WINTRUST FINANCIAL CORP

FORM 10-Q
(Quarterly Report)

Filed 8/14/2003 For Period Ending 6/30/2003

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

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003
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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.) Yes X No

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

Common Stock - no par value, 17,453,786 shares, as of August 8, 2003.

TABLE OF CONTENTS

PART I -- FINANCIAL INFORMATION

PART II -- OTHER INFORMATION

PART I

ITEM 1. FINANCIAL STATEMENTS

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION

(In thousands)	(UNAUDITED) JUNE 30, 2003	December 31, 2002	(Unaudited) June 30, 2002
ASSETS			
Cash and due from banks	$ 123,439	$ 105,671	$ 60,055
Federal funds sold and securities purchased under resale agreements	223,142	151,251	198,089
Interest-bearing deposits with banks	5,748	4,418	543
Available-for-sale securities, at fair value	508,289	547,679	380,833
Trading account securities	4,913	5,558	4,618
Brokerage customer receivables	34,457	37,592	68,844
Mortgage loans held-for-sale	84,643	90,446	27,735
Loans, net of unearned income	2,896,148	2,556,086	2,308,945
Less: Allowance for loan losses	21,310	18,390	16,009
Net loans	2,874,838	2,537,696	2,292,936
Premises and equipment, net	141,488	118,961	109,509
Accrued interest receivable and other assets	99,193	95,852	49,775
Goodwill	29,835	25,266	25,091
Other intangible assets	2,409	1,165	1,372
Total assets	$ 4,132,394	$ 3,721,555	$ 3,219,400
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Non-interest bearing	$ 317,104	$ 305,540	$ 257,298
Interest bearing	3,102,842	2,783,584	2,351,209
Total deposits	3,419,946	3,089,124	2,608,507
Notes payable	26,000	44,025	58,650
Federal Home Loan Bank advances	140,000	140,000	140,000
Subordinated notes	50,000	25,000	--
Other borrowings	57,439	46,708	71,712
Long-term debt - trust preferred securities	76,816	50,894	51,050
Accrued interest payable and other liabilities	112,794	98,802	83,482
Total liabilities	3,882,995	3,494,553	3,013,401
Shareholders' equity:			
Preferred stock	--	--	--
Common stock	17,428	17,216	16,955
Surplus	158,597	153,614	147,616
Common stock warrants	1,030	81	96
Retained earnings	72,861	56,967	42,789
Accumulated other comprehensive loss	(517)	(876)	(1,457)
Total shareholders' equity	249,399	227,002	205,999
Total liabilities and shareholders' equity	$ 4,132,394	$ 3,721,555	$ 3,219,400

See accompanying notes to unaudited consolidated financial statements.

