

WINTRUST FINANCIAL CORP

FORM 10-Q (Quarterly Report)

Filed 11/9/2006 For Period Ending 9/30/2006

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

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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, 2006

OR

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

For the transition period from _____ to _____

Commission File Number 0-21923

WINTRUST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Illinois

(State of incorporation or organization)

36-3873352

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

727 North Bank Lane
Lake Forest, Illinois 60045

(Address of principal executive offices)

(847) 615-4096

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-Accelerated Filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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

Common Stock - no par value, 25,627,826 shares, as of November 6, 2006

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PART I
ITEM 1. FINANCIAL STATEMENTS

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION

(In thousands)	(Unaudited) September 30, 2006	December 31, 2005	(Unaudited) September 30, 2005
Assets			
Cash and due from banks	\$ 145,133	\$ 158,136	\$ 165,773
Federal funds sold and securities purchased under resale agreements	168,676	183,229	62,186
Interest bearing deposits with banks	16,218	12,240	6,459
Available-for-sale securities, at fair value	1,836,316	1,799,384	1,766,613
Trading account securities	1,353	1,610	2,899
Brokerage customer receivables	23,806	27,900	—
Mortgage loans held-for-sale	100,744	85,985	125,584
Loans, net of unearned income	6,330,612	5,213,871	5,149,795
Less: Allowance for loan losses	45,233	40,283	40,633
Net loans	6,285,379	5,173,588	5,109,162
Premises and equipment, net	299,386	247,875	238,722
Accrued interest receivable and other assets	293,646	272,772	201,673
Goodwill	269,646	196,716	195,941
Other intangible assets, net	22,757	17,607	18,491
Total assets	\$ 9,463,060	\$ 8,177,042	\$ 7,893,503
Liabilities and Shareholders' Equity			
Deposits:			
Non-interest bearing	\$ 649,478	\$ 620,091	\$ 631,460
Interest bearing	7,060,107	6,109,343	5,855,643
Total deposits	7,709,585	6,729,434	6,487,103
Notes payable	8,000	1,000	1,000
Federal Home Loan Bank advances	372,440	349,317	343,355
Other borrowings	133,132	95,796	78,912
Subordinated notes	75,000	50,000	50,000
Long-term debt — trust preferred securities	249,870	230,458	230,499
Accrued interest payable and other liabilities	151,735	93,126	89,039
Total liabilities	8,699,762	7,549,131	7,279,908
Shareholders' equity:			
Preferred stock	—	—	—
Common stock	25,718	23,941	23,655
Surplus	513,453	420,426	413,330
Common stock warrants	697	744	762
Retained earnings	246,724	201,133	182,477
Accumulated other comprehensive loss	(23,294)	(18,333)	(6,629)
Total shareholders' equity	763,298	627,911	613,595
Total liabilities and shareholders' equity	\$ 9,463,060	\$ 8,177,042	\$ 7,893,503

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
(In thousands, except per share data)				
Interest income				
Interest and fees on loans	\$ 121,789	\$ 89,169	\$ 327,859	\$ 242,339
Interest bearing deposits with banks	156	111	421	183
Federal funds sold and securities purchased under resale agreements	1,970	2,054	3,924	2,555
Securities	24,404	14,960	70,496	46,309
Trading account securities	17	9	40	55
Brokerage customer receivables	557	169	1,565	1,029
Total interest income	148,893	106,472	404,305	292,470
Interest expense				
Interest on deposits	72,428	41,913	188,780	107,172
Interest on Federal Home Loan Bank advances	3,950	3,127	10,943	8,744
Interest on notes payable and other borrowings	979	869	4,319	3,553
Interest on subordinated notes	1,453	651	3,310	2,075
Interest on long-term debt - trust preferred securities	4,968	3,943	13,432	11,161
Total interest expense	83,778	50,503	220,784	132,705
Net interest income	65,115	55,969	183,521	159,765
Provision for credit losses	1,885	3,077	5,165	5,602
Net interest income after provision for credit losses	63,230	52,892	178,356	154,163
Non-interest income				
Wealth management	7,062	6,950	24,730	22,711
Mortgage banking	5,368	7,773	16,339	19,855
Service charges on deposit accounts	1,863	1,518	5,307	4,451
Gain on sales of premium finance receivables	272	1,602	2,718	4,985
Administrative services	1,115	1,169	3,473	3,307
Gains (losses) on available-for-sale securities, net	(57)	89	(72)	1,067
Other	3,153	9,391	19,299	13,037
Total non-interest income	18,776	28,492	71,794	69,413
Non-interest expense				
Salaries and employee benefits	34,583	29,542	101,412	88,186
Equipment	3,451	2,979	9,918	8,706
Occupancy, net	5,166	4,137	14,679	11,838
Data processing	2,404	1,917	6,288	5,375
Advertising and marketing	1,349	1,216	3,718	3,426
Professional fees	1,839	1,392	4,957	4,366
Amortization of other intangible assets	1,214	884	2,780	2,509
Other	8,983	8,259	25,604	23,240
Total non-interest expense	58,989	50,326	169,356	147,646
Income before income taxes	23,017	31,058	80,794	75,930
Income tax expense	8,158	11,350	29,311	27,570
Net income	\$ 14,859	\$ 19,708	\$ 51,483	\$ 48,360
Net income per common share – Basic	\$ 0.58	\$ 0.83	\$ 2.07	\$ 2.10
Net income per common share – Diluted	\$ 0.56	\$ 0.80	\$ 2.00	\$ 2.00
Cash dividends declared per common share	\$ 0.14	\$ 0.12	\$ 0.28	\$ 0.24
Weighted average common shares outstanding	25,656	23,615	24,820	22,990
Dilutive potential common shares	941	1,156	926	1,159
Average common shares and dilutive common shares	26,597	24,771	25,746	24,149

See accompanying notes to unaudited consolidated financial statements.

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

	Nine Months Ended September 30,	
	2006	2005
Disclosure of reclassification amount and income tax impact:		
Unrealized holding gains (losses) on available-for-sale securities arising during the period, net	\$ (5,597)	\$ 2,132
Unrealized holding gains (losses) on derivative instruments arising during the period, net	(2,599)	172
Less: Reclassification adjustment for gains (losses) included in net income, net	(72)	1,067
Less: Income tax expense (benefit)	(3,163)	508
Net unrealized gains (losses) on available-for-sale securities and derivative instruments	\$ (4,961)	\$ 729

See accompanying notes to unaudited consolidated financial statements.



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

(In thousands)	Nine Months Ended September 30,	
	2006	2005
Operating Activities:		
Net income	\$ 51,483	\$ 48,360
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	5,165	5,602
Depreciation and amortization	12,681	10,312
Share-based compensation expense	8,945	2,837
Tax benefit from stock-based compensation arrangements	4,641	3,632
Excess tax benefits from stock-based compensation arrangements	(3,980)	—
Net amortization of premium on securities	(127)	2,664
Fair market value change of interest rate swaps	(7,522)	2,690
Originations and purchases of mortgage loans held-for-sale	(1,401,272)	(1,722,167)
Proceeds from sales of mortgage loans held-for-sale	1,395,610	1,711,566
Gain on sales of premium finance receivables	(2,718)	(4,985)
Decrease in trading securities, net	257	700
Net decrease in brokerage customer receivables	4,094	31,847
Gain on mortgage loans sold	(9,097)	(10,054)
(Gains) losses on available-for-sale securities, net	72	(1,067)
(Gain) loss on sales of premises and equipment, net	(33)	28
Decrease (increase) in accrued interest receivable and other assets, net	108,271	(11,456)
Increase (decrease) in accrued interest payable and other liabilities, net	26,785	(1,338)
Net Cash Provided by Operating Activities	193,255	69,171
Investing Activities:		
Proceeds from maturities of available-for-sale securities	605,991	248,925
Proceeds from sales of available-for-sale securities	139,161	1,029,764
Purchases of available-for-sale securities	(780,220)	(1,531,951)
Proceeds from sales of premium finance receivables	302,882	421,802
Net cash paid for acquisitions	(51,282)	(79,221)
Net decrease in interest-bearing deposits with banks	(3,778)	(1,410)
Net increase in loans	(1,045,455)	(802,816)
Purchases of premises and equipment, net	(49,133)	(34,648)
Net Cash Used for Investing Activities	(881,834)	(749,555)
Financing Activities:		
Increase in deposit accounts	557,340	795,812
Increase (decrease) in other borrowings, net	34,536	(150,639)
Increase (decrease) in notes payable, net	7,000	(5,000)
Increase in Federal Home Loan Bank advances, net	10,800	16,815
Proceeds from issuance of long-term debt – trust preferred securities, net	50,000	40,000
Redemption of trust preferred securities, net	(31,050)	(20,000)
Proceeds from issuance of subordinated note	25,000	—
Repayment of subordinated note	(8,000)	—
Excess tax benefits from stock-based compensation arrangements	3,980	—
Issuance of common stock, net of issuance costs	11,584	55,870
Issuance of common shares resulting from exercise of stock options, employee stock purchase plan and conversion of common stock warrants	6,794	4,908
Dividends paid	(6,961)	(5,449)
Net Cash Provided by Financing Activities	661,023	732,317
Net Increase (Decrease) in Cash and Cash Equivalents	(27,556)	51,933
Cash and Cash Equivalents at Beginning of Period	341,365	176,026
Cash and Cash Equivalents at End of Period	\$ 313,809	\$ 227,959

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 “the 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 and southern Wisconsin. Additionally, the Company operates various non-bank subsidiaries.

As of September 30, 2006, Wintrust had 15 wholly-owned bank subsidiaries (collectively, “the Banks”), nine of which the Company 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”), Northbrook Bank & Trust Company (“Northbrook Bank”), Beverly Bank & Trust Company, N.A. (“Beverly Bank”) and Old Plank Trail Community Bank, N.A. (“Old Plank Trail Bank”). The Company acquired Advantage National Bank (“Advantage Bank”) in October 2003, Village Bank & Trust (“Village Bank”) in December 2003, Northview Bank and Trust (“Northview Bank”) in September 2004, Town Bank in October 2004, State Bank of The Lakes in January 2005, First Northwest Bank on March 31, 2005 and Hinsbrook Bank and Trust (“Hinsbrook Bank”) in May 2006. In December 2004, Northview Bank’s Wheaton branch became its main office, it was renamed Wheaton Bank & Trust (“Wheaton Bank”) and its two Northfield locations became branches of Northbrook Bank and its Mundelein location became a branch of Libertyville Bank. In May 2005, First Northwest Bank was merged into Village Bank.

The Company provides, on a national basis, loans to businesses to finance insurance premiums on their commercial insurance policies (“premium finance receivables”) 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”), provides high-yielding 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 a full range of wealth management services through its trust, asset management and broker-dealer subsidiaries. Trust and investment services are provided at each of the Banks through the Company’s wholly-owned subsidiary, Wayne Hummer Trust Company, N.A. (“WHTC”), a *de novo* company started in 1998. 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 individuals 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, institutions and municipal and tax-exempt organizations, 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. WHI, WHAMC and Focused were acquired in 2002, and are collectively referred to as the “Wayne Hummer Companies”. In February 2003, the Company acquired Lake Forest Capital Management (“LFCM”), a registered investment advisor, which was merged into WHAMC.

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In May 2004, the Company acquired SGB Corporation d/b/a WestAmerica Mortgage Company (“WestAmerica”) and its affiliate, Guardian Real Estate Services, Inc. (“Guardian”). WestAmerica engages primarily in the origination and purchase of residential mortgages for sale into the secondary market, and Guardian provides document preparation and other loan closing services to WestAmerica and a network of mortgage brokers. WestAmerica maintains principal origination offices in ten states, including Illinois, and originates loans in other states through wholesale and correspondent offices. WestAmerica and Guardian are wholly-owned subsidiaries of Barrington Bank.

Wintrust Information Technology Services Company provides information technology support, item capture, imaging 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, 2005. Operating results reported for the three-month and year-to-date periods 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.

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Management believes that the estimates made are reasonable, however, changes in estimates may be required if economic or other conditions develop differently from management’s expectations. Certain policies and accounting principles inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Management views critical accounting policies to be those which are highly complex or dependent on subjective or complex judgments, estimates and assumptions, and where changes in those estimates and assumptions could have a significant impact on the financial statements. Management currently views the determination of the allowance for loan losses and the allowance for losses on lending-related commitments, the valuation of the retained interest in the premium finance receivables sold, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and the accounting for income taxes as the areas that are most complex and require the most subjective and complex judgments and as such could be the most subject to revision as new information becomes available.

(2) Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, the Company considers cash and cash equivalents to include cash on hand, cash items in the process of collection, non-interest bearing amounts due from correspondent banks, federal funds sold and securities purchased under resale agreements with original maturities of three months or less.

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(3) Available-for-sale Securities

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

(Dollars in thousands)	September 30, 2006		December 31, 2005		September 30, 2005	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury	\$ 36,066	\$ 33,948	\$ 36,577	\$ 34,586	\$ 38,545	\$ 37,213
U.S. Government agencies	687,277	678,799	724,273	714,715	649,375	645,812
Municipal	47,874	47,458	48,853	48,397	51,556	51,291
Corporate notes and other debt	67,299	65,226	8,467	8,358	8,453	8,360
Mortgage-backed	912,291	889,283	891,799	874,067	910,509	904,898
Federal Reserve/FHLB stock and other equity securities	120,721	121,602	119,103	119,261	118,909	119,039
Total available-for-sale securities	<u>\$ 1,871,528</u>	<u>\$ 1,836,316</u>	<u>\$ 1,829,072</u>	<u>\$ 1,799,384</u>	<u>\$ 1,777,347</u>	<u>\$ 1,766,613</u>

In general, the available-for-sale securities portfolio consists of fixed-rate investments with temporary impairment resulting from increases in interest rates since the purchase of the investments. The Company performed an analysis on continuous unrealized losses existing for greater than twelve months and determined there was not a significant change since December 31, 2005. The Company has the intent and ability to hold these investments until such time as the values recover or maturity.

(4) Loans

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

(Dollars in thousands)	September 30, 2006	December 31, 2005	September 30, 2005
Balance:			
Commercial and commercial real estate	\$ 3,935,102	\$ 3,161,734	\$ 3,104,196
Home equity	663,532	624,337	620,403
Residential real estate	285,098	275,729	284,036
Premium finance receivables	1,056,149	814,681	794,994
Indirect consumer loans	246,502	203,002	203,673
Tricom finance receivables	40,588	49,453	39,290
Other loans	103,641	84,935	103,203
Total loans, net of unearned income	<u>\$ 6,330,612</u>	<u>\$ 5,213,871</u>	<u>\$ 5,149,795</u>
Mix:			
Commercial and commercial real estate	62.2%	60.6%	60.3%
Home equity	10.5	12.0	12.0
Residential real estate	4.5	5.3	5.5
Premium finance receivables	16.7	15.6	15.4
Indirect consumer loans	3.9	3.9	4.0
Tricom finance receivables	0.6	1.0	0.8
Other loans	1.6	1.6	2.0
Total loans, net of unearned income	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Indirect consumer loans include auto, boat, snowmobile and other indirect consumer loans. Premium finance receivables are recorded net of unearned income of \$25.3 million at September 30, 2006, \$16.0 million at December 31, 2005 and \$19.5 million at September 30, 2005. Total loans include net deferred loan fees and costs totaling \$4.7 million at September 30, 2006 and \$3.9 million at December 31, 2005 and September 30, 2005.

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(5) Deposits

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

(Dollars in thousands)	September 30, 2006	December 31, 2005	September 30, 2005
Balance:			
Non-interest bearing	\$ 649,478	\$ 620,091	\$ 631,460
NOW accounts	806,356	704,640	716,243
Wealth management deposits	504,217	421,301	398,127
Money market accounts	653,185	610,554	672,767
Savings accounts	303,344	308,323	299,536
Time certificates of deposit	4,793,005	4,064,525	3,768,970
Total deposits	<u>\$ 7,709,585</u>	<u>\$ 6,729,434</u>	<u>\$ 6,487,103</u>
Mix:			
Non-interest bearing	8.4%	9.2%	9.7%
NOW accounts	10.5	10.5	11.1
Wealth management deposits	6.5	6.3	6.1
Money market accounts	8.5	9.0	10.4
Savings accounts	3.9	4.6	4.6
Time certificates of deposit	62.2	60.4	58.1
Total deposits	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Wealth management deposits represent FDIC-insured deposits at the Banks from brokerage customers of WHI and trust and asset management customers of WHTC.

(6) Notes Payable, Federal Home Loan Bank Advances, Other Borrowings and Subordinated Notes:

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

(Dollars in thousands)	September 30, 2006	December 31, 2005	September 30, 2005
Notes payable	\$ 8,000	\$ 1,000	\$ 1,000
Federal Home Loan Bank advances	372,440	349,317	343,355
Other borrowings:			
Federal funds purchased	2,704	235	1,803
Securities sold under repurchase agreements	128,500	93,312	73,157
Other	1,928	2,249	3,952
Total other borrowings	<u>133,132</u>	<u>95,796</u>	<u>78,912</u>
Subordinated notes	<u>75,000</u>	<u>50,000</u>	<u>50,000</u>
Total notes payable, Federal Home Loan Bank advances, other borrowings and subordinated notes	<u>\$ 588,572</u>	<u>\$ 496,113</u>	<u>\$ 473,267</u>

Notes payable are used, as needed, to provide capital to fund continued growth at the Banks, serve as an interim source of funds for acquisitions or for other general corporate purposes. The \$8.0 million balance at September 30, 2006 represents the outstanding balance on a \$51.0 million loan agreement with an unaffiliated bank. The loan agreement consists of a \$50 million revolving note, which matures on June 1, 2007 and a \$1.0 million note that matures on June 1, 2015. The loan agreement provides the Company with borrowing capacity to support further growth, including possible acquisitions, and other corporate purposes. Interest is calculated, at the Company's option, at a floating rate equal to either: (1) LIBOR plus 140 basis points or (2) the greater of the lender's prime rate or the Federal Funds Rate plus 50 basis points. The loan agreement is secured by the stock of the Company's bank subsidiaries.

Federal Home Loan Bank advances consist of fixed rate obligations of the Banks and are collateralized by qualifying residential real estate loans.

