain at relatively low levels.

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

Non-performing Indirect Automobile Loans

Total non-performing indirect automobile loans were \$793,000 at September 30, 2002, decreasing from \$857,000 at December 31, 2001 and up slightly from \$748,000 at September 30, 2001. The ratio of these non-performing loans to total indirect automobile loans decreased to 0.43% of total indirect automobile loans at September 30, 2002 from 0.47% at December 31, 2001 and increased slightly from 0.39% at September 30, 2001. As noted in the Allowance for Loan Losses table, net charge-offs as a percent of total indirect automobile loans has decreased from 0.39% in the third quarter of 2001 to 0.28% in the third quarter of 2002. The level of non-performing and net charge-offs of indirect automobile loans continues 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 continues to de-emphasize, in relation to other loan categories, growth in the indirect automobile loan portfolio. Indirect automobile loans at September 30, 2002 were \$185 million, up less than \$1 million from December 31, 2001 but down \$7 million, or 3% from September 30, 2001.

Potential Problem Loans

Management believes that any loan where there are serious doubts as to the ability of such borrowers to comply with the present loan repayment terms should be identified as a non-performing loan and should be included in the disclosure of "Past Due Loans and Non-performing Assets" on page 36. Accordingly, at the periods presented in this report, the Company has no potential problem loans as defined by Securities and Exchange Commission regulations.

Credit Quality Review Procedures

The Company utilizes a loan rating system to assign risk to loans and utilizes that risk rating system to assist in developing an internal problem loan identification system ("Watch List") as a means of reporting non-performing and potential problem loans. At each scheduled meeting of the Boards of Directors of the Banks and the Wintrust Board, a Watch List is presented, showing all loans that are non-performing and loans that may warrant additional monitoring. Accordingly, 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 Watch List, which exhibit a higher than normal credit risk. These Watch List credits are reviewed individually by management to determine whether any specific reserve amount should be allocated for each respective credit. However, these loans are still performing and, accordingly, are not included in non-performing loans. Management's philosophy is to be proactive and conservative in assigning risk ratings to loans and identifying loans to be included on the Watch List. The principal amount of loans on the Company's Watch List as of September 30, 2002 and June 30, 2002 was approximately \$40.1 million and \$48.8 million, respectively. We believe these loans are performing and, accordingly, do not cause management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms.

LIQUIDITY

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

Please refer to the Interest-Earning Assets, Deposits, Other Funding Sources and Shareholders' Equity discussions on pages 29-33 for additional information regarding the Company's liquidity position.

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. See "Quantitative and Qualitative Disclosure About Market Risks" beginning on page 40.

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 anticipated improvements in financial performance and management's long-term performance goals, as well as statements relating to the anticipated effects on results of operations and financial condition from expected development or events, the Company's business and growth strategies, including anticipated internal growth, plans to form additional de novo banks and to open new branch offices, and to pursue additional potential development or the acquisition of banks, specialty finance or fee-related businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- o The level of reported net income, return on average assets and return on average equity for the Company will in the near term continue to be impacted by start-up costs associated with de novo bank formations, branch openings, and expanded trust and investment operations. De novo banks may typically require 13 to 24 months of operations before becoming profitable, due to the impact of organizational and overhead expenses, the start-up phase of generating deposits and the time lag typically involved in redeploying deposits into attractively priced loans and other higher yielding earning assets.
- 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 loan losses is adequate to absorb losses that may develop in the existing portfolio of loans and leases, there can be no assurance that the allowance will prove sufficient to cover actual future loan or lease losses.
- o If market interest rates should move contrary to the Company's gap position on interest earning assets and interest bearing liabilities, the "gap" will work against the Company and its net interest income may be negatively affected.
- o The financial services business is highly competitive which may affect the pricing of the Company's loan and deposit products as well as its services.
- o The Company may not be able to successfully adapt to technological changes to compete effectively in the marketplace.
- o Future events may cause slower than anticipated development and growth of the Tricom business should the temporary staffing industry experience continued slowness.
- 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 the pricing of loans and deposits and may affect the Company's ability to successfully pursue acquisition and expansion strategies.
- o Unforeseen future events surrounding the trust, asset management and brokerage business, including competition and related pricing of brokerage and asset management products, or difficulties integrating the acquisition of the Wayne Hummer Companies.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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

Interest rate risk arises when the maturity or repricing periods and interest rate indices of 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 the "Net Interest Income" section 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 September 30, 2002, the Company had \$75 million notional principal amount of interest rate cap contracts outstanding that mature between January 2003 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 converts 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 the first nine months of 2002, 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 effected by these transactions. To mitigate this risk, the Company may acquire fixed rate term debt or use financial derivative instruments. There were no call options outstanding as of September 30, 2002.