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

(In thousands, except per share data)	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
INTEREST INCOME				
Interest and fees on loans	$ 42,238	$ 38,366	$ 82,829	$ 75,027
Interest bearing deposits with banks	28	5	57	8
Federal funds sold and securities purchased under resale agreements	1,080	205	1,469	498
Securities	5,534	5,211	11,369	9,711
Trading account securities	46	56	84	80
Brokerage customer receivables	339	695	696	1,185
Total interest income	49,265	44,538	96,504	86,509
INTEREST EXPENSE				
Interest on deposits	17,013	16,585	34,115	33,260
Interest on Federal Home Loan Bank advances	1,473	1,078	2,930	1,975
Interest on subordinated notes	625	--	1,069	--
Interest on notes payable and other borrowings	671	1,170	1,375	2,113
Interest on long-term debt - trust preferred securities	1,155	1,288	2,083	2,576
Total interest expense	20,937	20,121	41,572	39,924
NET INTEREST INCOME	28,328	24,417	54,932	46,585
Provision for loan losses	2,852	2,483	5,493	4,831
Net interest income after provision for loan losses	25,476	21,934	49,439	41,754
NON-INTEREST INCOME				
Wealth management fees	7,002	7,431	12,953	12,001
Fees on mortgage loans sold	4,544	1,934	9,142	3,951
Service charges on deposit accounts	867	753	1,722	1,491
Gain on sale of premium finance receivables	1,108	828	2,270	1,594
Administrative services revenue	1,068	931	2,159	1,753
Net securities gains (losses)	220	62	606	(153)
Other	4,296	1,832	7,996	5,886
Total non-interest income	19,105	13,771	36,848	26,523
NON-INTEREST EXPENSE				
Salaries and employee benefits	18,265	15,400	35,715	28,762
Equipment expense	1,916	1,796	3,758	3,526
Occupancy, net	1,887	1,609	3,785	3,153
Data processing	1,026	1,042	2,079	2,056
Advertising and marketing	504	533	1,043	1,057
Professional fees	922	685	1,704	1,296
Amortization of other intangibles	159	100	298	117
Other	5,830	4,741	11,038	8,618
Total non-interest expense	30,509	25,906	59,420	48,585
Income before taxes	14,072	9,799	26,867	19,692
Income tax expense	5,053	3,492	9,585	7,023
NET INCOME	$ 9,019	$ 6,307	$ 17,282	$ 12,669
NET INCOME PER COMMON SHARE - BASIC	$ 0.52	$ 0.40	$ 1.00	$ 0.82
NET INCOME PER COMMON SHARE - DILUTED	$ 0.49	$ 0.37	$ 0.94	$ 0.77
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ --	$ --	$ 0.08	$ 0.06
Weighted average common shares outstanding	17,411	15,948	17,360	15,513
Dilutive potential common shares	1,106	1,080	1,113	1,013
Average common shares and dilutive common shares	18,517	17,028	18,473	16,526

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, 2001		$ 14,532	$97,956	$ 99	$ --	$ 30,995	$ (2,304)	$ 141,278
Comprehensive income:								
Net income	$ 12,669	--	--	--	--	12,669	--	12,669
Other comprehensive income, net of tax:								
Unrealized gains on securities, net of reclassification adjustment	1,037	--	--	--	--	--	1,037	1,037
Unrealized losses on derivative instruments	(190)	--	--	--	--	--	(190)	(190)
Comprehensive income	$ 13,516							
Cash dividends declared		--	--	--	--	(875)	--	(875)
Purchase of fractional shares resulting from stock split		--	(10)	--	--	--	--	(10)
Common stock issued for:								
New issuance, net of costs		1,185	30,549	--	--	--	--	31,734
Acquisition of the Wayne Hummer Companies		763	14,237	--	--	--	--	15,000
Director compensation plan		3	64	--	--	--	--	67
Employee stock purchase plan		7	213	--	--	--	--	220
Exercise of common stock warrants		3	27	(3)	--	--	--	27
Exercise of stock options		462	4,580	--	--	--	--	5,042
Balance at June 30, 2002		$ 16,955	$ 147,616	$ 96	$ --	$ 42,789	$ (1,457)	$ 205,999
BALANCE AT DECEMBER 31, 2002		$ 17,216	$ 153,614	$ 81	$ --	$ 56,967	$ (876)	$ 227,002
COMPREHENSIVE INCOME:								
NET INCOME	$ 17,282	--	--	--	--	17,282	--	17,282
OTHER COMPREHENSIVE INCOME, NET OF TAX:								
UNREALIZED GAINS ON SECURITIES, NET OF RECLASSIFICATION ADJUSTMENT	609	--	--	--	--	--	609	609
UNREALIZED LOSSES ON DERIVATIVE INSTRUMENTS	(250)	--	--	--	--	--	(250)	(250)
COMPREHENSIVE INCOME	$ 17,641							
CASH DIVIDENDS DECLARED		--	--	--	--	(1,388)	--	(1,388)
PURCHASE OF 600 SHARES OF COMMON STOCK		--	--	--	(17)	--	--	(17)
COMMON STOCK ISSUED FOR:								
ACQUISITION OF LAKE FOREST CAPITAL MANAGEMENT		82	2,418	950	--	--	--	3,450
DIRECTOR COMPENSATION PLAN		5	121	--	--	--	--	126
EMPLOYEE STOCK PURCHASE PLAN		17	469	--	--	--	--	486
EXERCISE OF COMMON STOCK WARRANTS		1	4	(1)	--	--	--	4
EXERCISE OF STOCK OPTIONS		70	1,139	--	17	--	--	1,226
RESTRICTED STOCK AWARDS		37	832	--	--	--	--	869
BALANCE AT JUNE 30, 2003		$ 17,428	$ 158,597	$ 1,030	$ --	$ 72,861	$ (517)	$ 249,399