At September 30, 2006, securities sold under repurchase agreements represent \$78.3 million of customer balances in sweep accounts in connection with master repurchase agreements at the Banks and \$50.2 million of short-term borrowings from brokers.

At September 30, 2006, other includes a mortgage that matures on May 1, 2010, related to the Company's Northfield banking office.

The subordinated notes represent three \$25.0 million notes, issued in October 2002, April 2003 and October 2005 (funded in May 2006). The \$25.0 million notes require annual principal payments of \$5.0 million beginning in the sixth year, with final maturities in the tenth year. The Company may redeem the subordinated notes at any time prior to maturity. The interest rate on each note is equal to LIBOR plus 160 basis points.

(7) Long-term Debt - Trust Preferred Securities

As of September 30, 2006, the Company owned 100% of the Common Securities of nine trusts, Wintrust Capital Trust III, Wintrust Statutory Trust IV, Wintrust Statutory Trust V, Wintrust Capital Trust VII, Wintrust Capital Trust VIII, Wintrust Capital Trust IX, Northview Capital Trust I, Town Bankshares Capital Trust I, and First Northwest Capital Trust I (the “Trusts”) set up to provide long-term financing. The Northview, Town and First Northwest capital trusts were acquired as part of the acquisitions of Northview Financial Corporation, Town Bankshares, Ltd., and First Northwest Bancorp, Inc., respectively. The Trusts were formed for purposes of issuing Trust Preferred Securities to third-party investors and investing the proceeds from the issuance of the Trust Preferred Securities and Common Securities solely in Subordinated Debentures (“Debentures”) issued by the Company (or assumed by the Company in connection with an acquisition), with the same maturities and interest rates as the Trust Preferred Securities. The Debentures are the sole assets of the Trusts. In each Trust the Common Securities represent approximately 3% of the Debentures and the Trust Preferred Securities represent approximately 97% of the Debentures.

The Trusts are reported in the Company’s consolidated financial statements as unconsolidated subsidiaries. Accordingly, the Debentures, which include the Company’s ownership interest in the Common Securities of the Trusts, are reflected as “Long-term debt — trust preferred securities” and the Common Securities are included in available-for-sale securities in the Company’s Consolidated Statements of Condition.

The following table provides a summary of the Company’s Long-term debt — trust preferred securities as of September 30, 2006. The Debentures represent the par value of the obligations owed to the Trusts and basis adjustments for unamortized fair value adjustments recognized at the respective acquisition dates for the Northview, Town and First Northwest obligations.

(Dollars in thousands)	Trust Preferred Securities	Debentures	Rate Structure	Rate at 9/30/2006	Issue Date	Maturity Date	Earliest Redemption Date
Wintrust Capital Trust III	\$ 25,000	\$ 25,774	L+3.25	8.75%	04/2003	04/2033	04/2008
Wintrust Statutory Trust IV	20,000	20,619	L+2.80	8.17%	12/2003	12/2033	12/2008
Wintrust Statutory Trust V	40,000	41,238	L+2.60	7.97%	05/2004	05/2034	06/2009
Wintrust Capital Trust VII	50,000	51,550	L+1.95	7.34%	12/2004	03/2035	03/2010
Wintrust Capital Trust VIII	40,000	41,238	L+1.45	6.82%	08/2005	09/2035	09/2010
Wintrust Capital Trust IX	50,000	51,547	Fixed	6.84%	09/2006	09/2036	09/2011
Northview Capital Trust I	6,000	6,292	Fixed	6.35%	08/2003	11/2033	08/2008
Town Bankshares Capital Trust I	6,000	6,317	L+3.00	8.49%	08/2003	11/2033	08/2008
First Northwest Capital Trust I	5,000	5,295	L+3.00	8.37%	05/2004	05/2034	05/2009
Total		\$ 249,870					

On September 1, 2006, the Company issued \$51.5 million of Debentures to Wintrust Capital Trust IX with an initial fixed interest rate of 6.84%, and on September 5, 2006, the Company used proceeds from this issuance to redeem, at par value, \$32.01 million of the Debentures of Wintrust Capital Trust I with a fixed interest rate of 9.00%. In connection with the redemption of the Debentures of Wintrust Capital Trust I, the Company expensed \$304,000 of unamortized issuance costs in September.

The interest rates on the variable rate Debentures are based on the three-month LIBOR rate and reset on a quarterly basis. The interest rate on the Wintrust Capital Trust IX changes to a variable rate equal to three-month LIBOR plus 1.63% effective September 15, 2011, and the interest rate on the Northview Capital Trust I changes to a variable rate equal to three-month LIBOR plus 3.00% effective February 8, 2008. Distributions on all issues are payable on a quarterly basis.

At September 30, 2006, the weighted average contractual interest rate on the Debentures was 7.49%. In August 2006, the Company entered into \$175 million of interest rate swaps to hedge the variable cash flows on certain Debentures. On a hedge-adjusted basis, the interest rate on the Debentures was 7.41% at September 30, 2006. See Note 9 for further information on the interest rate swaps.

The Company has guaranteed the payment of distributions and payments upon liquidation or redemption of the Trust Preferred Securities, in each case to the extent of funds held by the Trusts. The Company and the Trusts believe that, taken together, the obligations of the Company under the guarantees, the 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 the 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 are redeemable in whole or in part prior to maturity at any time after the dates shown in the table, 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. On February 28, 2005, the Federal Reserve issued a final rule that retains Tier 1 capital treatment for trust preferred securities but with stricter limits. Under the new rule, which is effective on March 31, 2009, and has a transition period until then, the aggregate amount of the trust preferred securities and certain other capital elements is limited to 25% of Tier 1 capital elements (including trust preferred securities), net of goodwill less any associated deferred tax liability. The amount of trust preferred securities and certain other capital elements in excess of the limit could be included in Tier 2 capital, subject to restrictions. Applying the final rule at September 30, 2006, the Company would still be considered well-capitalized under regulatory capital guidelines.

8) 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 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 segment. For purposes of internal segment profitability analysis, management reviews the results of its premium finance segment as if all loans originated and sold to the banking segment were retained within that segment's operations, thereby causing inter-segment eliminations. Similarly, for purposes of analyzing the contribution from the wealth management segment, management allocates the net interest income earned by the Banking segment on deposit balances of customers of the wealth management segment to the wealth management segment. (See "Wealth management deposits" discussion in Deposits section of this report for more information on these deposits.) The following table presents a summary of certain operating information for each reportable segment for the three months ended for the period shown:

(Dollars in thousands)	Three Months Ended		\$ Change in Contribution	% Change in Contribution
	September 30, 2006	2005		
Net interest income:				
Banking	\$ 62,239	\$ 55,286	\$ 6,953	12.6%
Premium finance	10,382	10,292	90	0.9
Tricom	1,031	1,065	(34)	(3.2)
Wealth management	2,789	204	2,585	1,267.2
Parent and inter-segment eliminations	(11,326)	(10,878)	(448)	(4.1)
Total net interest income	<u>\$ 65,115</u>	<u>\$ 55,969</u>	<u>\$ 9,146</u>	<u>16.3%</u>
Non-interest income:				
Banking	\$ 9,705	\$ 15,256	\$ (5,551)	(36.4)%
Premium finance	272	1,293	(1,021)	(79.0)
Tricom	1,115	1,169	(54)	(4.6)
Wealth management	8,448	8,460	(12)	(0.1)
Parent and inter-segment eliminations	(764)	2,314	(3,078)	(133.0)
Total non-interest income	<u>\$ 18,776</u>	<u>\$ 28,492</u>	<u>\$ (9,716)</u>	<u>(34.1)%</u>
Segment profit (loss):				
Banking	\$ 15,836	\$ 18,742	\$ (2,906)	(15.5)%
Premium finance	4,409	5,520	(1,111)	(20.1)
Tricom	471	481	(10)	(2.1)
Wealth management	1,105	(640)	1,745	272.7
Parent and inter-segment eliminations	(6,962)	(4,395)	(2,567)	(58.4)
Total segment profit	<u>\$ 14,859</u>	<u>\$ 19,708</u>	<u>\$ (4,849)</u>	<u>(24.6)%</u>
Segment assets:				
Banking	\$ 9,289,793	\$ 7,871,449	\$ 1,418,344	18.0%
Premium finance	1,091,164	826,384	264,780	32.0
Tricom	53,504	52,982	522	1.0
Wealth management	59,205	41,230	17,975	43.6
Parent and inter-segment eliminations	(1,030,606)	(898,542)	(132,064)	(14.7)
Total segment assets	<u>\$ 9,463,060</u>	<u>\$ 7,893,503</u>	<u>\$ 1,569,557</u>	<u>19.9%</u>

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

	Nine Months Ended			
	September 30,			
(Dollars in thousands)	2006	2005	\$ Change in Contribution	% Change in Contribution
Net interest income:				
Banking	\$ 178,621	\$ 155,689	\$ 22,932	14.7%
Premium finance	30,026	31,379	(1,353)	(4.3)
Tricom	2,884	2,994	(110)	(3.7)
Wealth management	3,430	1,268	2,162	170.5
Parent and inter-segment eliminations	(31,440)	(31,565)	125	.4
Total net interest income	\$ 183,521	\$ 159,765	\$ 23,756	14.9%
Non-interest income:				
Banking	\$ 30,499	\$ 39,685	\$ (9,186)	(23.1)%
Premium finance	2,718	4,985	(2,267)	(45.5)
Tricom	3,473	3,308	165	5.0
Wealth management	29,050	26,567	2,483	9.3
Parent and inter-segment eliminations	6,054	(5,132)	11,186	218.0
Total non-interest income	\$ 71,794	\$ 69,413	\$ 2,381	3.4%
Segment profit (loss):				
Banking	\$ 48,934	\$ 51,263	\$ (2,329)	(4.5)%
Premium finance	14,093	17,163	(3,070)	(17.9)
Tricom	1,296	1,282	14	1.1
Wealth management	1,759	(1,328)	3,087	232.5
Parent and inter-segment eliminations	(14,599)	(20,020)	5,421	27.1
Total segment profit	\$ 51,483	\$ 48,360	\$ 3,123	6.5%

During the third quarter of 2006, the Company changed the measurement methodology for the net interest income component of the wealth management segment. In conjunction with the change in the executive management team for this segment in the third quarter of 2006, the contribution attributable to the wealth management deposits (see Note 5 – Deposits) was redefined to measure the full net interest income contribution. In previous periods, the contribution from these deposits to the wealth management segment was limited to the value as an alternative source of funding for each bank. As such, the contribution in previous periods did not capture the total net interest income contribution of this funding source. Executive management of this segment currently uses this measured contribution to determine the overall profitability of the wealth management segment.

(9) Derivative Financial Instruments

Management uses derivative financial instruments to protect against the risk of interest rate movements on the value of certain assets and liabilities and on future cash flows. The instruments that have been used by the Company include interest rate swaps and interest rate caps with indices that relate to the pricing of specific liabilities and covered call and put options that relate to specific investment securities. In addition, interest rate lock commitments provided to customers for the origination of mortgage loans that will be sold into the secondary market as well as forward agreements the Company enters into to sell such loans to protect itself against adverse changes in interest rates are deemed to be derivative instruments.

Derivative instruments have inherent risks, primarily market risk and credit risk. Market risk is associated with changes in interest rates and credit risk relates to the risk that the counterparty will fail to perform according to the terms of the agreement. The amounts potentially subject to market and credit risks are the streams of interest payments under the contracts and the market value of the derivative instrument which is determined based on the interaction of the notional amount of the contract with the underlying, and not the notional principal amounts used to express the volume of the transactions. Management monitors the market risk and credit risk associated with derivative financial instruments as part of its overall Asset/Liability management process.

In accordance with SFAS 133, the Company recognizes all derivative financial instruments 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 Statements 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 other 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 in the same period and in the same income statement line as 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 as a component of other comprehensive income, net of deferred taxes. Changes in fair values of derivative financial instruments not qualifying as hedges pursuant to SFAS 133 are reported in non-interest income. Derivative contracts are valued using the average fair values provided by the respective counterparties as well as two independent sources.

Interest Rate Swaps

The table below identifies the Company's interest rate swaps at September 30, 2006 which were entered into to hedge certain LIBOR-based liabilities (dollars in thousands). These swaps are designated as cash flow hedges in accordance with SFAS 133. The Company uses the hypothetical derivative method to assess and measure effectiveness. No ineffectiveness was recorded on these swaps in the quarter ended September 30, 2006.

September 30, 2006					
Issue Date	Notional Amount	Fair Value	Receive Rate (LIBOR)	Pay Rate (Fixed)	Maturity Date
August 2006	\$ 20,000	\$ (248)	5.37%	5.25%	September 2011
August 2006	40,000	(498)	5.37%	5.25%	September 2011
August 2006	25,000	(317)	5.50%	5.26%	October 2011
August 2006	50,000	(857)	5.39%	5.30%	September 2013
August 2006	40,000	(679)	5.37%	5.30%	September 2013
Total	\$ 175,000	\$ (2,599)			

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The table below identifies the Company's interest rate swaps as of December 31, 2005, which were entered into to economically hedge certain LIBOR-based liabilities, but failed to qualify for hedge accounting pursuant to SFAS 133. As such, the changes in fair value as well as the quarterly cash settlements were recognized in non-interest income. The net fair value of these swaps as of December 31, 2005 was reflected by a liability of \$1.8 million and at June 30, 2006 by an asset of \$5.8 million. The Company's position in these interest rate swaps was terminated in July 2006. The Company received approximately \$5.8 million for the settlement of these swaps, eliminating any further earnings volatility from the changes in fair value.

December 31, 2005					
Issue Date	Notional Amount	Fair Value	Receive Rate	Pay Rate	Maturity Date
<i>Pay fixed, receive variable:</i>					
February 2005	\$ 25,000	\$ (75)	7.40%	6.71%	April 2033
February 2005	20,000	(362)	7.33%	6.40%	December 2033
February 2005	40,000	(264)	7.13%	6.27%	May 2034
February 2005	50,000	(671)	6.44%	5.68%	March 2035
November 2002	25,000	598	4.41%	4.23%	October 2012
August 2005	40,000	(664)	5.98%	5.27%	September 2035
	<u>\$ 200,000</u>	<u>\$ (1,438)</u>			
<i>Receive fixed, pay variable:</i>					
November 2002	\$ 31,050	\$ (371)	9.00%	6.35%	September 2028
Total	\$ 231,050	\$ (1,809)			

The Company's banking subsidiaries sometimes enter into interest rate swaps to change a specific loan yield from fixed to variable or vice versa. As of September 30, 2006, these swaps had an aggregate notional value of \$21.4 million and are not reflected in the preceding tables.

Mortgage Banking Derivatives

The Company's mortgage banking derivatives have not been designated in SFAS 133 hedge relationships. These derivatives include commitments to fund certain mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of residential mortgage loans. It is the Company's practice to enter into forward commitments for the future delivery of residential mortgage loans when interest rate lock commitments are entered into in order to economically hedge the effect of changes in interest rates on its commitments to fund the loans as well as on its portfolio of mortgage loans held-for-sale. At September 30, 2006, the Company had approximately \$166 million of interest rate lock commitments and \$265 million of forward commitments for the future delivery of residential mortgage loans. The estimated fair values of these mortgage banking derivatives are reflected by a derivative asset of \$341,000 and a derivative liability of \$443,000. The fair values were estimated based on changes in mortgage rates from the dates of the commitments. Changes in the fair value of these mortgage banking derivatives are included in mortgage banking revenue.

Other Derivatives

The Company has also used interest rate caps to hedge cash flow variability of certain deposit products. However, no interest rate cap contracts were entered into in 2005 or in 2006 to date, and the Company had no interest rate cap contracts outstanding at September 30, 2006, December 31, 2005 or September 30, 2005.

Periodically, the Company will sell options to a bank or dealer for the right to purchase certain securities held within the Banks' investment portfolios (covered call options). These option transactions are designed primarily to increase the total return associated with the investment securities portfolio. These options do not qualify as hedges pursuant to SFAS 133, and accordingly, changes in fair values of these contracts are recognized as other non-interest income. The Company recognized premium income from these call option transactions of \$279,000 and \$4.0 million in the third quarters of 2006 and 2005, respectively and \$2.8 million and \$9.4 million for the first nine months of 2006 and 2005, respectively. There were no covered call options outstanding as of September 30, 2006, December 31, 2005 or September 30, 2005.

(10) Business Combinations

The Company completed one business combination in the second quarter of 2006 and two business combinations in 2005. All were accounted for under the purchase method of accounting; thus the results of operations prior to their respective dates were not included in the accompanying consolidated financial statements. Goodwill, core deposit intangibles and other fair value purchase accounting adjustments were recorded upon the completion of each acquisition.

On May 31, 2006, Wintrust completed the acquisition of Hinsbrook Bancshares, Inc. (“HBI”) and its wholly-owned subsidiary, Hinsbrook Bank & Trust. HBI was acquired for a total purchase price of \$115.1 million, consisting of \$58.2 million cash, the issuance of 1,120,033 shares of Wintrust’s common stock (then valued at \$56.8 million) and vested stock options valued at \$65,000. HBI’s results of operations have been included in Wintrust’s results of operations since June 1, 2006.

On March 31, 2005, Wintrust completed the acquisition of First Northwest Bancorp, Inc. (“FNBI”) and its wholly-owned subsidiary, First Northwest Bank. FNBI was acquired for a total purchase price of \$44.7 million, consisting of \$14.5 million cash, the issuance of 595,123 shares of Wintrust’s common stock (then valued at \$30.0 million) and vested stock options valued at \$238,000. FNBI’s results of operations have been included in Wintrust’s results of operations since April 1, 2005. In May 2005, First Northwest Bank was merged into Village Bank.

In January 2005, Wintrust completed the acquisition of Antioch Holding Company (“Antioch”) and its wholly-owned subsidiary, State Bank of The Lakes. Antioch was acquired for a total purchase price of \$95.4 million of cash. Antioch’s results of operations have been included in Wintrust’s consolidated financial statements since January 1, 2005, the effective date of the acquisition.