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

Subsequent to the end of the third quarter, the Company entered into two separate derivative financial instruments. An interest rate swap contract was entered into to swap the newly issued subordinated debt, (See "Shareholders Equity" on page 33) effectively converting this debt from variable-rate to fixed-rate. Additionally, an interest rate swap contract was entered into to swap the Company's 9% Trust Preferred Securities, effectively converting them from fixed-rate to variable-rate (See

Note 10-Derviative Financial Instruments on page 11). Both of these interest rate swap contracts qualify as effective hedges pursuant to SFAS 133.

Standard gap analysis starts with contractual repricing information for assets, liabilities and derivative financial instruments. These items are then combined with repricing estimations for 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 September 30, 2002:

(Dollars in thousands)	TIME TO MATURITY OR REPRICING				
	0-90 Days	91-365 Days	1-5 Years	Over 5 Years	Total
ASSETS:					
Liquidity management assets	\$ 517,343	\$ 58,475	\$ 61,992	\$ 39,025	\$ 676,835
Loans, net of unearned income (1)	1,591,285	438,314	448,592	63,938	2,542,129
Other earning assets	50,186	--	--	--	50,186
Total earning assets	2,158,814	496,789	510,584	102,963	3,269,150
Other non-earning assets	--	--	--	307,625	307,625
Total assets (RSA)	\$2,158,814	\$496,789	\$ 510,584	\$410,588	\$3,576,775
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Interest-bearing deposits (2)	\$1,480,086	\$645,961	\$ 547,787	\$ 16,447	\$2,690,281
Federal Home Loan Bank advances	--	--	118,750	21,250	140,000
Notes payable and other borrowings	112,870	--	--	--	112,870
Long-term Debt - Trust Preferred Securities	--	--	--	51,050	51,050
Total interest-bearing liabilities	1,592,956	645,961	666,537	88,747	2,994,201
Demand deposits	--	--	--	281,204	281,204
Other liabilities	--	--	--	83,342	83,342
Shareholders' equity	--	--	--	218,028	218,028
EFFECT OF DERIVATIVE FINANCIAL INSTRUMENTS:					
Interest rate swap (Company pays fixed, receives floating)	(25,000)	--	25,000	--	--
Total liabilities and shareholders' equity including effect of derivative financial instruments (RSL)	\$1,567,956	\$645,961	\$ 691,537	\$671,321	\$3,576,775
Repricing gap (RSA - RSL)	\$ 590,858	\$ (149,172)	\$ (180,953)	\$ (260,733)	
Cumulative repricing gap	\$ 590,858	\$ 441,686	\$ 260,733	\$ --	
Cumulative RSA/Cumulative RSL	138%	120%	109%		
Cumulative RSA/Total assets	60%	74%	89%		
Cumulative RSL/Total assets	44%	62%	81%		
Cumulative GAP/Total assets	17%	12%	7%		
Cumulative GAP/Cumulative RSA	27%	17%	8%		

(1) Loans, net of unearned income includes mortgages held for sale and nonaccrual loans.

(2) Non-contractual interest-bearing deposits are subject to immediate withdrawal and, therefore, are 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. See Note 10-Derivative Financial Instruments to the unaudited consolidated

financial statements for further information on the interest rate cap contracts.

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 immediate permanent parallel shift in the yield curve of 200 basis points, both upward and downward. This analysis also includes the impact of both interest rate cap agreements mentioned above. Utilizing this measurement concept, the interest rate risk of the Company, expressed as a percentage change in net interest income over a two-year time horizon due to changes in interest rates as of the dates shown is as follows:

	+ 200 BASIS POINTS		- 200 BASIS POINTS	
Percentage change in net interest income due to an immediate permanent 200 basis point parallel shift in the yield curve: (1)				
SEPTEMBER 30, 2002	15.7	%	(26.1)	%
December 31, 2001	7.2	%	(11.4)	%
September 30, 2001	6.8	%	(6.4)	%

(1) The September 30, 2002 and the December 31, 2001 200 basis point immediate permanent downward parallel shift 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 caused the results in a 200 basis point immediate permanent downward parallel shift in the yield curve to reflect a larger decrease in net interest income at September 30, 2002 and December 31, 2001 compared to September 30, 2001.