Disclosure of reclassification amount and income tax impact:	Six Months Ended June 30, 2003	2002
Unrealized holding gains on available for sale securities during the period, net	$ 1,542	$ 1,437
Unrealized holding losses on derivative instruments arising during the period	(387)	(293)
Less: Reclassification adjustment for gains (losses) included in net income, net	606	(153)
Less: Income tax expense	190	450
Net unrealized gains on available for sale securities and derivative instruments	$ 359	$ 847

See accompanying notes to unaudited consolidated financial statements.

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

(In thousands)	Six Months Ended June 30, 2003	2002
OPERATING ACTIVITIES:		
Net income	$ 17,282	$ 12,669
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	5,493	4,831
Depreciation and amortization	4,886	4,422
Deferred income tax expense	390	4,403
Tax benefit from exercises of stock options	688	2,581
Net amortization of securities	819	1,569
Originations of mortgage loans held for sale	(825,262)	(362,305)
Proceeds from sales of mortgage loans held for sale	831,065	377,474
Purchase of trading securities, net	645	193
Net decrease (increase) in brokerage customer receivables	3,135	(5,862)
Gain on sale of premium finance receivables	(2,270)	(1,594)
(Gain) loss on sale of available-for-sale securities, net	(606)	153
Loss (gain) on sale of premises and equipment, net	33	(11)
Increase in accrued interest receivable and other assets, net	(3,027)	(8,719)
Increase in accrued interest payable and other liabilities, net	14,104	28,375
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 47,375	$ 58,179
INVESTING ACTIVITIES:		
Proceeds from maturities of available-for-sale securities	$ 334,843	$ 221,520
Proceeds from sales of available-for-sale securities	2,571,773	1,281,654
Purchases of available-for-sale securities	(2,865,730)	(1,498,614)
Proceeds from sales of premium finance receivables	131,965	135,975
Net cash paid for Lake Forest Capital Management Company	(1,688)	--
Net cash paid for the Wayne Hummer Companies	--	(8,096)
Net (increase) decrease in interest-bearing deposits with banks	(1,330)	441
Net increase in loans	(473,238)	(428,111)
Purchase of premises and equipment, net	(27,114)	(13,826)
NET CASH USED FOR INVESTING ACTIVITIES	$ (330,519)	$ (309,057)
FINANCING ACTIVITIES:		
Increase in deposit accounts	$ 330,822	$ 293,871
Increase (decrease) in other borrowings, net	10,211	(4,011)
(Decrease) increase in notes payable, net	(18,025)	12,075
Proceeds from Federal Home Loan Bank advances	--	50,000
Proceeds from issuance of subordinated note	25,000	--
Proceeds from issuance of trust preferred securities	25,000	--
Issuance of common shares, net of issuance costs	--	31,734
Issuance of common shares from stock options, employee stock purchase plan, common stock warrants and cash for stock split fractional shares, net	1,200	2,698
Purchases of common stock	(17)	--
Dividends paid	(1,388)	(875)
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 372,803	$ 385,492
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 89,659	$ 134,614
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	$ 256,922	$ 123,530
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 346,581	$ 258,144

See accompanying notes to unaudited consolidated financial statements.