(11) Goodwill and Other Intangible Assets

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

(Dollars in thousands)	January 1, 2006	Goodwill Acquired	Impairment Losses	September 30, 2006
Banking	\$ 173,640	\$ 72,874	\$ —	\$ 246,514
Premium finance	—	—	—	—
Tricom	8,958	—	—	8,958
Wealth management	14,118	56	—	14,174
Parent and other	—	—	—	—
Total	\$ 196,716	\$ 72,930	\$ —	\$ 269,646

The increase in the Banking segment's goodwill in the first nine months of 2006 primarily relates to \$72.6 million recorded in connection with the acquisition of Hinsbrook Bank. The remaining increase relates to contingent consideration earned by the former owners of Guardian as a result of attaining certain performance measures pursuant to the terms of the Guardian purchase agreement as well as adjustments of prior estimates of fair values associated with other Bank acquisitions. Wintrust could pay additional consideration pursuant to the Guardian transaction through June 2009.

The increase in goodwill in the wealth management segment represents additional contingent consideration earned by the former owners of LFCM as a result of attaining certain performance measures pursuant to the terms of the LFCM purchase agreement. Wintrust could pay additional consideration pursuant to this transaction through January 2007. LFCM was merged into WHAMCO.

A summary of finite-lived intangible assets as of September 30, 2006, December 31, 2005 and September 30, 2005 and the expected amortization as of September 30, 2006 is as follows (in thousands):

	September 30, 2006	December 31, 2005	September 30, 2005
Wealth management segment:			
Customer list intangibles			
Gross carrying amount	\$ 3,252	3,252	3,252
Accumulated amortization	(2,367)	(2,071)	(1,958)
Net carrying amount	885	1,181	1,294
Banking segment:			
Core deposit intangibles			
Gross carrying amount	27,918	19,988	19,988
Accumulated amortization	(6,046)	(3,562)	(2,791)
Net carrying amount	21,872	16,426	17,197
Total other intangible assets, net	\$ 22,757	17,607	18,491

Estimated amortization

Actual in 9 months ended September 30, 2006	\$ 2,780
Estimated remaining in 2006	1,159
Estimated – 2007	3,862
Estimated – 2008	3,129
Estimated – 2009	2,717
Estimated – 2010	2,381

The customer list intangibles recognized in connection with the acquisitions of LFCM in 2003 and WHAMC in 2002 are being amortized over seven-year periods on an accelerated basis. The core deposit intangibles recognized in connection with the Company's seven bank acquisitions since 2003 are being amortized over ten-year periods on an accelerated basis. Amortization expense associated with finite-lived intangibles totaled approximately \$2.8 million and \$2.5 million for the nine months ended September 30, 2006 and 2005, respectively.

(12) Stock-Based Compensation Plans

On January 1, 2006, the Company adopted provisions of FASB Statement No. 123(R), “Share-Based Payment” (“SFAS 123R”), using the modified prospective transition method. Under this transition method, compensation cost is recognized in the financial statements beginning January 1, 2006, based on the requirements of SFAS 123R for all share-based payments granted after that date and based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, “Accounting for Stock-Based Compensation” for all share-based payments granted prior to, but not yet vested as of December 31, 2005. Results for prior periods have not been restated.

Prior to 2006, the Company accounted for stock-based compensation using the intrinsic value method set forth in APB 25, as permitted by SFAS 123. The intrinsic value method provides that compensation expense for employee stock options is generally not recognized if the exercise price of the option equals or exceeds the fair value of the stock on the date of grant. As a result, for periods prior to 2006, compensation expense was generally not recognized in the Consolidated Statements of Income for stock options. Compensation expense has always been recognized for restricted share awards ratably over the period of service, usually the restricted period, based on the fair value of the stock on the date of grant. Compensation cost charged against income related to restricted share awards was \$1.5 million (\$926,000 net of tax) and \$1.1 million (\$668,000 net of tax) for the third quarters of 2006 and 2005, respectively. On a year-to-date basis, compensation cost charged against income related to restricted share awards was \$4.2 million (\$2.6 million net of tax) and \$2.8 million (\$1.8 million net of tax) for 2006 and 2005, respectively. On January 1, 2006, the Company reclassified \$5.2 million of liabilities related to previously recognized compensation cost for restricted share awards that had not been vested as of that date to surplus as these awards represent equity awards as defined in SFAS 123R.

As a result of adopting SFAS 123R on January 1, 2006, the Company’s income before income taxes and net income for the three months ended September 30, 2006, are \$1.5 million and \$923,000 lower, respectively, than if it had continued to account for share-based compensation under APB 25. On a year-to-date basis, the Company’s income before income taxes and net income are \$4.5 million and \$2.8 million lower, respectively, than if it had continued to account for share-based compensation under APB 25. Basic and diluted EPS for the three months ended September 30, 2006, are \$0.04 and \$0.03 lower, respectively, than if the Company had continued to account for share-based payments under APB 25. On a year-to-date basis, basic and diluted EPS are \$0.12 and \$0.11 lower, respectively, due to the effect of SFAS 123R.

SFAS 123R requires the recognition of stock based compensation for the number of awards that are ultimately expected to vest. As a result, recognized stock compensation expense was reduced for estimated forfeitures prior to vesting primarily based on a historical forfeiture rate of approximately 9.1%. Estimated forfeitures will be reassessed in subsequent periods and may change based on new facts and circumstances. Prior to January 1, 2006, actual forfeitures were accounted for as they occurred for purposes of required pro forma stock compensation disclosures.

The following table reflects the Company’s pro forma net income and earnings per share as if compensation expense for the Company’s stock options, determined based on the fair value at the date of grant consistent with the method of SFAS 123, had been included in the determination of the Company’s net income for the three and nine months ended September 30, 2005.

(Dollars in thousands, except share data)	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Net income		
As reported	\$ 19,708	\$ 48,360
Compensation cost of stock options based on fair value, net of related tax effect	(904)	(2,404)
Pro forma	<u>\$ 18,804</u>	<u>\$ 45,956</u>
Earnings per share – Basic		
As reported	\$ 0.83	\$ 2.10
Compensation cost of stock options based on fair value, net of related tax effect	(0.04)	(0.11)
Pro forma	<u>\$ 0.79</u>	<u>\$ 1.99</u>
Earnings per share – Diluted		
As reported	\$ 0.80	\$ 2.00
Compensation cost of stock options based on fair value, net of related tax effect	(0.04)	(0.10)
Pro forma	<u>\$ 0.76</u>	<u>\$ 1.90</u>

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The Company estimates the fair value of stock options at the date of grant using a Black-Scholes option-pricing model that utilizes the assumptions outlined in the following table. These assumptions are consistent with the provisions of SFAS 123R and the Company's prior period pro forma disclosures of net income and earnings per share, including stock option expense. Option-pricing models require the input of highly subjective assumptions and are sensitive to changes in the option's expected life and the price volatility of the underlying stock, which can materially affect the fair value estimate. Expected life is based on historical exercise and termination behavior, and expected stock price volatility is based on historical volatility of the Company's common stock, which correlates with the expected life of the options. The risk-free interest rate is based on the U.S. Treasury curve. Management reviews and adjusts the assumptions used to calculate the fair value of an option on a periodic basis to better reflect expected trends.

	For the Nine Months Ended	
	September 30, 2006	September 30, 2005
Expected dividend yield	0.5%	0.5%
Expected volatility	24.4%	23.6%
Risk-free rate	4.6%	4.2%
Expected option life (in years)	8.1	8.5

In general, the Company awards stock based compensation in the form of stock options and restricted shares, both pursuant to the Wintrust Financial Corporation 1997 Stock Incentive Plan ("the Plan"). A summary of option activity under the Plan as of September 30, 2006, and changes for the nine months then ended is presented below:

Stock Options	Common Shares	Weighted Average Strike Price	Remaining Contractual Term ⁽¹⁾	Intrinsic Value ⁽²⁾ (\$000)
Outstanding at January 1, 2006	3,019,482	\$ 29.63		
Conversion of options of acquired company	2,046	24.42		
Granted	181,600	51.74		
Exercised	(340,021)	15.54		
Forfeited or canceled	(77,458)	45.48		
Outstanding at September 30, 2006	2,785,649	\$ 32.34	5.88	\$ 53,615
Vested or expected to vest at September 30, 2006	2,684,738	\$ 31.79	5.79	\$ 53,062
Exercisable at September 30, 2006	1,699,715	\$ 22.98	4.58	\$ 47,611

(1) Represents the weighted average contractual life remaining in years.

(2) Aggregate intrinsic value represents the total pre-tax intrinsic value (i.e., the difference between the Company's average of the high and low stock price on the last trading day of the third quarter of 2006 and the option exercise price, multiplied by the number of shares) that would have been received by the option holders if they had exercised their options on September 30, 2006. This amount will change based on the fair market value of the Company's stock.

The weighted average per share grant date fair value of options granted during the nine months ended September 30, 2006 and 2005 was \$20.00 and \$20.31, respectively. The total intrinsic value of options exercised during the nine months ended September 30, 2006 and 2005, was \$12.5 million and \$9.8 million, respectively.

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A summary of the restricted share award activity under the Plan as of September 30, 2006, and changes for the nine months then ended is presented below:

Restricted Shares	Common Shares	Weighted Average Grant-Date Fair Value
Outstanding at January 1, 2006	206,157	\$ 53.55
Granted	153,878	51.62
Vested (shares issued)	(70,390)	53.60
Forfeited	(5,038)	52.43
Outstanding at September 30, 2006	284,607	\$ 52.52

The fair value of restricted shares is determined based on the average of the high and low trading prices on the grant date. The weighted-average grant-date fair value of shares granted during the nine months ended September 30, 2006 and 2005 was \$51.62 and \$53.97, respectively.

As of September 30, 2006, there was \$24.9 million of total unrecognized compensation cost related to non-vested share based arrangements under the Plan. That cost is expected to be recognized over a weighted average period of 1.6 years. The total fair value of shares vested during the nine months ended September 30, 2006 and 2005, was \$7.5 million and \$3.3 million, respectively.

Cash received from option exercises under the Plan for the nine months ended September 30, 2006 and 2005 was \$5.4 million and \$3.9 million, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled \$4.7 million and \$3.5 million for the nine months ended September 30, 2006 and 2005, respectively.

The Company issues new shares to satisfy option exercises and vesting of restricted shares.

(13) Earnings Per Share

The following table shows the computation of basic and diluted EPS for the periods indicated:

(In thousands, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Net income	<u>\$ 14,859</u>	<u>\$ 19,708</u>	<u>\$ 51,483</u>	<u>\$ 48,360</u>
Average common shares outstanding	25,656	23,615	24,820	22,990
Effect of dilutive potential common shares	<u>941</u>	<u>1,156</u>	<u>926</u>	<u>1,159</u>
Weighted average common shares and effect of dilutive potential common shares	<u>26,597</u>	<u>24,771</u>	<u>25,746</u>	<u>24,149</u>
Net income per common share:				
Basic	<u>\$ 0.58</u>	<u>\$ 0.83</u>	<u>\$ 2.07</u>	<u>\$ 2.10</u>
Diluted	<u>\$ 0.56</u>	<u>\$ 0.80</u>	<u>\$ 2.00</u>	<u>\$ 2.00</u>

The effect of dilutive common shares outstanding results from stock options, restricted stock unit awards, stock warrants, and shares to be issued 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.

(14) Recent Accounting Developments

Effective January 1, 2006, the Company early-adopted Statement of Financial Accounting Standards 156, “Accounting for Servicing of Financial Assets — An Amendment of FASB Statement No. 140” (“SFAS 156”). SFAS 156 requires separately recognized servicing assets to be recorded at fair value upon the purchase of a servicing right or selling of a loan with servicing retained. SFAS 156 also permits entities to choose to either subsequently measure servicing rights at fair value and report changes in the fair value in earnings or amortize servicing rights in proportion to and over the estimated net servicing income and assess them for impairment. The latter method results in recording servicing rights at lower of amortized cost or fair value. The Company elected to subsequently measure its mortgage servicing rights at fair value. The adoption of SFAS 156 resulted in an increase in the beginning balance of retained earnings by \$1.1 million to reflect the excess of the fair value over the carrying value of the servicing rights as of the date of adoption, net of tax, as a cumulative-effect adjustment of the change in accounting.

In June 2006, the FASB issued Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, Accounting for Income Taxes,” effective for the Company beginning on January 1, 2007. FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company is currently assessing the impact of FIN 48 on its financial statements.

In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments” (“SFAS 155”) which amends SFAS 133. SFAS 155 establishes a requirement to evaluate interests in securitized financial assets to identify hybrid instruments that contain embedded derivatives requiring bifurcation. SFAS 155 permits companies to irrevocably elect, on a deal by deal basis, fair value re-measurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS 155 is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. The Company is currently assessing the impact of SFAS 155 on its financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 establishes a framework for measuring fair value and requires expanded disclosure about the information used to measure fair value. The statement applies whenever other statements require, or permit, assets or liabilities to be measured at fair value. The statement does not expand the use of fair value in any new circumstances and is effective SFAS 157 is effective January 1, 2008. The Company is currently assessing the impact of SFAS 157 on its financial statements.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements” (“SAB 108”), which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB 108 is effective for fiscal years ending after November 15, 2006. The Company does not believe that the adoption of SAB 108 will materially impact the consolidated financial statements.

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, 2006, compared with December 31, 2005, and September 30, 2005, and the results of operations for the three and nine-month periods ended September 30, 2006 and 2005 should be read in conjunction with the Company's unaudited consolidated financial statements and notes contained in this report. This discussion contains forward-looking statements that involve risks and uncertainties and, as such, future results could differ significantly from management's current expectations. See the last section of this discussion for further information on forward-looking statements.

Overview and Strategy

Wintrust is a financial holding company providing traditional community banking services as well as a full array of wealth management services to customers in the Chicago metropolitan area and southern Wisconsin. Additionally, the Company operates other financing businesses on a national basis through several non-bank subsidiaries.

Community Banking

As of September 30, 2006, the Company's community banking franchise consisted of 15 community banks (the "Banks") with 72 locations. The Company developed its banking franchise through the *de novo* organization of nine banks (50 locations) and the purchase of seven banks, one of which was merged into another of our banks, with 22 locations. In May 2006, the Company completed its acquisition of Hinsbrook Bank, which has five Illinois banking locations, and in March 2006, the Company opened its newest *de novo* bank, Old Plank Trail Bank. Wintrust's first bank was organized in December 1991, as a highly personal service-oriented community bank. Each of the banks organized or acquired since then share that same commitment to community banking. The Company has grown to \$9.46 billion in total assets at September 30, 2006 from \$7.89 billion in total assets at September 30, 2005, an increase of 20%. The historical financial performance of the Company has been affected by costs associated with growing market share in deposits and loans, establishing and acquiring banks, opening new branch facilities and building an experienced management team. The Company's financial performance generally reflects the improved profitability of its banking subsidiaries as they mature, offset by the costs of establishing and acquiring banks and opening new branch facilities. The Company's experience has been that it generally takes 13 to 24 months for new banks to achieve operational profitability depending on the number and timing of branch facilities added.

The following table presents the Banks in chronological order based on the date in which they joined Wintrust. Each of the Banks has established additional full-service banking facilities subsequent to their initial openings.

	<u>De novo / Acquired</u>	<u>Date</u>
Lake Forest Bank	<i>De novo</i>	December, 1991
Hinsdale Bank	<i>De novo</i>	October, 1993
North Shore Bank	<i>De novo</i>	September, 1994
Libertyville Bank	<i>De novo</i>	October, 1995
Barrington Bank	<i>De novo</i>	December, 1996
Crystal Lake Bank	<i>De novo</i>	December, 1997
Northbrook Bank	<i>De novo</i>	November, 2000
Advantage Bank (<i>organized 2001</i>)	Acquired	October, 2003
Village Bank (<i>organized 1995</i>)	Acquired	December, 2003
Beverly Bank	<i>De novo</i>	April, 2004
Wheaton Bank (<i>formerly Northview Bank; organized 1993</i>)	Acquired	September, 2004
Town Bank (<i>organized 1998</i>)	Acquired	October, 2004
State Bank of The Lakes (<i>organized 1894</i>)	Acquired	January, 2005
First Northwest Bank (<i>organized 1995; merged into Village Bank in May 2005</i>)	Acquired	March, 2005
Old Plank Trail Bank	<i>De novo</i>	March, 2006
Hinsbrook Bank (<i>organized 1987</i>)	Acquired	May, 2006

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Following is a summary of the activity related to the expansion of the Company's banking franchise since September 30, 2005:

2006 Banking Expansion Activity

- *Acquisitions:*
 - Hinsbrook Bank, with locations in Willowbrook, Downers Grove, Glen Ellyn, Darien and Geneva, Illinois
- *De Novo bank opening:*
 - New Lenox, Illinois – *de novo* opening of Old Plank Trail Bank
- *New branch locations:*
 - Gurnee, Illinois – permanent location with drive-through replacing temporary location, a branch of Libertyville Bank
 - Algonquin, Illinois – branch location of Crystal Lake Bank
 - Mokena, Illinois – branch location of Old Plank Trail Bank
 - Elm Grove, Wisconsin – branch of Town Bank
 - Frankfort, Illinois – branch location of Old Plank Trail Bank

2005 Banking Expansion Activity

- *New branch locations:*
 - Downers Grove, Illinois – permanent location with drive-through replacing temporary location, a branch of Hinsdale Bank.
 - Wales, Wisconsin – a branch of Town Bank
 - Glen Ellyn, Illinois – a temporary branch location for Glen Ellyn Bank & Trust, a branch of Wheaton Bank
 - Northbrook, Illinois – in west Northbrook, a branch of Northbrook Bank
 - Beverly neighborhood of Chicago, Illinois – main bank permanent location with drive-through for Beverly Bank

While committed to a continuing growth strategy, management's ongoing focus is 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.