These results are based solely on an immediate 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. No management actions to mitigate potential changes in net interest income are included in this simulation. These management actions could include, but would not be limited to, delaying a change in deposit rates, extending the maturity 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.

ITEM 4

CONTROLS AND PROCEDURES

Within the 90 days prior to the date of this report, the Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer carried out an evaluation under their supervision, with the participation of other members of management as they deemed appropriate, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as contemplated by Exchange Act Rule 13a-15. Based upon, and as of the date of that evaluation, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective, in all material respects, in timely alerting them to material information relating to the Company (and its consolidated subsidiaries) required to be included in the periodic reports the Company is required to file and submit to the SEC under the Exchange Act.

There have been no significant changes to the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date that the internal controls were most recently evaluated. There were no significant deficiencies or material weaknesses identified in that evaluation and, therefore, no corrective actions were taken.

PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

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

ITEM 2: CHANGES IN SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None.

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

None

ITEM 5: OTHER INFORMATION.

None.

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

(a) Exhibits

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

99.1 Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification of Senior Executive Vice President and Chief Operating Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.3 Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Reports on Form 8-K.

- Form 8-K report dated July 18, 2002, filed with the SEC on July 24, 2002, provided the Company's second quarter 2002 earnings release dated July 18, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WINTRUST FINANCIAL CORPORATION

(Registrant)

Date: November 12, 2002

/s/ EDWARD J. WEHMER

President and Chief Executive Officer

Date: November 12, 2002

/s/ DAVID A. DYKSTRA

*Senior Executive Vice President and
Chief Operating Officer*

Date: November 12, 2002

/s/ DAVID L. STOEHR

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

CERTIFICATIONS

I, Edward J. Wehmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wintrust Financial Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ EDWARD J. WEHMER

*-----
Name: Edward J. Wehmer*

Title: President and Chief Executive Officer

CERTIFICATIONS

I, David A. Dykstra, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wintrust Financial Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ DAVID A. DYKSTRA

Name: David A. Dykstra

*Title: Senior Executive Vice President and
Chief Operating Officer*

CERTIFICATIONS

I, David L. Stoehr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wintrust Financial Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ DAVID L. STOEHR

*-----
Name: David L. Stoehr
Title: Executive Vice President and
Chief Financial Officer*

EXHIBIT INDEX

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 Exchange Commission on August 28, 1998).

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

99.1 Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification of Senior Executive Vice President and Chief Operating Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.3 Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 99.1

The following certification is provided by the undersigned Chief Executive Officer of Wintrust Financial Corporation on the basis of such officer's knowledge and belief for the sole purpose of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION

In connection with the Quarterly Report of Wintrust Financial Corporation (the "Company") on Form 10-Q for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on November 12, 2002, (the "Report"), I, Edward J. Wehmer, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ EDWARD J. WEHMER

Name: Edward J. Wehmer
Title: President and Chief Executive Officer
Date: November 12, 2002

Exhibit 99.2

The following certification is provided by the undersigned Chief Operating Officer of Wintrust Financial Corporation on the basis of such officer's knowledge and belief for the sole purpose of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION

In connection with the Quarterly Report of Wintrust Financial Corporation (the "Company") on Form 10-Q for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on November 12, 2002, (the "Report"), I, David A. Dykstra, Senior Executive Vice President and Chief Operating Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID A. DYKSTRA

Name: David A. Dykstra
Title: Senior Executive Vice President and
Chief Operating Officer
Date: November 12, 2002

Exhibit 99.3

The following certification is provided by the undersigned Chief Financial Officer of Wintrust Financial Corporation on the basis of such officer's knowledge and belief for the sole purpose of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION

In connection with the Quarterly Report of Wintrust Financial Corporation (the "Company") on Form 10-Q for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on November 12, 2002, (the "Report"), I, David L. Stoehr, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID L. STOEHR

Name: David L. Stoehr
Title: Executive Vice President and
Chief Financial Officer
Date: November 12, 2002

End of Filing

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