Specialty Lending

First Insurance Funding Corporation ("FIFC") is the Company's most significant specialized earning asset niche, originating \$741 million in loan (premium finance receivables) volume in the third quarter of 2006, \$2.3 billion in the first nine months of 2006 and \$2.7 billion in the calendar year 2005. 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. This lending involves relatively rapid turnover of the loan portfolio and high volume of loan originations. Because of the indirect nature of this lending and because the borrowers are located nationwide, this segment may be more susceptible to third party fraud than relationship lending; however, management established various control procedures to mitigate the risks associated with this lending. The majority of these loans are purchased by the Banks in order to more fully utilize their lending capacity as these loans generally provide the Banks with higher yields than alternative investments. Although FIFC has historically sold a portion of its receivables to an unrelated third party, it did not sell any of the receivables generated in the third quarter of 2006. On a year-to-date basis, FIFC sold approximately \$303 million, or 13%, of its loan originations to an unrelated third party. The Company's strategy is to maintain its average loan-to-deposit ratio in the range of 85-90% as well as to be asset-driven and the sale of premium finance receivables provided the Company with a means to achieve both of these objectives. However, during the third quarter of 2006, the Company's average loan-to-deposit ratio was 81.9%, below the target range and, accordingly, the sale of these receivables was suspended. Consistent with the Company's strategy to be asset-driven, it is possible that sales of these receivables may occur in the future.

As part of its continuing strategy to enhance and diversify its earning asset base and revenue stream, in May 2004, the Company acquired SGB Corporation d/b/a WestAmerica Mortgage Company (“WestAmerica”) and WestAmerica’s affiliate, Guardian Real Estate Services, Inc. (“Guardian”). WestAmerica engages primarily in the origination and purchase of residential mortgages for sale into the secondary market, and Guardian provides the document preparation and other loan closing services to WestAmerica and a network of mortgage brokers. WestAmerica sells its loans with servicing released and does not currently engage in servicing loans for others. WestAmerica maintains principal origination offices in ten states, including Illinois, and originates loans in other states through wholesale and correspondent offices. WestAmerica provides the Banks with the ability to use an enhanced loan origination and documentation system which allows WestAmerica and the Banks to better utilize existing operational capacity and expand the mortgage products offered to the Banks’ customers. WestAmerica’s production of adjustable rate mortgage loan products and other variable rate mortgage loan products may be purchased by the Banks for their loan portfolios resulting in additional earning assets to the combined organization, thus adding further desired diversification to the Company’s earning asset base.

In October 1999, the Company acquired Tricom as part of its continuing strategy to pursue specialized earning asset niches. Tricom is a company based in the Milwaukee area that has been in business since 1989 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 clients in the temporary staffing industry. Tricom’s clients, located throughout the United States, provide staffing services to businesses in diversified industries. 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 its 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 the earning asset niches provided by the Company’s non-bank subsidiaries, several earning asset niches operate within the Banks, including indirect auto lending which is conducted through Hinsdale Bank 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 operates a mortgage warehouse lending program that provides loan and deposit services to mortgage brokerage companies located predominantly in the Chicago metropolitan area, and Crystal Lake Bank has developed a specialty in small aircraft lending which is operated through its North American Aviation Financing division. The Company continues to pursue the development and/or acquisition of other specialty lending businesses that generate assets suitable for bank investment and/or secondary market sales.

Wealth Management

Wintrust’s strategy also includes building and growing its wealth management business, which includes trust, asset management and securities brokerage services marketed primarily under the Wayne Hummer name. In February 2002, the Company completed its acquisition of the Wayne Hummer Companies, comprised of Wayne Hummer Investments LLC (“WHI”), Wayne Hummer Management Company (subsequently renamed Wayne Hummer Asset Management Company (“WHAMC”) and Focused Investments LLC (“Focused”), each based in the Chicago area. To further augment its wealth management business, in February 2003, the Company acquired Lake Forest Capital Management (“LFCM”), a registered investment advisor. LFCM was merged into WHAMC.

WHAMC, a registered investment advisor, provides money management and advisory services to individuals and institutional municipal and tax-exempt organizations. WHAMC also provides portfolio management and financial supervision for a wide-range of pension and profit sharing plans. In addition, WHAMC is investment advisor for the PathMaster Domestic Equity Fund, a mutual fund that was first offered in December 2005. The PathMaster Fund is a quantitatively based fund that employs a variety of fundamental investment analytical factors in allocating its holdings of exchange traded funds according to the underlying securities’ size and style categorization.

WHI, a registered broker-dealer, provides a full-range of investment products and services tailored to meet the specific needs of individual investors throughout the country, primarily in the Midwest. Although headquartered in downtown Chicago, WHI also operates an office in Appleton, Wisconsin as well as in 18 of the Company’s banking locations in

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Illinois and Wisconsin. Focused, 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 unaffiliated community-based financial institutions located primarily in Illinois.

In September 1998, the Company formed a trust subsidiary to expand the trust and investment management services that were previously provided through the trust department of Lake Forest Bank. The trust subsidiary, originally named Wintrust Asset Management Company, was renamed Wayne Hummer Trust Company (“WHTC”) in May 2002, to bring together the Company’s wealth management subsidiaries under a common brand name. In addition to offering trust administrative services to existing 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. WHAMC serves as the investment advisor to WHTC’s clients.

The following table presents a summary of the approximate amount of assets under administration and/or management in the Company’s wealth management operating subsidiaries as of the dates shown:

(Dollars in thousands)	September 30, 2006	December 31, 2005	September 30, 2005
WHTC	\$ 775,528	\$ 658,753	\$ 659,952
WHAMC ⁽¹⁾	530,902	823,409	871,985
WHAMC’s proprietary mutual funds	14,360	161,568	167,539
WHI – brokerage assets in custody	5,300,000	5,300,000	5,000,000

⁽¹⁾ Excludes the proprietary mutual funds managed by WHAMC

The significant increase in the assets under administration and/or management at WHTC is primarily attributed to the trust business acquired in connection with the acquisition of Hinsbrook Bank. At the time of the Company’s acquisition of the Wayne Hummer Companies, WHAMC was advisor to a family of mutual funds known as the Wayne Hummer funds. In the first quarter of 2006 WHAMC sold the last of these funds, the Wayne Hummer Growth Fund, and realized a gain of approximately \$2.4 million on the sale. Wayne Hummer will focus its mutual fund efforts on the PathMaster Fund and similar funds and separately managed mutual fund products currently under consideration. The decrease in assets under management at WHAMC from December 31, 2005 to September 30, 2006 is primarily due to its ceasing to manage a low-margin institutional account with assets totaling approximately \$240 million in the second quarter of 2006.

RESULTS OF OPERATIONS

Earnings Summary

The Company's key operating measures for 2006, as compared to the same periods last year, are shown below:

(Dollars in thousands, except per share data)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Percentage (%)/ Basis Point (bp) Change
Net income	\$ 14,859	\$ 19,708	(25)%
Net income per common share – Diluted	0.56	0.80	(30)
Net revenue ⁽¹⁾	83,891	84,461	(1)
Net interest income	65,115	55,969	16
Net interest margin ⁽⁶⁾	3.10%	3.17%	(7)bp
Core net interest margin ^{(2) (6)}	3.33	3.39	(6)
Net overhead ratio ⁽³⁾	1.72	1.11	61
Efficiency ratio ^{(4) (6)}	69.95	59.40	1,055
Return on average assets	0.63	1.01	(38)
Return on average equity	8.04	13.07	(503)

	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Percentage (%)/ Basis Point (bp) Change
Net income	\$ 51,483	\$ 48,360	6%
Net income per common share – Diluted	2.00	2.00	—
Net revenue ⁽¹⁾	255,315	229,178	11
Net interest income	183,521	159,765	15
Net interest margin ⁽⁶⁾	3.11%	3.19%	(8)bp
Core net interest margin ^{(2) (6)}	3.33	3.41	(8)
Net overhead ratio ⁽³⁾	1.49	1.41	8
Efficiency ratio ^{(4) (6)}	66.01	64.44	157
Return on average assets	0.79	0.87	(8)
Return on average equity	10.09	11.10	(101)

At end of period

Total assets	\$ 9,463,060	\$ 7,893,503	20%
Total loans, net of unearned income	6,330,612	5,149,795	23
Total deposits	7,709,585	6,487,103	19
Long-term debt – trust preferred securities	249,870	230,499	8
Total shareholders' equity	763,298	613,595	24
Book value per common share	29.68	25.94	14
Market price per common share	50.15	50.26	—
Allowance for credit losses to total loans ⁽⁵⁾	0.72%	0.79%	(7)bp
Non-performing assets to total assets	0.38	0.34	4

(1) Net revenue is net interest income plus non-interest income.

(2) The core net interest margin excludes the net interest expense associated with Wintrust's Long-term debt – trust preferred securities.

(3) 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.

(4) The efficiency ratio is calculated by dividing total non-interest expense by tax-equivalent net revenue (less securities gains or losses). A lower ratio indicates more efficient revenue generation.

(5) The allowance for credit losses includes both the allowance for loan losses and the allowance for lending related commitments.

(6) See following section titled, "Supplemental Financial Measures/Ratios" for additional information on this performance measure/ratio.

Certain returns, yields, performance ratios, and quarterly growth rates are "annualized" in this presentation and throughout this report to represent an annual time period. This is done for analytical purposes to better discern for decision-making purposes underlying performance trends when compared to full-year or year-over-year amounts. For example, balance sheet growth rates are most often expressed in terms of an annual rate. As such, 5% growth during a quarter would represent an annualized growth rate of 20%.

Supplemental Financial Measures/Ratios

The accounting and reporting policies of Wintrust conform to generally accepted accounting principles (“GAAP”) in the United States and prevailing practices in the banking industry. However, certain non-GAAP performance measures and ratios are used by management to evaluate and measure the Company’s performance. These include taxable-equivalent net interest income (including its individual components), net interest margin (including its individual components), core net interest margin and the efficiency ratio. Management believes that these measures and ratios provide users of the Company’s financial information with a more meaningful view of the performance of interest-earning assets and interest-bearing liabilities and of the Company’s operating efficiency. Other financial holding companies may define or calculate these measures and ratios differently.

Management reviews yields on certain asset categories and the net interest margin of the Company and its banking subsidiaries on a fully taxable-equivalent (“FTE”) basis. In this non-GAAP presentation, net interest income is adjusted to reflect tax-exempt interest income on an equivalent before-tax basis. This measure ensures comparability of net interest income arising from both taxable and tax-exempt sources. Net interest income on a FTE basis is also used in the calculation of the Company’s efficiency ratio. The efficiency ratio, which is calculated by dividing non-interest expense by total taxable-equivalent net revenue (less securities gains or losses), measures how much it costs to produce one dollar of revenue. Securities gains or losses are excluded from this calculation to better match revenue from daily operations to operational expenses.

Management also evaluates the net interest margin excluding the net interest expense associated with the Company’s Long-term debt – trust preferred securities (“Core Net Interest Margin”). Because these instruments are utilized by the Company primarily as capital instruments, management finds it useful to view the net interest margin excluding this expense and deems it to be a more meaningful view of the operational net interest margin of the Company.

A reconciliation of certain non-GAAP performance measures and ratios used by the Company to evaluate and measure the Company’s performance to the most directly comparable GAAP financial measures is shown below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
(Dollars in thousands)				
(A) Interest income (GAAP)	\$ 148,893	\$ 106,472	\$ 404,305	\$ 292,470
Taxable-equivalent adjustment:				
– Loans	86	123	321	427
– Liquidity management assets	293	221	835	555
– Other earning assets	8	2	15	15
Interest income – FTE	<u>\$ 149,280</u>	<u>\$ 106,818</u>	<u>\$ 405,476</u>	<u>\$ 293,467</u>
(B) Interest expense (GAAP)	83,778	50,503	220,784	132,705
Net interest income – FTE	<u>\$ 65,502</u>	<u>\$ 56,315</u>	<u>\$ 184,692</u>	<u>\$ 160,762</u>
(C) Net interest income (GAAP) (A minus B)	\$ 65,115	\$ 55,969	\$ 183,521	\$ 159,765
Net interest income – FTE	\$ 65,502	\$ 56,315	\$ 184,692	\$ 160,762
Add: Interest expense on long-term debt – trust preferred securities, net ⁽¹⁾	4,817	3,829	13,049	10,847
Core net interest income – FTE ⁽²⁾	<u>\$ 70,319</u>	<u>\$ 60,144</u>	<u>\$ 197,741</u>	<u>\$ 171,609</u>
(D) Net interest margin (GAAP)	3.08%	3.15%	3.08%	3.17%
Net interest margin – FTE	3.10%	3.17%	3.11%	3.19%
Core net interest margin — FTE ⁽²⁾	3.33%	3.39%	3.33%	3.41%
(E) Efficiency ratio (GAAP)	70.27%	59.65%	66.31%	64.73%
Efficiency ratio – FTE	69.95%	59.40%	66.01%	64.44%

⁽¹⁾ Interest expense from the Long-term debt – trust preferred securities is net of the interest income on the Common Securities owned by the Trusts and included in interest income.

⁽²⁾ Core net interest income and core net interest margin are by definition non-GAAP measures/ratios. The GAAP equivalents are the net interest income and net interest margin determined in accordance with GAAP (lines C and D in the table).

Critical Accounting Policies

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Critical accounting policies inherently have greater complexity and greater reliance on the use of estimates, assumptions and judgments than other accounting policies, and as such have a greater possibility that changes in those estimates and assumptions could produce financial results that are materially different than originally reported. Estimates, assumptions and judgments are based on information available as of the date of the financial statements; accordingly, as information changes, the financial statements could reflect different estimates and assumptions. Management currently views critical accounting policies to include the determination of the allowance for loan losses and the allowance for lending-related commitments, the valuation of the retained interest in the premium finance receivables sold, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and the accounting for income taxes as the areas that are most complex and require the most subjective and complex judgments, and as such could be most subject to revision as new information becomes available. For a more detailed discussion on these critical accounting policies, see “Summary of Critical Accounting Policies” beginning on page 72 of the Company’s Annual Report to shareholders for the year ended December 31, 2005.

Net Income

Net income for the quarter ended September 30, 2006 totaled \$14.9 million, a decrease of \$4.8 million, or 25%, compared to the \$19.7 million recorded in the third quarter of 2005. On a per share basis, net income for the third quarter of 2006 totaled \$0.56 per diluted common share, a decrease of \$0.24 per share, or 30%, as compared to the 2005 third quarter total of \$0.80 per diluted common share. The return on average equity for the third quarter of 2006 was 8.04%, compared to 13.07% for the prior year quarter.

Net income for the first nine months of 2006, totaled \$51.5 million, an increase of \$3.1 million, or 6%, compared to \$48.4 million for the same period in 2005. On a per share basis, net income per diluted common share was \$2.00 for both the first nine months of 2006 and 2005. Return on average equity for the first nine months of 2006 was 10.09% versus 11.10% for the same period of 2005.

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, 2006 totaled \$65.5 million, an increase of \$9.2 million, or 16%, as compared to the \$56.3 million recorded in the same quarter of 2005. Average loans in the third quarter of 2006 increased \$966 million, or 18%, over the third quarter of 2005 (\$615 million, or 12%, excluding the impact of the acquisition of HBI). Compared to the second quarter of 2006, average loans grew \$405 million (\$179 million, or 12% on an annualized basis, excluding the impact of the acquisition of HBI).

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 third quarter of 2006 as compared to the third quarter of 2005 (linked quarters):

(Dollars in thousands)	For the Three Months Ended September 30, 2006			For the Three Months Ended September 30, 2005		
	Average	Interest	Rate	Average	Interest	Rate
Liquidity management assets ^{(1) (2) (8)}	\$ 2,106,501	\$ 26,823	5.05%	\$ 1,752,224	\$ 17,346	3.93%
Other earning assets ^{(2) (3)(8)}	29,114	582	8.00	9,894	180	7.21
Loans, net of unearned income ^{(2) (4) (8)}	6,255,398	121,875	7.73	5,289,745	89,292	6.70
Total earning assets ⁽⁸⁾	\$ 8,391,013	\$ 149,280	7.06%	\$ 7,051,863	\$ 106,818	6.01%
Allowance for loan losses	(46,494)			(41,182)		
Cash and due from banks	128,883			161,794		
Other assets	810,623			606,728		
Total assets	\$ 9,284,025			\$ 7,779,203		
Interest-bearing deposits	\$ 6,973,194	\$ 72,428	4.12%	\$ 5,733,021	\$ 41,913	2.90%
Federal Home Loan Bank advances	377,399	3,950	4.15	346,057	3,127	3.59
Notes payable and other borrowings	136,813	979	2.84	119,585	869	2.88
Subordinated notes	80,304	1,453	7.08	50,000	651	5.09
Long-term debt – trust preferred securities	238,111	4,968	8.16	226,484	3,943	6.81
Total interest-bearing liabilities	\$ 7,805,821	\$ 83,778	4.25%	\$ 6,475,147	\$ 50,503	3.09%
Non-interest bearing deposits	663,647			617,547		
Other liabilities	81,217			88,188		
Equity	733,340			598,321		
Total liabilities and shareholders' equity	\$ 9,284,025			\$ 7,779,203		
Interest rate spread ^{(5) (8)}			2.81%			2.92%
Net free funds/contribution ⁽⁶⁾	\$ 585,192		0.29	\$ 576,716		0.25
Net interest income/Net interest margin ⁽⁸⁾		\$ 65,502	3.10%		\$ 56,315	3.17%
Core net interest margin ^{(7) (8)}			3.33%			3.39%

- (1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.
- (2) Interest income on tax-advantaged loans, trading account securities 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, 2006 and 2005 were \$387,000 and \$346,000, respectively.
- (3) Other earning assets include brokerage customer receivables and trading account securities.
- (4) Loans, net of unearned income, include 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 estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.
- (7) The core net interest margin excludes the effect of the net interest expense associated with Wintrust's Long-term debt — trust preferred securities.
- (8) See "Supplemental Financial Measures/Ratios" section of this report for additional information on this performance measure/ratio.

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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 third quarter of 2006 as compared to the second quarter of 2006 (sequential quarters):

(Dollars in thousands)	For the Three Months Ended September 30, 2006			For the Three Months Ended June 30, 2006		
	Average	Interest	Rate	Average	Interest	Rate
Liquidity management assets ^{(1) (2) (8)}	\$ 2,106,501	\$ 26,823	5.05%	\$ 2,090,691	\$ 25,397	4.87%
Other earning assets ^{(2) (3)(8)}	29,114	582	8.00	32,304	566	7.00
Loans, net of unearned income ^{(2) (4) (8)}	6,255,398	121,875	7.73	5,849,916	109,525	7.51
Total earning assets ⁽⁸⁾	\$ 8,391,013	\$ 149,280	7.06%	\$ 7,972,911	\$ 135,488	6.82%
Allowance for loan losses	(46,494)			(43,137)		
Cash and due from banks	128,883			123,842		
Other assets	810,623			731,765		
Total assets	\$ 9,284,025			\$ 8,785,381		
Interest-bearing deposits	\$ 6,973,194	\$ 72,428	4.12%	\$ 6,494,473	\$ 62,069	3.83%
Federal Home Loan Bank advances	377,399	3,950	4.15	371,369	3,714	4.01
Notes payable and other borrowings	136,813	979	2.84	233,430	2,687	4.62
Subordinated notes	80,304	1,453	7.08	61,242	1,056	6.82
Long-term debt – trust preferred securities	238,111	4,968	8.16	230,389	4,348	7.47
Total interest-bearing liabilities	\$ 7,805,821	\$ 83,778	4.25%	\$ 7,390,903	\$ 73,874	4.01%
Non-interest bearing deposits	663,647			633,500		
Other liabilities	81,217			87,221		
Equity	733,340			673,757		
Total liabilities and shareholders' equity	\$ 9,284,025			\$ 8,785,381		
Interest rate spread ^{(5) (8)}			2.81%			2.81%
Net free funds/contribution ⁽⁶⁾	\$ 585,192		0.29	\$ 582,008		0.29
Net interest income/Net interest margin ⁽⁸⁾		\$ 65,502	3.10%		\$ 61,614	3.10%
Core net interest margin ^{(7) (8)}			3.33%			3.32%

- (1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.
- (2) Interest income on tax-advantaged loans, trading account securities and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the quarter ended September 30, 2006 was \$387,000 and for the quarter ended June 30, 2006 was \$372,000.
- (3) Other earning assets include brokerage customer receivables and trading account securities.
- (4) Loans, net of unearned income, include 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 estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.
- (7) The core net interest margin excludes the effect of the net interest expense associated with Wintrust's Long-term debt - trust preferred securities.
- (8) See "Supplemental Financial Measures/Ratios" section of this report for additional information on this performance measure/ratio.

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 2006 the net interest margin was 3.10%, no change when compared to the net interest margin of 3.10% in second quarter of 2006 and a decrease of seven basis points when compared to the third quarter of 2005. The core net interest margin, which excludes the net interest expense related to Wintrust's Long-term debt - trust preferred securities, was 3.33% for the third quarter of 2006, 3.32% for the second quarter of 2006 and 3.39% for the third quarter of 2005.

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The net interest margin declined seven basis points in the third quarter of 2006 compared to the third quarter of 2005 as the yield on earning assets increased 105 basis points, the rate paid on interest-bearing liabilities increased 116 basis points and the contribution from net free funds increased four basis points. The earning asset yield improvement in the third quarter of 2006 compared to the third quarter of 2005 was primarily attributable to a 103 basis point increase in the yield on loans. The higher loan yield is reflective of the earlier interest rate increases effected by the Federal Reserve Bank offset by continued competitive loan pricing pressures. The interest-bearing liability rate increase of 116 basis points was due to an increase of 122 basis points in deposits as rates have generally risen in the past 12 months, continued competitive pricing pressures on fixed-maturity time deposits in most markets and the promotional pricing activities associated with opening additional *de novo* branches and branches acquired through acquisition.

The yield on total earning assets for the third quarter of 2006 was 7.06% as compared to 6.01% in the third quarter of 2005. The increase of 105 basis points from the third quarter of 2005 resulted primarily from the rising interest rate environment in the last 24 months offset by the effects of a flattening yield curve and highly competitive pricing in all lending areas. The third quarter 2006 yield on loans was 7.73%, a 103 basis point increase when compared to the prior year third quarter yield of 6.70%. Compared to the second quarter of 2006, the yield on earning assets increased 24 basis points primarily as a result of a 22 basis point increase in the yield on total loans and an 18 basis point increase in the yield on liquidity management assets. The average loan-to-average deposit ratio was 81.9% in the third quarter of 2006, 83.3% in the third quarter of 2005 and 82.1% in the second quarter of 2006.

The rate paid on interest-bearing deposits increased to 4.12% in the third quarter of 2006 as compared to 2.90% in the third quarter of 2005. The rate paid on wholesale funding, consisting of Federal Home Loan Bank of Chicago advances, notes payable, subordinated notes, other borrowings and trust preferred securities, increased to 5.37% in the third quarter of 2006 compared to 4.56% in the third quarter of 2005 and 5.25% in the second quarter of 2006 as a result of higher market interest rates and increased trust preferred borrowings. The Company utilizes certain borrowing sources to fund the additional capital requirements of the subsidiary banks, manage its capital, manage its interest rate risk position and for general corporate purposes.

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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 nine months ended September 30, 2006 and 2005.

(Dollars in thousands)	For the Nine Months Ended September 30, 2006			For the Nine Months Ended September 30, 2005		
	Average	Interest	Rate	Average	Interest	Rate
Liquidity management assets ^{(1) (2) (8)}	\$ 2,084,962	\$ 75,676	4.85%	\$ 1,660,785	\$ 49,602	3.99%
Other earning assets ^{(2) (3) (8)}	31,068	1,620	6.95	25,043	1,099	5.87
Loans, net of unearned income ^{(2) (4) (8)}	5,838,068	328,180	7.52	5,055,228	242,766	6.42
Total earning assets ⁽⁸⁾	\$ 7,954,098	\$ 405,476	6.82%	\$ 6,741,056	\$ 293,467	5.82%
Allowance for loan losses	(43,760)			(40,016)		
Cash and due from banks	126,531			156,898		
Other assets	724,081			579,743		
Total assets	\$ 8,760,950			\$ 7,437,681		
Interest-bearing deposits	\$ 6,556,642	\$ 188,780	3.85%	\$ 5,425,910	\$ 107,172	2.64%
Federal Home Loan Bank advances	368,224	10,943	3.97	328,561	8,744	3.56
Notes payable and other borrowings	150,040	4,319	3.85	191,109	3,553	2.49
Subordinated notes	63,960	3,310	6.82	50,000	2,075	5.47
Long-term debt – trust preferred securities	233,005	13,432	7.60	213,774	11,161	6.88
Total interest-bearing liabilities	\$ 7,371,871	\$ 220,784	4.00%	\$ 6,209,354	\$ 132,705	2.85%
Non-interest bearing deposits	628,270			582,271		
Other liabilities	78,746			63,729		
Equity	682,063			582,327		
Total liabilities and shareholders' equity	\$ 8,760,950			\$ 7,437,681		
Interest rate spread ^{(5) (8)}			2.82%			2.97%
Net free funds/contribution ⁽⁶⁾	\$ 582,227		0.29	\$ 531,702		0.22
Net interest income/Net interest margin ⁽⁸⁾		\$ 184,692	3.11%		\$ 160,762	3.19%
Core net interest margin ^{(7) (8)}			3.33%			3.41%

(1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

(2) Interest income on tax-advantaged loans, trading account securities and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the nine months ended September 30, 2006 and 2005 were \$1.2 million and \$997,000, respectively.

(3) Other earning assets include brokerage customer receivables and trading account securities.

(4) Loans, net of unearned income, include 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 estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.

(7) The core net interest margin excludes the effect of the net interest expense associated with Wintrust's Long-term debt — trust preferred securities.

(8) See "Supplemental Financial Measures/Ratios" section of this report for additional information on this performance measure/ratio.

Tax-equivalent net interest income for the nine months ended September 30, 2006 totaled \$184.7 million, an increase of \$23.9 million, or 15%, as compared to the \$160.8 million recorded in the same period of 2005. The year-to-date net interest margin of 3.11% declined eight basis points from the prior year. The eight basis point decrease in net interest margin resulted from the yield on earning assets increasing 100 basis points, the rate paid on interest-bearing liabilities increasing 115 basis points and the contribution from net free funds increasing seven basis points. The loan yield has increased 110 basis points while the rate paid on interest-bearing deposits increased 121 basis points in 2006 compared to 2005. The competitive lending markets described in the quarterly results above have impacted the year-to-date results in a similar manner. Loan yields increasing faster than interest-bearing deposit rates in a rising rate environment have not occurred as anticipated.

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The yield on total earning assets for the first nine months of 2006 was 6.82% compared to 5.82% in 2005, an increase of 100 basis points resulting primarily from the effect of higher yields on loans. Average loans, the highest yielding component of the earning asset base, increased \$783 million, or 15%, in the first nine months of 2006 compared to the prior year period. The average yield on loans during the nine months ended September 30, 2006, was 7.52%, an increase of 110 basis points compared to 6.42% for the same period of 2005.

The rate paid on interest-bearing liabilities for the first nine months of 2006 was 4.00% compared to 2.85% in the first nine months of 2005, an increase of 115 basis points. Deposits accounted for 89% of total interest bearing liabilities in the first nine months of 2006 and 87% in the same period of 2005. The average rate paid on deposits was 3.85% in the first nine months of 2006, an increase of 121 basis points compared to the average rate of 2.64% in the first nine months of 2005.

The following table presents an analysis of the changes in the Company's tax-equivalent net interest income comparing the three-month periods ended September 30, 2006 and June 30, 2006, the nine-month periods ended September 30, 2006 and September 30, 2005 and the three-month periods ended September 30, 2006 and September 30, 2005. The reconciliations set forth the changes in the tax-equivalent net interest income as a result of changes in volumes, changes in rates and differing number of days in each period.

(Dollars in thousands)	Third Quarter of 2006 Compared to Second Quarter of 2006	First Nine Months of 2006 Compared to First Nine Months of 2005	Third Quarter of 2006 Compared to Third Quarter of 2005
Tax-equivalent net interest income for comparative period	\$ 61,614	\$ 160,762	\$ 56,315
Change due to mix and growth of earning assets and interest-bearing liabilities (volume)	4,050	28,403	10,509
Change due to interest rate fluctuations (rate)	(831)	(4,473)	(1,322)
Change due to number of days in each period	669	—	—
Tax-equivalent net interest income for the period ended September 30, 2006	\$ 65,502	\$ 184,692	\$ 65,502

Non-interest Income

For the third quarter of 2006, non-interest income totaled \$18.8 million and decreased \$9.7 million, or 34%, compared to the third quarter of 2005. For the nine months ended September 30, 2006, non-interest income totaled \$71.8 million, an increase of \$2.4 million, or 3%, compared to the same period of 2005. Significant changes in the quarterly and year-to-date periods were reflected in mortgage banking, gain on sales of premium finance receivables, fees from covered call options and trading income, which primarily reflects the mark-to-market adjustment on interest rate swaps.

The following tables present non-interest income by category for the periods presented:

(Dollars in thousands)	Three Months Ended September 30,		\$ Change	% Change
	2006	2005		
Brokerage	\$ 4,620	\$ 4,454	\$ 166	3.7
Trust and asset management	2,442	2,496	(54)	(2.1)
Total wealth management	7,062	6,950	112	1.6
Mortgage banking	5,368	7,773	(2,405)	(30.9)
Service charges on deposit accounts	1,863	1,518	345	22.7
Gain on sales of premium finance receivables	272	1,602	(1,330)	(83.0)
Administrative services	1,115	1,169	(54)	(4.6)
Gains (losses) on available-for-sale securities, net	(57)	89	(146)	(164.2)
Other:				
Fees from covered call options	279	3,998	(3,719)	(93.0)
Trading income – net cash settlement of swaps	7	100	(93)	(93.0)
Trading income (loss) – change in fair market value	(3)	3,029	(3,032)	(100.1)
Bank Owned Life Insurance	740	701	39	5.5
Miscellaneous	2,130	1,563	567	36.3
Total other	3,153	9,391	(6,238)	(66.4)
Total non-interest income	\$ 18,776	\$ 28,492	\$ (9,716)	(34.1)

(Dollars in thousands)	Nine Months Ended September 30,		\$ Change	% Change
	2006	2005		
Brokerage	\$ 14,880	\$ 15,368	\$ (488)	(3.2)
Trust and asset management	9,850	7,343	2,507	34.2
Total wealth management	24,730	22,711	2,019	8.9
Mortgage banking	16,339	19,855	(3,516)	(17.7)
Service charges on deposit accounts	5,307	4,451	856	19.2
Gain on sales of premium finance receivables	2,718	4,985	(2,267)	(45.5)
Administrative services	3,473	3,307	166	5.0
Gains (losses) on available-for-sale securities, net	(72)	1,067	(1,139)	(106.8)
Other:				
Fees from covered call options	2,767	9,375	(6,608)	(70.5)
Trading income – net cash settlement of swaps	1,237	143	1,094	N/M
Trading income (loss) – change in fair market value	7,522	(2,690)	10,212	N/M
Bank Owned Life Insurance	2,046	1,850	196	10.6
Miscellaneous	5,727	4,359	1,368	31.4
Total other	19,299	13,037	6,262	(48.0)
Total non-interest income	\$ 71,794	\$ 69,413	\$ 2,381	3.4

NM – data not meaningful

Wealth management is comprised of the trust and asset management revenue of WHTC and the asset management fees, brokerage commissions, trading commissions and insurance product commissions at WHI, WHAMC and Focused Investments. Wealth management totaled \$7.1 million in the third quarter of 2006, an increase of \$112,000 from the \$7.0 million recorded in the third quarter of 2005. Revenue from retail brokerage trading in the debt and equity markets increased \$166,000 compared to the third quarter of 2005. For the nine months ended September 30, 2006, wealth management fees increased \$2.0 million, or 9%, compared to the same period last year. Trust and asset management revenue in the year-to-date period includes a \$2.4 million gain recognized as a result of the sale of the Wayne Hummer Growth Fund in the first quarter of 2006. The Company anticipates continued recognition of revenue enhancement capabilities and cost saving opportunities as a result of the conversion to an out-sourced securities clearing platform completed by Wayne Hummer Investments in the third quarter of 2005 and continued growth of the wealth management platform throughout its banking locations. Wealth management growth generated in the banking locations is significantly outpacing the growth derived from the traditional Wayne Hummer Investments downtown Chicago sources.

Brokerage fees are impacted by trading volumes and trust and asset management fees are affected by the valuations of the equity securities under management. Wintrust's strategy is to grow the wealth management business in order to better service its customers and create a more diversified revenue stream. Total assets under management and/or administration by WHTC and WHAMC were \$1.3 billion at September 30, 2006, \$1.6 billion at December 31, 2005 and \$1.7 billion at September 30, 2005. The Wayne Hummer Growth Fund, which was managed by WHAMC and sold during the first quarter of 2006, had total assets of \$162 million at December 31, 2005. In addition, during the second quarter of 2006 WHAMC ceased managing a low-margin institutional account with assets totaling approximately \$240 million.

Mortgage banking includes revenue from activities related to originating, selling and servicing residential real estate loans for the secondary market. For the quarter ended September 30, 2006, this revenue source totaled \$5.4 million, a decrease of \$2.4 million when compared to the third quarter of 2005, attributable to a \$1.8 million decrease from traditional mortgage banking revenue and a decrease of \$581,000 in the income recorded to recognize the fair market value of mortgage banking derivatives (primarily rate lock commitments and commitments to sell loans to end investors). Growth of this component has been negatively impacted by the current interest rate environment during the past 12 months and growth will continue to be dependent upon the relative level of long-term interest rates. A continuation of the existing rate environment may further negatively impact mortgage banking production growth. For the nine months ended September 30, 2006, mortgage banking revenue decreased \$3.5 million when compared to the first nine months of 2005, primarily attributable to a decrease in traditional mortgage banking revenue. The Company adopted Statement of Financial Accounting Standards 156: Accounting for Servicing of Financial Assets — An Amendment of FASB Statement No. 140 ("SFAS 156") as of January 1, 2006. SFAS 156 requires separately recognized servicing assets, in the Company's case capitalized mortgage servicing rights ("MSRs"), to be recorded at fair value upon the purchase of a servicing right or selling of a loan with servicing retained. SFAS 156 also permits entities to choose to either subsequently measure MSRs at fair value and report changes in the fair value in earnings or amortize MSRs in proportion to and over the estimated net servicing income and assess them for impairment. The latter method results in recording MSRs at lower of amortized cost or fair value. The Company has elected to subsequently measure MSRs at fair value. In connection with the adoption of SFAS 156 the Company recorded an increase in the beginning balance of retained earnings of \$1.1 million (to reflect the excess of the fair value over the carrying value of the MSRs at the date of adoption, net of tax, as a cumulative-effect adjustment of the change in accounting.) At September 30, 2006, the Company serviced approximately \$502 million of mortgage loans for others. The fair value of the MSRs related to such loans totaled \$5.2 million and is included in "accrued interest receivable and other assets" on the Consolidated Statements of Condition.

Service charges on deposit accounts totaled \$1.9 million for the third quarter of 2006, an increase of \$345,000, or 23%, when compared to the same quarter of 2005. On a year-to-date basis, service charges on deposit accounts totaled \$5.3 million, an increase of \$856,000, or 19%, compared to the same period of 2005. Deposit service charges primarily relate to customary fees on overdrawn accounts and returned items. The level of service charges received is substantially below peer group levels, as management believes in the philosophy of providing high quality service without encumbering that service with numerous activity charges.

Gain on sales of premium finance receivables results from the Company's sales of premium finance receivables to an unrelated third party. The majority of the receivables originated by FIFC are purchased by the Banks to more fully utilize their lending capacity. However, the Company has historically sold premium finance receivables to an unrelated third party, with servicing retained. Having a program in place to sell premium finance receivables to a third party allows the Company to execute its strategy to be asset-driven while providing the benefits of additional sources of liquidity and revenue. The level of premium finance receivables sold to an unrelated third party depends in large part on the capacity of the Banks to retain such loans in their portfolio.

The Company continues to maintain an interest in the loans sold and establishes a servicing asset, interest only strip and a recourse obligation upon each sale. Recognized gains, recorded in accordance with SFAS 140, as well as the Company's retained interests in these loans are based on the Company's projection of cash flows that will be generated from the loans. The cash flow model incorporates the amounts contractually due from customers, including an estimate of late fees, the amounts due to the purchaser of the loans, commissions paid to agents as well as estimates of the terms of the loans and credit losses. Significant differences in actual cash flows and the projected cash flows can cause impairment to the servicing asset and interest only strip as well as adjustments to the recourse obligation. The Company typically makes a clean up call by repurchasing the remaining loans in the pools sold after approximately ten months from the sale date. Upon repurchase, the loans are recorded in the Company's premium finance receivables portfolio and any remaining balance of the Company's retained interest is recorded as an adjustment to the gain on sale of premium finance receivables. The Company continuously monitors the performance of the loan pools to the projections and adjusts the assumptions in its cash flow model when warranted.

As a result of capacity within the Banks to retain the premium finance receivables originated by FIFC, in the third quarter of 2006, the Company did not sell premium finance receivables to an unrelated third party. However, it recognized gains of \$272,000 related to clean up calls and excess cash flows on loans previously sold. In the third quarter of 2005, the Company sold \$138 million of loans, or 21% of originations in that quarter, to a third party and recognized gains of \$1.6 million related to this activity. On a year-to-date basis, the Company recognized gains of \$2.7 million in 2006 on sales of \$303 million, compared to gains of \$5.0 million in 2005 on sales of \$422 million of receivables. Recognized gains related to this activity are significantly influenced by the spread between the yield on the loans sold and the rate passed on to the purchaser. The yield on the loans sold and the rate passed on to the purchaser typically do not react in a parallel fashion, therefore causing the spreads to vary from period to period. This spread ranged from 2.62% to 3.24% in the sales made in the first six months of 2006, compared to a range of 2.91% to 3.74% in the first nine months of 2005. The spreads narrowed as yields on the premium finance receivables have not risen commensurately with increases in short term rates. The lower amount of gain recognized in the first nine months of 2006 compared to the same period last year was primarily due to the lower volume of loans sold and lower interest rate spreads on the loans sold. Credit losses were estimated at 0.15% of the estimated average balance for loans sold since April 2006 and at 0.25% of the estimated average balance of loans sold in the first quarter of 2005. (See "Allowance for Credit Losses" section later in this report for details on the losses related to the Company's portfolio of premium finance receivables.) The estimated average terms of the loans sold were approximately 9 months. The applicable discount rate used in determining gains related to this activity was unchanged during 2005 and 2006.

At September 30, 2006, premium finance receivables sold and serviced for others for which the Company retains a recourse obligation related to credit losses totaled approximately \$155 million. The recourse obligation is estimated in computing the net gain on the sale of the premium finance receivables. At September 30, 2006, the recourse obligation carried in other liabilities was approximately \$211,000.

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 2006 and 2005 for premium finance receivables sold and serviced for others, totaled \$177,000 and \$124,000, respectively. At September 30, 2006, non-performing loans related to this sold portfolio were approximately \$3.0 million, or 1.9% of the sold loans. Ultimate losses on premium finance receivables are substantially less than the non-performing loans for the reasons noted in the "Non-performing Premium Finance Receivables" portion of the "Asset Quality" section of this report.

The Company's strategy is to maintain its average loan-to-deposit ratio in the range of 85-90% as well as to be asset-driven and the sale of premium finance receivables provided the Company with a means to achieve both of these objectives. However, during the third quarter of 2006, the Company's average loan-to-deposit ratio was 81.9%, below the target range and, accordingly, the sale of premium finance receivables was suspended. Consistent with the Company's strategy to be asset-driven, it is possible that sales of these receivables may occur in the future.

The administrative services revenue contributed by Tricom added \$1.1 million to total non-interest income in the third quarter of 2006 and 2005. This revenue comprises income from administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. Tricom also earns interest and fee income from providing high-yielding, short-term accounts receivable financing to this same client base, which is included in the net interest income category. On a year-to-date basis, administrative service revenue increased \$166,000, or 5%.

Fees from covered call option transactions were \$279,000 in the third quarter of 2006, reflecting a decrease of \$3.7 million from the \$4.0 million recognized in the third quarter of 2005. On a year-to-date basis the Company recognized fee income of \$2.8 million in 2006 and \$9.4 million in 2005. As the Company strives to write these call options at strike prices near the historical cost basis of the underlying securities, adjusted for amortization/accretion, the increase in market interest rates in the first nine months of 2006 resulted in unrealized losses in the securities and the ability to realize less premium income for covered call options written against such securities. During the first nine months of 2006, call option contracts were written against \$1.3 billion of underlying securities compared to \$2.4 billion in the first nine months of 2005. The same security may be included in this total more than once to the extent that multiple option contracts were written against it if the initial option contracts were not exercised. The Company routinely enters into these transactions with the goal of enhancing its overall return on its investment portfolio. The Company writes 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. These call option transactions are designed to increase the total return associated with the investment securities portfolio and do not qualify as hedges pursuant to SFAS 133. There were no outstanding call options at September 30, 2006, December 31, 2005 or September 30, 2005.

The Company recognized trading income related to interest rate swaps not designated in hedge relationships and the trading account assets of its broker-dealers. Trading income recognized for the net cash settlement of swaps is income that would have been recognized regardless of whether the swaps were designated in hedging relationships. However, in the absence of hedge accounting, the net cash settlement of the swaps is included in trading income rather than net interest income. Total trading income in the third quarter of 2006 totaled \$4,000 compared to a gain of \$3.1 million the third quarter of 2005. On a year-to-date basis, trading income totaled \$8.8 million, compared to a loss of \$2.5 million in the same period of 2005. The trading income is almost entirely related to the appreciation in the interest rate swaps as the fair market value of the rate swaps increased as rates have risen since June 30, 2005. In July 2006, the Company settled its position in these interest rate swap contracts by selling them to third parties at prices similar to the fair values recorded as of June 30, 2006. The Company realized approximately \$5.8 million from the settlement of these swaps and eliminated any further earnings volatility due to the changes in fair values. These interest rate swaps were initially entered into to hedge the Company's variable rate trust-preferred securities and subordinated notes and were determined to not qualify for hedge accounting.

Bank Owned Life Insurance ("BOLI") income totaled \$740,000 in the third quarter of 2006 and \$701,000 in the same period of 2005. This income represents adjustments to the cash surrender value of BOLI policies. The Company originally purchased \$41.1 million of BOLI in 2002 to consolidate existing term life insurance contracts of executive officers and to mitigate the mortality risk associated with death benefits provided for in executives' employment contracts. The Company has purchased additional BOLI since then, including \$8.9 million of BOLI that was owned by State Bank of The Lakes and \$8.4 million owned by Hinsbrook Bank when Wintrust acquired these banks. As of September 30, 2006, the Company's recorded investment in BOLI was \$81.2 million. Income attributable to changes in cash surrender value of the BOLI policies was \$2.0 million for the first nine months of 2006 and \$1.9 million for the same period of 2005.

Miscellaneous other non-interest income includes service charges and fees and miscellaneous income and totaled \$2.1 million in the third quarter of 2006 and \$1.6 million in the third quarter of 2005. On a year-to-date basis, miscellaneous other non-interest income totaled \$5.7 million in 2006 and \$4.4 million in 2005.

Non-interest Expense

Non-interest expense for the third quarter of 2006 totaled \$59.0 million and increased \$8.7 million, or 17%, from the third quarter 2005 total of \$50.3 million. For the first nine months of 2006, non-interest expense totaled \$169.4 million and increased \$21.7 million, or 15%, from the \$147.7 million reported for the first nine months of 2005. Most categories of non-interest expense increased in these quarterly and year-to-date periods as a result of the acquisition of Hinsbrook Bank in May 2006, the continued expansion of the Banks with new branch locations and the opening of the Company's newest *de novo* bank at the end of the first quarter of 2006 and the acquisition of First Northwest Bank which was effective March 31, 2005. Hinsbrook Bank added \$2.5 million to total non-interest expense in the third quarter of 2006 and \$3.4 million for the year-to-date period. Including the locations of Hinsbrook Bank, Wintrust added or expanded 16 locations in the past 12 months that added to all categories of non-interest expense. Salary and employee benefits, equipment, occupancy and marketing are directly impacted by the addition of new locations and the expansion of existing locations. Since September 30, 2005, total loans and total deposits increased 23% and 19%, respectively, requiring higher levels of staffing and resulting in other costs in order to both attract and service a larger customer base.

The following tables present non-interest expense by category for the periods presented:

(Dollars in thousands)	Three Months Ended		\$ Change	% Change
	September 30, 2006	September 30, 2005		
Salaries and employee benefits	\$ 34,583	\$ 29,542	\$ 5,041	17.1
Equipment	3,451	2,979	472	15.8
Occupancy, net	5,166	4,137	1,029	24.9
Data processing	2,404	1,917	487	25.4
Advertising and marketing	1,349	1,216	133	10.9
Professional fees	1,839	1,392	447	32.1
Amortization of other intangible assets	1,214	884	330	37.3
Other:				
Commissions – 3 rd party brokers	867	967	(100)	(10.3)
Postage	986	926	60	6.5
Stationery and supplies	746	736	10	1.4
Miscellaneous	6,384	5,630	754	13.4
Total other	8,983	8,259	724	8.8
Total non-interest expense	\$ 58,989	\$ 50,326	\$ 8,663	17.2

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(Dollars in thousands)	Nine Months Ended		\$ Change	% Change
	September 30, 2006	September 30, 2005		
Salaries and employee benefits	\$ 101,412	\$ 88,186	\$ 13,226	15.0
Equipment	9,918	8,706	1,212	13.9
Occupancy, net	14,679	11,838	2,841	24.0
Data processing	6,288	5,375	913	17.0
Advertising and marketing	3,718	3,426	292	8.5
Professional fees	4,957	4,366	591	13.5
Amortization of other intangible assets	2,780	2,509	271	10.8
Other:				
Commissions – 3 rd party brokers	2,957	2,882	75	2.6
Postage	2,864	2,825	39	1.4
Stationery and supplies	2,325	2,378	(53)	(2.2)
Miscellaneous	17,458	15,155	2,303	15.2
Total other	25,604	23,240	2,364	10.2
Total non-interest expense	\$ 169,356	\$ 147,646	\$ 21,710	14.7

Salaries and employee benefits comprised 59% of total non-interest expense in both the third quarter of 2006 and 2005. Salaries and employee benefits totaled \$34.6 million for the third quarter of 2006, an increase of \$5.0 million, or 17%, compared to the prior year's third quarter total. On a year-to-date basis, salaries and employee benefits totaled \$101.4 million, an increase of \$13.2 million, or 15%, as compared to the prior year amount. The adoption of SFAS 123R on January 1, 2006, accounted for \$1.5 million and \$4.2 million of the increases in the quarterly and year-to-date periods, respectively. The acquisition of Hinsbrook Bank accounted for \$1.1 million and \$1.5 million of the increases in the quarterly and year-to-date periods, respectively. See Note 12, Stock-Based Compensation Plans, of the Financial Statements presented under Item 1 of this report for additional information on the adoption of SFAS 123R. The balance of the increase was attributable to annual salary adjustments, increases in employee benefits expense and the general growth and development of the banking franchise.

Occupancy expense for the third quarter of 2006 was \$5.2 million, an increase of \$1.0 million, or 25%, compared to the same period of 2005. On a year-to-date basis, occupancy expense totaled \$14.7 million, an increase of \$2.8 million, or 24%, compared to the same period of 2005. Occupancy expense increased primarily as a result of the Company's continued banking expansion.

Commissions paid to third party brokers primarily represent the commissions paid on revenue generated by Focused through its network of unaffiliated banks.

Other categories of non-interest expense, including equipment expense, data processing, professional fees, advertising and marketing, amortization of other intangible assets and other, increased in the third quarter of 2006 over the third quarter of 2005 as well as in the first nine months of 2006 relative to the same period last year. These increases are noted in the preceding tables of non-interest expense and are due primarily to the general growth and expansion of the banking franchise and the acquisition of Hinsbrook Bank. The percentage increase in each of these categories is in line with the 23% increase in total loans and 19% increase in total deposits over the last twelve months.

Income Taxes

The Company recorded income tax expense of \$8.2 million for the three months ended September 30, 2006 compared to \$11.4 million for the same period of 2005. On a year-to-date basis, income tax expense was \$29.3 million in 2006 and \$27.6 million in 2005. The effective tax rate was 35.4% and 36.5% in the third quarter of 2006 and 2005, respectively, and 36.3% on a year-to-date basis for 2006 and 2005.

Operating Segment Results

As described in Note 8 to the Consolidated Financial Statements, the Company's operations consist of four primary segments: banking, premium finance, Tricom and wealth management. 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. The net interest income of the banking segment includes income and related interest costs from portfolio loans that were purchased from the premium finance segment. For purposes of internal segment profitability analysis, management reviews the results of its premium finance segment as if all loans originated and sold to the banking segment were retained within that segment's operations. Similarly, for purposes of analyzing the contribution from the wealth management segment, management allocates the net interest income earned by the banking segment on deposits balances of customers of the wealth management segment to the wealth management segment. (See "Wealth management deposits" discussion in Deposits section of this report for more information on these deposits.)

The banking segment's net interest income for the quarter ended September 30, 2006 totaled \$62.2 million as compared to \$55.3 million for the same period in 2005, an increase of \$6.9 million, or 12.6%. This increase resulted primarily from total asset growth of \$1.4 billion offset by the effect of a decrease in net interest margin. The banking segment's non-interest income totaled \$9.7 million in the third quarter of 2006, a decrease of \$5.6 million, or 36.4%, when compared to the third quarter of 2005 total of \$15.3 million. The decrease in non-interest income is primarily a result of a lower level of fees from covered call options. The banking segment's net income for the quarter ended September 30, 2006 totaled \$15.8 million, a decrease of \$2.9, or 15.5%, as compared to the third quarter of 2005 total of \$18.7 million. On a year-to-date basis, net interest income totaled \$178.6 million for the first nine months of 2006, an increase of \$22.9 million, or 14.7%, as compared to the \$155.7 million recorded in the same period last year. Non-interest income decreased \$9.2 million to \$30.5 million in the first nine months of 2006 compared to the same period of 2005. The banking segment's after-tax profit for the nine months ended September 30, 2006, totaled \$48.9 million, a decrease of \$2.3 million, or 4.5%, as compared to the prior year total of \$51.3 million.

Net interest income for the premium finance segment totaled \$10.4 million for the quarter ended September 30, 2006, an increase of \$90,000, or 0.9%, compared to the \$10.3 million in the same period in 2005. The premium finance segment's non-interest income totaled \$272,000 and \$1.3 million for the quarters ended September 30, 2006, and 2005, respectively. Non-interest income for this segment primarily reflects the gains from the sale of premium finance receivables to an unrelated third party. Wintrust did not sell any premium finance receivables to an unrelated third party financial institution in the third quarter of 2006 but sold \$137 million in the third quarter of 2005. Net after-tax profit of the premium finance segment totaled \$4.4 million and \$5.5 million for the quarters ended September 30, 2006 and 2005, respectively. On a year-to-date basis, net interest income totaled \$30.0 million for the first nine months of 2006, a decrease of \$1.4 million, or 4.3%, as compared to the \$31.4 million recorded in the same period last year. Non-interest income decreased \$2.3 million to \$2.7 million in the first nine months of 2006 as a result of lower interest rate spread realized on the loans sold to an unrelated third party and a lower volume of premium finance receivables sold to an unrelated third party in the first nine months of 2006 (\$303 million) than in the first nine months of 2005 (\$422 million). The premium finance segment's after-tax profit for the nine months ended September 30, 2006, totaled \$14.1 million, a decrease of \$3.1 million, or 17.9%, as compared to the \$17.2 million recorded in the first nine months of 2005.

The Tricom segment data reflects the business associated with short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, which Tricom provides to its clients in the temporary staffing industry. The segment's net interest income was \$1.1 million in both the third quarter of 2006 and 2005. Increasing sales penetration helped offset the effects of competitive pricing pressures. The segment's net income was \$471,000 in the third quarter of 2006 compared to \$481,000 in the same quarter in 2005. On a year-to-date basis, net interest income totaled \$3.0 million for each of the first nine months of 2006 and 2005. Non-interest income increased \$165,000 to \$3.5 million in the first nine months of 2006. The Tricom segment's after-tax profit for the nine months ended September 30, 2006 and September 30, 2005 each totaled \$1.3 million.

The wealth management segment reported net interest income of \$2.8 million for the third quarter of 2006 compared to \$204,000 in the same quarter of 2005. Net interest income is comprised of the net interest earned on brokerage customer receivables at WHI and an allocation of the net interest income earned by the Banking segment on non-interest bearing and interest-bearing wealth management customer account balances on deposit at the Banks ("wealth management deposits"). The allocated net interest income included in this segment's profitability was \$2.5 million (\$1.5 million after tax) in the third quarter of 2006 and \$39,000 (\$24,000 after tax) in the third quarter of 2005. During the third quarter of

2006, the Company changed the measurement methodology for the net interest income component of the wealth management segment. In conjunction with the change in the executive management team for this segment in the third quarter of 2006, the contribution attributable to the wealth management deposits was redefined to measure the full net interest income contribution. In previous periods, the contribution from these deposits was limited to the value as an alternative source of funding for each bank. As such, the contribution in previous periods did not capture the total net interest income contribution of this funding source. Current executive management of this segment uses this measured contribution to determine the overall profitability. This segment recorded non-interest income of \$8.5 million for both the third quarter of 2006 and 2005. The wealth management segment’s net income totaled \$1.1 million for the third quarter of 2006 compared to a net loss of \$640,000 for the third quarter of 2005. On a year-to-date basis, net interest income totaled \$3.4 million for the first nine months of 2006, an increase of \$2.2 million, or 170.5%, as compared to the \$1.3 million recorded in the same period last year. The allocated net interest income included in this segment’s profitability was \$2.6 million (\$1.6 million after tax) in the first nine months of 2006 and \$366,000 (\$226,000 after tax) in the first nine months of 2005. The change in measurement methodology described above accounted for this increase. Non-interest income increased \$2.5 million to \$29.1 million in the first nine months of 2006. This increase was primarily related to a \$2.4 million gain recognized as a result of the sale of the Wayne Hummer Growth Fund in the first quarter of 2006. This segment’s after-tax profit for the nine months ended September 30, 2006, totaled \$1.8 million compared to the prior year net loss of \$1.3 million, an improvement of \$3.1 million. The bulk of this increase is attributable to the change in measurement methodology for net interest income in the third quarter of 2006 and the sale of the Wayne Hummer Growth Fund in the first quarter of 2006.

FINANCIAL CONDITION

Total assets were \$9.5 billion at September 30, 2006, representing an increase of \$1.6 billion, or 20%, over \$7.9 billion at September 30, 2005. Approximately \$563 million of the increase in total assets in this period is a result of the acquisition of Hinsbrook Bank while the remaining increase is primarily a result of the addition of other new Bank locations and the expansion of existing locations. Total assets at September 30, 2006, increased \$290 million, or 13% on an annualized basis, since June 30, 2006. Total funding, which includes deposits, all notes and advances, including the Long-term debt-trust preferred securities, was \$8.7 billion at September 30, 2006, representing an increase of \$1.4 billion, or 20%, over the September 30, 2005 reported amounts. Total funding at September 30, 2006, increased \$1.2 billion, or 20% on an annualized basis, since December 31, 2005. See Notes 3-7 of the Financial Statements presented under Item 1 of this report for additional period-end detail on the Company's interest-earning assets and funding liabilities.

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)	September 30, 2006		Three Months Ended June 30, 2006		September 30, 2005	
	Balance	Percent	Balance	Percent	Balance	Percent
Loans:						
Commercial and commercial real estate	\$ 3,840,588	46%	\$ 3,499,902	44%	\$ 3,040,333	43%
Home equity	650,917	8	630,806	8	623,477	9
Residential real estate ⁽¹⁾	388,578	4	369,721	5	424,963	6
Premium finance receivables	986,571	12	986,160	12	855,510	12
Indirect consumer loans	240,229	3	224,715	3	200,521	3
Tricom finance receivables	40,060	1	40,173	1	38,694	1
Other loans	108,455	1	98,439	1	106,247	2
Total loans, net of unearned income	\$ 6,255,398	75%	\$ 5,849,916	74%	\$ 5,289,745	76%
Liquidity management assets ⁽²⁾	2,106,501	25	2,090,691	26	1,752,224	24
Other earning assets ⁽³⁾	29,114	—	32,304	—	9,894	—
Total average earning assets	\$ 8,391,013	100%	\$ 7,972,911	100%	\$ 7,051,863	100%
Total average assets	\$ 9,284,025		\$ 8,785,381		\$ 7,779,203	
Total average earning assets to total average assets		90%		91%		91%

(1) Residential real estate loans include mortgage loans held-for-sale.

(2) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

(3) Other earning assets include brokerage customer receivables and trading account securities.

Total average earning assets for the third quarter of 2006 increased \$1.3 billion, or 19%, to \$8.4 billion, compared to the third quarter of 2005. The ratio of total average earning assets as a percent of total average assets decreased 1% from the prior quarterly periods shown in the above table.

Total average loans during the third quarter of 2006 increased \$966 million, or 18%, over the previous year third quarter. Average commercial and commercial real estate loans increased 26%, indirect consumer loans increased 20% and premium finance receivables increased 15% in the third quarter of 2006 compared to the average balances in the third quarter of 2005. Average total loans increased \$405 million, or 28% on an annualized basis, over the average balance in the second quarter of 2006. The acquisition of Hinsbrook Bank contributed approximately \$350 million to average total loans in the third quarter of 2006.

Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements. The balances of these assets can fluctuate based on deposit inflows and outflows, the level of other funding sources and loan demand.

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Other earning assets in the table include brokerage customer receivables and trading account securities at WHI. In the normal course of business, WHI activities involve the execution, settlement, and financing of various securities transactions. WHI's customer securities activities are transacted on either a cash or margin basis. In margin transactions, WHI, under an agreement with the out-sourced securities firm, 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 the out-sourced firm 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 a customer fails to satisfy its obligations, WHI under an agreement with the outsourced securities firm, 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 customers to deposit additional collateral or to reduce positions when necessary.

(Dollars in thousands)	Average Balances for the Nine Months Ended			
	September 30, 2006		September 30, 2005	
	Balance	Percent	Balance	Percent
Loans:				
Commercial and commercial real estate	\$ 3,511,679	44%	\$ 2,863,538	42%
Home equity	634,366	8	621,320	9
Residential real estate ⁽¹⁾	368,558	5	390,487	6
Premium finance receivables	962,395	12	849,852	13
Indirect consumer loans	223,520	3	193,385	3
Tricom finance receivables	41,254	1	30,722	—
Other loans	96,296	1	105,924	2
Total loans, net of unearned income	5,838,068	74	5,055,228	75
Liquidity management assets ⁽²⁾	2,084,962	26	1,660,785	25
Other earning assets ⁽³⁾	31,068	—	25,043	—
Total average earning assets	\$ 7,954,098	100%	\$ 6,741,056	100%
Total average assets	\$ 8,760,950		\$ 7,437,681	
Total average earning assets to total average assets		91%		91%

(1) Residential real estate loans include mortgage loans held-for-sale.

(2) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

(3) Other earning assets include brokerage customer receivables and trading account securities.

Average earning assets for the nine months ended September 30, 2006 increased \$1.2 billion, or 18%, over the first nine months of 2005. The ratio of year-to-date total average earning assets as a percent of total average assets remained consistent at 91% for each reporting period shown in the above table. Total average loans increased by \$783 million in the first nine months of 2006 compared to the same period of 2005. Average commercial and commercial real estate loans increased 23%, Tricom finance receivables increased 34%, indirect consumer loans increased 16% and premium finance receivables increased 13% in the first nine months of 2006 compared to the first nine months of 2005.

Deposits

Total deposits at September 30, 2006, were \$7.7 billion and increased \$1.2 billion, or 19%, compared to total deposits at September 30, 2005. See Note 5 to the financials statements of Item 1 of this report for a summary of period end deposit balances.

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, 2006		June 30, 2006		September 30, 2005	
	Balance	Percent	Balance	Percent	Balance	Percent
Non-interest bearing	\$ 663,647	9%	\$ 633,500	9%	\$ 617,547	10%
NOW accounts	796,955	10	772,420	11	720,538	11
Wealth management deposits	466,455	6	441,665	6	413,144	6
Money market accounts	659,893	9	623,646	9	680,414	11
Savings accounts	312,662	4	308,540	4	307,577	5
Time certificates of deposit	4,737,229	62	4,348,202	61	3,611,348	57
Total average deposits	<u>\$ 7,636,841</u>	<u>100%</u>	<u>\$ 7,127,973</u>	<u>100%</u>	<u>\$ 6,350,568</u>	<u>100%</u>

Total average deposits for the third quarter of 2006 were \$7.6 billion, an increase of \$1.3 billion, or 20%, over the third quarter of 2005 and an increase of \$509 million, or 28% on an annualized basis, over the second quarter of 2006. The acquisition of Hinsbrook Bank contributed approximately \$141 million and \$414 million to average deposits in the second and third quarters of 2006, respectively.

Wealth management deposits represent balances from brokerage customers of WHI and trust and asset management customers of WHTC on deposit at the Company's Banks. Consistent with reasonable interest rate risk parameters, the funds have generally been invested in loan production of the Banks as well as other investments suitable for banks.

Other Funding Sources

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

Average total interest-bearing funding, from sources other than deposits and including the long-term debt — trust preferred securities, totaled \$833 million in the third quarter of 2006, an increase of \$91 million compared to the third quarter of 2005 average balance of \$742 million, and a decrease of \$64 million compared to the second quarter 2006 average balance of \$896 million.

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

(Dollars in thousands)	Three Months Ended		
	September 30, 2006	June 30, 2006	September 30, 2005
Notes payable	\$ 15,856	\$ 4,615	\$ 2,924
Federal Home Loan Bank advances	377,399	371,369	346,057
Other borrowings:			
Federal funds purchased	5,912	68,514	26,322
Securities sold under repurchase agreements	113,113	158,209	87,571
Other	1,932	2,092	2,768
Total other borrowings	<u>120,957</u>	<u>228,815</u>	<u>116,661</u>
Subordinated notes	80,304	61,242	50,000
Long-term debt — trust preferred securities	238,111	230,389	226,484
Total other funding sources	<u>\$ 832,627</u>	<u>\$ 896,430</u>	<u>\$ 742,126</u>

Notes payable represents the average amount outstanding on the Company's \$51.0 million loan agreement with an unaffiliated bank. In the third quarter of 2006, the Company used this borrowing facility to add capital to the Banks and for other general corporate purposes. The balance of notes payable as of September 30, 2006, was \$8.0 million.

In May 2006, in connection with the acquisition of Hinsbrook Bank, the Company increased its outstanding subordinated notes with the funding of a \$25.0 million subordinated note with the holder of the other subordinated notes with substantially similar terms as the other subordinated notes. The Company also acquired \$8.0 million of subordinated debt that was on Hinsbrook's balance sheet, however this subordinated debt was subsequently redeemed in August 2006. Subordinated notes totaled \$75.0 million as of September 30, 2006.

In September 2006, the Company issued \$51.5 million of long-term debt — trust preferred securities through Wintrust Capital Trust IX and redeemed \$32.0 million of long-term debt - trust preferred securities previously issued through Wintrust Capital Trust I. In August 2005, the Company issued \$41.2 million of long-term debt — trust preferred securities through Wintrust Capital Trust VIII and redeemed \$20.6 million of long-term debt — trust preferred securities previously issued through Wintrust Capital Trust II.

See Notes 6 and 7 of the Financial Statements presented under Item 1 of this report for details of period end balances of these various funding sources.

There were no material changes outside the ordinary course of business in the Company's contractual obligations during the third quarter of 2006 as compared to December 31, 2005.

Shareholders' Equity

Total shareholders' equity was \$763.3 million at September 30, 2006 and increased \$149.7 million since September 30, 2005 and \$135.4 million since the end of 2005. Significant increases from December 31, 2005, include the retention of \$44.5 million of earnings (net income of \$51.5 million less dividends of \$7.0 million), \$57.1 million from the issuance of 1.1 million shares of the Company's common stock in connection with business combinations, \$11.6 million from the issuance of 200,000 new shares of the Company's common stock in settlement of the forward sale agreement of common stock, \$14.1 million for SFAS 123(R), \$11.6 million from the issuance of shares of the Company's common stock and related tax benefit pursuant to various stock compensation plans and \$1.1 million from the cumulative-effect adjustment of the change in accounting for MSRs pursuant to SFAS 156. Increases in unrealized net losses from available-for-sale securities and the mark-to-market adjustment on cash flow hedges, net of tax, decreased shareholders' equity \$5.0 million from December 31, 2005. The annualized return on average equity for the three months ended September 30, 2006 was 8.04%, compared to 13.07% for the third quarter of 2005.

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, 2006	June 30, 2006	September 30, 2005
Leverage ratio	8.3%	8.2%	8.2%
Tier 1 capital to risk-weighted assets	9.9	9.5	10.0
Total capital to risk-weighted assets	11.5	11.3	11.8
Total average equity-to-total average assets *	7.9	7.7	7.7

* based on quarterly average balances

	Minimum Capital Requirements	Adequately Capitalized	Well Capitalized
Leverage ratio	3.0%	4.0%	5.0%
Tier 1 capital to risk-weighted assets	4.0	4.0	6.0
Total capital to risk-weighted assets	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. The Company's goal is to support the continued growth of the Company and to meet the well-capitalized total capital to risk-weighted assets ratio with these new issuances of regulatory capital. As indicated in Note 7 to the Financial Statements presented under Item 1 of this report, in September 2006, the Company issued \$51.5 million of 6.84% fixed-rate long-term debt — trust preferred securities and used the proceeds to redeem \$32.0 million of 9.00% fixed-rate long-term debt — trust preferred securities. In August 2005, the Company issued \$41.2 million of LIBOR + 1.45% long-term debt — trust preferred securities and used the proceeds to redeem \$20.6 million of 10.5% fixed-rate long-term debt — trust preferred securities. In addition, on October 25, 2005, the Company signed a \$25.0 million subordinated note agreement, which was funded in the second quarter of 2006 to fund the acquisition of HBI. See Note 6 to the financial statements presented under Item 1 of this report for further information on the terms of this note.

In January and July 2006, Wintrust declared a semi-annual cash dividend of \$0.14 per common share. In January and July 2005, Wintrust declared a semi-annual cash dividend of \$0.12 per common share. The dividend payout ratio (annualized) was 10.5% for the first nine months of 2006 and 9.0% for the first nine months of 2005. The Company continues to target an earnings retention ratio of approximately 90% to support continued growth.

In July 2006, the Company's Board of Directors approved the repurchase of up to 2,000,000 shares of its outstanding common stock over the next 18 months. This repurchase plan replaces the previous share repurchase plan that was announced in January 2000. No shares were repurchased in the first nine months of 2006 under the current plan or the previously announced plan, and 2,000,000 shares remain available for repurchase as of September 30, 2006. The Company began to repurchase shares in October 2006 and has repurchased 111,200 shares through November 6, 2006.

In December 2004, the Company completed an underwritten public offering of 1.2 million shares of its common stock at \$59.50 per share. The offering was made under the Company’s current shelf registration statement filed with the SEC in October 2004. In connection with the public offering, the Company entered into a forward sale agreement relating to 1.2 million shares of its common stock. The use of the forward sale agreement allowed the Company to deliver common stock and receive cash at the Company’s election, to the extent provided by the forward sale agreement. Management believes this flexibility allowed a more timely and efficient use of capital resources. The Company’s objective with the use of the forward sale agreement was to efficiently provide funding for the acquisitions of Antioch and FNBI and for general corporate purposes. The Company issued 1.0 million shares of common stock in March 2005 in partial settlement of the forward sale agreement and received net proceeds of approximately \$55.9 million. In May 2006, the Company issued the remaining 200,000 shares of common stock under this forward sale agreement and received net proceeds of approximately \$11.6 million to provide funding for the acquisition of HBI.

ASSET QUALITY

Allowance for Credit Losses

The following table presents a summary of the activity in the allowance for credit losses for the periods presented:

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Balance at beginning of period	\$ 44,596	\$ 39,722	\$ 40,283	\$ 34,227
Provision for credit losses	1,886	3,077	5,165	5,602
Allowance acquired in business combinations	—	—	3,852	4,793
Charge-offs:				
Commercial and commercial real estate loans	716	1,397	2,793	2,614
Home equity loans	11	88	33	88
Residential real estate loans	49	98	81	142
Consumer and other loans	63	101	253	240
Premium finance receivables	925	745	1,948	1,604
Indirect consumer loans	223	131	395	365
Tricom finance receivables	25	—	25	—
Total charge-offs	2,012	2,560	5,528	5,053
Recoveries:				
Commercial and commercial real estate loans	529	166	766	409
Home equity loans	—	—	22	—
Residential real estate loans	—	—	—	—
Consumer and other loans	53	18	136	33
Premium finance receivables	125	177	398	489
Indirect consumer loans	56	33	139	133
Tricom finance receivables	—	—	—	—
Total recoveries	763	394	1,461	1,064
Net charge-offs	(1,249)	(2,166)	(4,067)	(3,989)
Allowance for loan losses at period-end	\$ 45,233	\$ 40,633	\$ 45,233	\$ 40,633
Allowance for lending-related commitments at period-end	\$ 491	\$ —	\$ 491	\$ —
Allowance for credit losses at period-end	\$ 45,724	\$ 40,633	\$ 45,724	\$ 40,633
Annualized net charge-offs (recoveries) by category as a percentage of its own respective category's average:				
Commercial and commercial real estate loans	0.02%	0.16%	0.08%	0.10%
Home equity loans	0.01	0.06	—	0.02
Residential real estate loans	0.05	0.09	0.03	0.05
Consumer and other loans	0.04	0.31	0.16	0.26
Premium finance receivables	0.32	0.26	0.22	0.18
Indirect consumer loans	0.28	0.19	0.15	0.16
Tricom finance receivables	0.25	—	0.08	—
Total loans, net of unearned income	0.08%	0.16%	0.09%	0.11%
Net charge-offs as a percentage of the provision for credit losses	66.22%	70.39%	78.74%	71.21%
Loans at period-end			\$ 6,330,612	\$ 5,149,795
Allowance for loan losses as a percentage of loans at period-end			0.71%	0.79%
Allowance for credit losses as a percentage of loans at period-end			0.72%	0.79%

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 reviews of the loan portfolio are 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 credit 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 Company allocates the entire allowance for loan losses to specific loan portfolio groups and maintains its allowance for loan losses at a level believed adequate by management to absorb probable losses inherent in the loan portfolio and is based on the size and current risk characteristics of the loan portfolio, an assessment of Problem Loan Report loans and actual loss experience, industry concentration, geographical concentrations, levels of delinquencies, historical loss experience including an analysis of the seasoning of the loan portfolio, changes in trends in risk ratings assigned to loans, changes in underwriting standards and other pertinent factors, including regulatory guidance and general economic conditions. The allowance for loan losses also includes an element for estimated probable but undetected losses and for imprecision in the credit risk models used to calculate the allowance. The Company reviews Problem Loan Report 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 consumer, Tricom finance receivables and consumer. Determination of the allowance is inherently subjective as it requires significant estimates, including the amounts and timing of expected future cash flows on impaired loans, estimated losses on pools of homogeneous loans based on historical loss experience, and consideration of current environmental factors and economic trends, all of which may be susceptible to significant change. The allowance for lending-related commitments is computed using a methodology similar to that used to determine the allowance for loan losses. Loan losses are charged off against the allowance, while recoveries are credited to the allowance. A provision for credit losses is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. Evaluations are conducted on a monthly basis.

The provision for credit losses totaled \$1.9 million for the third quarter of 2006, compared to \$3.1 million for the third quarter of 2005. For the quarter ended September 30, 2006 net charge-offs totaled \$1.3 million, compared to \$2.2 million for the same period of 2005. On a ratio basis, annualized net charge-offs as a percentage of average loans were 0.08% in the third quarter of 2006 and 0.16% in the same period in 2005. The decrease in the provision for credit losses in the third quarter of 2006 is primarily a result of a lower level of net charge-offs recorded.

On a year-to-date basis, the provision for credit losses totaled \$5.2 million for the first nine months of 2006, compared to \$5.6 million for the first nine months of 2005. Net charge-offs for the first nine months of 2006 totaled \$4.1 million, compared to \$4.0 million for the first nine months of 2005. On a ratio basis, annualized net charge-offs as a percentage of average loans were 0.09% for the nine months of 2006 and 0.11% in the same period in 2005.

During the fourth quarter of 2005, the Company reclassified a portion of its allowance for loan losses to a separate liability account. The reclassification totaled \$491,000 and represents the portion of the allowance for loan losses that was associated with lending-related commitments, specifically unfunded loan commitments and letters of credit. The allowance for loan losses is a reserve against loan amounts that are actually funded and outstanding while the allowance for lending-related commitments relates to certain amounts that the Company is committed to lend but for which funds have not yet been disbursed. The allowance for credit losses is comprised of the allowance for loan losses and the allowance for lending-related commitments. In future periods, the provision for credit losses may contain both a component related to funded loans (provision for loan losses) and a component related to lending-related commitments (provision for unfunded loan commitments and letters of credit).

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Management believes the allowance for loan losses is adequate to provide for inherent losses in the portfolio. There can be no assurances however, that future losses will not exceed the amounts provided for, thereby affecting future results of operations. The amount of future additions to the allowance for loan losses will be dependent upon management's assessment of the adequacy of the allowance based on its evaluation of economic conditions, changes in real estate values, interest rates, the regulatory environment, the level of past-due, non-performing loans, and other factors.

Past Due Loans and Non-performing Assets

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

(Dollars in thousands)	September 30, 2006	June 30, 2006	December 31, 2005	September 30, 2005
Loans past due greater than 90 days and still accruing:				
Residential real estate and home equity	\$ 970	\$ 505	\$ 159	\$ 1,120
Commercial, consumer and other	4,395	4,399	1,898	1,338
Premium finance receivables	4,618	3,024	5,211	4,060
Indirect consumer loans	462	113	228	278
Tricom finance receivables	—	—	—	—
Total past due greater than 90 days and still accruing	10,445	8,041	7,496	6,796
Non-accrual loans:				
Residential real estate and home equity	2,458	1,326	457	708
Commercial, consumer and other	14,332	11,586	11,712	12,178
Premium finance receivables	6,352	6,180	6,189	4,949
Indirect consumer loans	741	214	335	404
Tricom finance receivables	349	—	—	—
Total non-accrual	24,232	19,306	18,693	18,239
Total non-performing loans:				
Residential real estate and home equity	3,428	1,831	616	1,828
Commercial, consumer and other	18,727	15,985	13,610	13,516
Premium finance receivables	10,970	9,204	11,400	9,009
Indirect consumer loans	1,203	327	563	682
Tricom finance receivables	349	—	—	—
Total non-performing loans	34,677	27,347	26,189	25,035
Other real estate owned	1,165	2,519	1,400	1,600
Total non-performing assets	\$ 35,842	\$ 29,866	\$ 27,589	\$ 26,635
Total non-performing loans by category as a percent of its own respective category's period end balance:				
Residential real estate and home equity	0.36%	0.19%	0.07%	0.20%
Commercial, consumer and other	0.46	0.41	0.42	0.42
Premium finance receivables	1.04	0.98	1.40	1.13
Indirect consumer loans	0.49	0.14	0.28	0.34
Tricom finance receivables	0.86	—	—	—
Total non-performing loans	0.55%	0.45%	0.50%	0.49%
Total non-performing assets as a percentage of total assets	0.38%	0.33%	0.34%	0.34%
Allowance for loan losses as a percentage of non-performing loans	130.44%	163.08%	153.82%	162.30%

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Non-performing Residential Real Estate and Home Equity

The non-performing residential real estate and home equity loans totaled \$3.4 million at September 30, 2006. The balance increased \$1.6 million from September 30, 2005 and \$1.6 million from June 30, 2006. The acquisition of Hinsbrook Bank accounted for \$635,000 of the increase. Each non-performing credit is well secured and in the process of collection. Management does not expect any material losses from the resolution of any of the credits in this category.

Non-performing Commercial, Consumer and Other

The commercial, consumer and other non-performing loan category totaled \$18.7 million as of September 30, 2006. The balance in this category increased \$5.2 million from September 30, 2005 and \$2.7 million from June 30, 2006. The acquisition of Hinsbrook Bank accounted for \$2.7 million of the increase from September 30, 2005. Management does not expect any material losses from the resolution of any of the relatively small number of credits in this category.

Non-performing Premium Finance Receivables

The following table presents the level of non-performing premium finance receivables as of the dates indicated, and the amount of net charge-offs for the quarterly periods then ended.

(Dollars in thousands)	September 30, 2006	June 30, 2006	September 30, 2005
Non-performing premium finance receivables	\$ 10,970	\$ 9,204	\$ 9,009
- as a percent of premium finance receivables outstanding	1.04%	0.98%	1.13%
Net charge-offs of premium finance receivables	\$ 800	\$ 441	\$ 568
- annualized as a percent of average premium finance receivables	0.32%	0.18%	0.26%

The level of non-performing premium finance receivables as a percent of total premium finance receivables is lower than the levels reported at September 30, 2005 and higher than the levels reported at June 30, 2006. As noted below, fluctuations in this category may occur due to timing and nature of account collections from insurance carriers. Management is comfortable with administering the collections at this level of non-performing premium finance receivables and expects that such ratios will 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 Consumer Loans

Total non-performing indirect consumer loans were \$1.2 million at September 30, 2006, compared to \$682,000 at September 30, 2005 and \$327,000 at June 30, 2006. The ratio of these non-performing loans to total indirect consumer loans was 0.49% at September 30, 2006, compared to 0.34% at September 30, 2005 and 0.14% at June 30, 2006. As noted in the Allowance for Credit Losses table, net charge-offs (annualized) as a percent of total indirect consumer loans were 0.28% for the quarter ended September 30, 2006 compared to 0.19% for the quarter ended September 30, 2005. The levels of non-performing and net charge-offs of indirect consumer loans continue to be below standard industry ratios for this type of lending.

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 ("Problem Loan Report") as a means of reporting non-performing and potential problem loans. At each scheduled meeting of the Boards of Directors of the Banks' and Wintrust's Risk Management committees, a Problem Loan Report 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 Problem Loan Report, which exhibit a higher than normal credit risk. These Problem Loan Report 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 Problem Loan Report. The principal amount of loans on the Company's Problem Loan Report (exclusive of those loans reported as non-performing) as of September 30, 2006, June 30, 2006, and September 30, 2005 totaled \$90.2 million, \$99.9 million and \$72.5 million, respectively. The acquisition of Hinsbrook Bank accounted for \$16.6 million of the increase in Problem Loan Report loans from September 30, 2005 to September 30, 2006. Management believes these loans are performing and, accordingly, does not 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 these demands 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 of this report 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" section of this report.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of federal securities laws. Forward-looking information in this document can be identified through the use of words such as “may,” “will,” “intend,” “plan,” “project,” “expect,” “anticipate,” “should,” “would,” “believe,” “estimate,” “contemplate,” “possible,” and “point.” The forward-looking information is premised on many factors, some of which are outlined below. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements may be deemed to include, among other things, statements relating to the Company’s projected growth, anticipated improvements in earnings, earnings per share and other financial performance measures, and management’s long-term performance goals, as well as statements relating to the anticipated effects on financial results of condition from expected developments or events, the Company’s business and growth strategies, including anticipated internal growth, plans to form additional *de novo* banks and to open new branch offices, and to pursue additional potential development or acquisitions of banks, wealth management entities or specialty finance businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- Competitive pressures in the financial services business which may affect the pricing of the Company’s loan and deposit products as well as its services (including wealth management services).
- Changes in the interest rate environment, which may influence, among other things, the growth of loans and deposits, the quality of the Company’s loan portfolio, the pricing of loans and deposits and net interest income.
- The extent of defaults and losses on our loan portfolio.
- Unexpected difficulties or unanticipated developments related to the Company’s strategy of *de novo* bank formations and openings. *De novo* banks typically require 13 to 24 months of operations before becoming profitable, due to the impact of organizational and overhead expenses, the startup phase of generating deposits and the time lag typically involved in redeploying deposits into attractively priced loans and other higher yielding earning assets.
- The ability of the Company to obtain liquidity and income from the sale of premium finance receivables in the future and the unique collection and delinquency risks associated with such loans.
- Failure to identify and complete acquisitions in the future or unexpected difficulties or unanticipated developments related to the integration of acquired entities with the Company.
- Legislative or regulatory changes or actions, or significant litigation involving the Company.
- Changes in general economic conditions in the markets in which the Company operates.
- The ability of the Company to receive dividends from its subsidiaries.
- The loss of customers as a result of technological changes allowing consumers to complete their financial transactions without the use of a bank.
- The ability of the Company to attract and retain senior management experienced in the banking and financial services industries.

The Company undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this filing.

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 Risk Management Committee of the Company's Board of Directors. The policies establish guidelines for acceptable limits on the sensitivity of the market value of assets and liabilities to changes in interest rates.

Interest rate risk arises when the maturity or repricing periods and interest rate indices of the interest earning assets, interest bearing liabilities, and derivative financial instruments are different. It is the risk that changes in the level of market interest rates will result in disproportionate changes in the value of, and the net earnings generated from, the Company's interest earning assets, interest bearing liabilities and derivative financial instruments. 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 changes in net interest income in future years as a result interest rates fluctuations by performing simulation analysis of various interest rate environments. If a potential adverse change in net interest margin and/or net income is identified, management would take appropriate actions with its asset-liability structure to mitigate these potentially adverse situations. Please refer to Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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 Banks operate. 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 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.

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

Standard gap analysis starts with contractual re-pricing information for assets, liabilities and derivative financial instruments. These items are then combined with re-pricing estimations for administered rate (NOW, savings and money market accounts) and non-rate related products (demand deposit accounts, other assets, other liabilities). These estimations recognize the relative insensitivity of these accounts to changes in market interest rates, as demonstrated through current and historical experiences. Also included are estimates for those items that are likely to materially change their payment structures in different rate environments, including residential loan products, certain commercial and commercial real estate loans and certain mortgage-related securities. Estimates for these sensitivities are based on industry assessments and are substantially driven by the differential between contractual rates and current market rates for similar products.

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The following table illustrates the Company's estimated interest rate sensitivity and periodic and cumulative gap positions as of September 30, 2006:

	Time to Maturity or Repricing				
(Dollars in thousands)	0-90 Days	91-365 Days	1-5 Years	Over 5 Years	Total
Assets:					
Federal funds sold and securities purchased under resale agreements	\$ 168,676	—	—	—	168,676
Interest-bearing deposits with banks	16,218	—	—	—	16,218
Available-for-sale securities	362,283	314,711	509,543	649,779	1,836,316
Total liquidity management assets	547,177	314,711	509,543	649,779	2,021,210
Loans, net of unearned income ⁽¹⁾	3,734,891	1,216,665	1,317,367	162,433	6,431,356
Other earning assets	25,159	—	—	—	25,159
Total earning assets	4,307,227	1,531,376	1,826,910	812,212	8,477,725
Other non-earning assets	—	—	—	985,335	985,335
Total assets (RSA)	\$ 4,307,227	1,531,376	1,826,910	1,797,547	9,463,060
Liabilities and Shareholders' Equity:					
Interest-bearing deposits ⁽²⁾	\$ 3,262,032	2,662,701	1,030,373	105,001	7,060,107
Federal Home Loan Bank advances	16,255	28,000	162,072	166,113	372,440
Notes payable and other borrowings	141,132	—	—	—	141,132
Subordinated notes	75,000	—	—	—	75,000
Long-term debt – trust preferred securities	192,031	—	6,292	51,547	249,870
Total interest-bearing liabilities	3,686,450	2,690,701	1,198,737	322,661	7,898,549
Demand deposits	—	—	—	649,478	649,478
Other liabilities	—	—	—	151,735	151,735
Shareholders' equity	—	—	—	763,298	763,298
Effect of derivative financial instruments:					
Interest rate swaps (Company pays fixed, receives floating)	(193,741)	—	8,674	185,067	—
Interest rate swap (Company pays floating, receives fixed)	2,512	—	(2,512)	—	—
Total liabilities and shareholders' equity including effect of derivative financial instruments (RSL)	\$ 3,495,221	2,690,701	1,204,899	2,072,239	9,463,060
Repricing gap (RSA – RSL)	\$ 812,006	(1,159,325)	622,011	(274,692)	
Cumulative repricing gap	\$ 812,006	(347,319)	274,692	—	
Cumulative RSA/Cumulative RSL	123%	94%	104%		
Cumulative RSA/Total assets	46%	62%	81%		
Cumulative RSL/Total assets	37%	65%	78%		
Cumulative GAP/Total assets	9%	(4)%	3%		
Cumulative GAP/Cumulative RSA	19%	(6)%	4%		

(1) Loans, net of unearned income, include mortgage loans held-for-sale and nonaccrual loans.

(2) Non-contractual interest-bearing deposits are subject to immediate withdrawal and 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. As a result of the static position and inherent limitations of gap analysis, 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 several interest rate scenarios.

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One interest rate scenario utilized is to measure the percentage change in net interest income assuming an instantaneous permanent parallel shift in the yield curve of 100 and 200 basis points, both upward and downward. Utilizing this measurement concept, the interest rate risk of the Company, expressed as a percentage change in net interest income over a two-year time horizon due to changes in interest rates, at September 30, 2006, December 31, 2005 and September 30, 2005, is as follows:

	+ 200 Basis Points	+ 100 Basis Points	- 100 Basis Points	- 200 Basis Points
Percentage change in net interest income due to an immediate 100 and 200 basis point shift in the yield curve:				
September 30, 2006	9.2%	7.6%	2.4%	1.6%
December 31, 2005	1.4%	1.1%	(3.9)%	(8.7)%
September 30, 2005	3.8%	1.0%	(2.9)%	(9.2)%

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

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. See Note 9 of the Financial Statements presented under Item 1 of this report for further information on the Company's derivative financial instruments.

During the first nine months of 2006, the Company also entered into certain covered call option transactions related to certain securities held by the Company. The Company uses the covered call option transactions (rather than entering into other derivative interest rate contracts, such as interest rate floors) to mitigate the effects of net interest margin compression and increase the total return associated with the related securities. Although the revenue received from the covered call options is recorded as non-interest income rather than interest income, the increased return attributable to the related securities from these covered call options contributes to the Company's overall profitability. The Company's exposure to interest rate risk may be impacted by these transactions as the call options may expire without being exercised, and the Company would continue to own the underlying fixed rate securities. To mitigate this risk, the Company may acquire fixed rate term debt or use financial derivative instruments. There were no covered call options outstanding as of September 30, 2006.

ITEM 4
CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company's Chief Executive 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 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 were no changes in the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – Other Information

Item 1A: Risk factors

There were no material changes from the risk factors set forth under Part I, Item 1A “Risk Factors” in the Company’s 2005 Form 10-K.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

On September 1, 2006, the Company completed the sale and issuance of \$50.0 million of trust preferred securities issued by the Company’s wholly-owned, statutory business trust subsidiary, Wintrust Capital Trust IX (the “Trust”). The trust preferred securities pay interest quarterly at a fixed rate of 6.84% through September 10, 2011 and then at a floating rate equal to three-month LIBOR plus 1.63%. The Company purchased the common securities of the Trust for \$1.547 million and, simultaneously with the issuance of the trust preferred securities, the Trust invested the total proceeds from the issuance and sale of the trust preferred securities and common securities in \$51.547 million of subordinated debentures issued by the Company. The trust preferred securities and subordinated debentures mature on September 15, 2036, and may be redeemed on or after September 15, 2011 if certain conditions are met. The issuances of the trust preferred securities and the subordinated debentures were made in a private placement exempt from registration under the Securities Act pursuant to Section 4(2) thereunder and applicable state securities laws exemptions. The net proceeds of the issuance and sale were used to redeem, at par value, \$32.01 million of the debentures of Wintrust Capital Trust I with a fixed interest rate of 9.00%.

On July 31, 2006, the Company’s Board of Directors approved the repurchase of up to 2,000,000 shares of its outstanding common stock over the next 18 months. This repurchase plan replaces the previous share repurchase plan that was announced in January 2000. No shares were repurchased in the first nine months of 2006 under the current plan or the previously announced plan, and 2,000,000 shares remain available for repurchase as of September 30, 2006. The Company began to repurchase shares in October 2006 and has repurchased 111,200 shares through November 6, 2006.

Item 6: Exhibits.

(a) Exhibits

- 3.1 Amended and Restated Articles of Incorporation of Wintrust Financial Corporation, as amended (incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q for the quarter ended June 30, 2006).
- 3.2 Amended and Restated By-laws of Wintrust Financial Corporation, as amended (incorporated by reference to Exhibit 3.2 of the Company's Form 10-Q for the quarter ended June 30, 2006).
- 3.3 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).
- 4.1 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.
- 10.1 Indenture dated as of September 1, 2006, between Wintrust Financial Corporation and LaSalle Bank National Association, as trustee (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on September 6, 2006).
- 10.2 Amended and Restated Declaration of Trust, dated as of September 1, 2006, among Wintrust Financial Corporation, as depositor, LaSalle Bank National Association, as institutional trustee, Christiana Bank & Trust Company, as Delaware trustee, and the Administrators listed therein (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Commission on September 6, 2006).
- 10.3 Guarantee Agreement, dated as of September 1, 2006, between Wintrust Financial Corporation, as Guarantor, and LaSalle Bank National Association, as trustee (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Commission on September 6, 2006).
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of President and Chief Executive Officer and 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.

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 9, 2006

/s/ DAVID L. STOEHR

David L. Stoehr

Executive Vice President and

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2006

/s/ EDWARD J. WEHMER

Name: Edward J. Wehmer

Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2006

/s/ DAVID L. STOEHR

Name: David L. Stoehr

Title: Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS

SARBANES-OXLEY ACT SECTION 906

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, the undersigned Chief Executive Officer and Chief Financial Officer of Wintrust Financial Corporation (“the Company”) certify, on the basis of such officers’ knowledge and belief that:

- (1) The Quarterly Report of the Company on Form 10-Q for the period ended September 30, as filed with the Securities and Exchange Commission on November 9, 2006, (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 9, 2006

/s/ DAVID L. STOEHR

Name: David L. Stoehr

Title: Executive Vice President and
Chief Financial Officer

Date: November 9, 2006

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission upon request. This certification accompanies the Report and shall not be treated as having been filed as part of this Report.