
**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 March 31, 2022

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 001-35077

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.)

**9700 W. Higgins Road, Suite 800
Rosemont, Illinois 60018
(Address of principal executive offices)
(847) 939-9000**

(Registrant's telephone number, including area code)

<u>Title of Each Class</u>	<u>Ticker Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, no par value	WTFC	The NASDAQ Global Select Market
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D, no par value	WTFCM	The NASDAQ Global Select Market
Depository Shares, Each Representing a 1/1,000 th Interest in a Share of	WTFCP	The NASDAQ Global Select Market
6.875% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series E, no par value		

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 57,267,865 shares, as of April 29, 2022

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PART I

ITEM 1. FINANCIAL STATEMENTS

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share data)	(Unaudited) March 31, 2022	December 31, 2021	(Unaudited) March 31, 2021
Assets			
Cash and due from banks	\$ 462,516	\$ 411,150	\$ 426,325
Federal funds sold and securities purchased under resale agreements	700,056	700,055	52
Interest-bearing deposits with banks	4,013,597	5,372,603	3,348,794
Available-for-sale securities, at fair value	2,998,898	2,327,793	2,430,749
Held-to-maturity securities, at amortized cost, net of allowance for credit losses of \$159, \$78 and \$99 at March 31, 2022, December 31, 2021 and March 31, 2021, respectively (\$3.1 billion, \$2.9 billion and \$2.1 billion fair value at March 31, 2022, December 31, 2021 and March 31, 2021, respectively)	3,435,729	2,942,285	2,166,419
Trading account securities	852	1,061	951
Equity securities with readily determinable fair value	92,689	90,511	90,338
Federal Home Loan Bank and Federal Reserve Bank stock	136,163	135,378	135,881
Brokerage customer receivables	22,888	26,068	19,056
Mortgage loans held-for-sale, at fair value	606,545	817,912	1,260,193
Loans, net of unearned income	35,280,547	34,789,104	33,171,233
Allowance for loan losses	(250,539)	(247,835)	(277,709)
Net loans	35,030,008	34,541,269	32,893,524
Premises, software and equipment, net	761,213	766,405	760,522
Lease investments, net	240,656	242,082	238,984
Accrued interest receivable and other assets	1,066,750	1,084,115	1,230,362
Goodwill	655,402	655,149	646,017
Other acquisition-related intangible assets	26,699	28,307	34,035
Total assets	\$ 50,250,661	\$ 50,142,143	\$ 45,682,202
Liabilities and Shareholders' Equity			
Deposits:			
Non-interest-bearing	\$ 13,748,918	\$ 14,179,980	\$ 12,297,337
Interest-bearing	28,470,404	27,915,605	25,575,315
Total deposits	42,219,322	42,095,585	37,872,652
Federal Home Loan Bank advances	1,241,071	1,241,071	1,228,436
Other borrowings	482,516	494,136	516,877
Subordinated notes	437,033	436,938	436,595
Junior subordinated debentures	253,566	253,566	253,566
Trade date securities payable	437	—	995
Accrued interest payable and other liabilities	1,124,460	1,122,159	1,120,570
Total liabilities	45,758,405	45,643,455	41,429,691
Shareholders' Equity:			
Preferred stock, no par value; 20,000,000 shares authorized:			
Series D - \$25 liquidation value; 5,000,000 shares issued and outstanding at March 31, 2022, December 31, 2021 and March 31, 2021	125,000	125,000	125,000
Series E - \$25,000 liquidation value; 11,500 shares issued and outstanding at March 31, 2022, December 31, 2021 and March 31, 2021	287,500	287,500	287,500
Common stock, no par value; \$1.00 stated value; 100,000,000 shares authorized at March 31, 2022, December 31, 2021 and March 31, 2021; 59,090,903 shares issued at March 31, 2022, 58,891,780 shares issued at December 31, 2021 and 58,726,900 shares issued at March 31, 2021	59,091	58,892	58,727
Surplus	1,698,093	1,685,572	1,663,008
Treasury stock, at cost, 1,837,689 shares at March 31, 2022, 1,837,689 shares at December 31, 2021, and 1,703,627 shares at March 31, 2021	(109,903)	(109,903)	(100,363)
Retained earnings	2,548,474	2,447,535	2,208,535
Accumulated other comprehensive (loss) income	(115,999)	4,092	10,104
Total shareholders' equity	4,492,256	4,498,688	4,252,511
Total liabilities and shareholders' equity	\$ 50,250,661	\$ 50,142,143	\$ 45,682,202

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended	
	March 31, 2022	March 31, 2021
(In thousands, except per share data)		
Interest income		
Interest and fees on loans	\$ 285,698	\$ 274,100
Mortgage loans held-for-sale	6,087	9,036
Interest-bearing deposits with banks	1,687	1,199
Federal funds sold and securities purchased under resale agreements	431	—
Investment securities	32,398	19,264
Trading account securities	5	2
Federal Home Loan Bank and Federal Reserve Bank stock	1,772	1,745
Brokerage customer receivables	174	123
Total interest income	328,252	305,469
Interest expense		
Interest on deposits	14,854	27,944
Interest on Federal Home Loan Bank advances	4,816	4,840
Interest on other borrowings	2,239	2,609
Interest on subordinated notes	5,482	5,477
Interest on junior subordinated debentures	1,567	2,704
Total interest expense	28,958	43,574
Net interest income	299,294	261,895
Provision for credit losses	4,106	(45,347)
Net interest income after provision for credit losses	295,188	307,242
Non-interest income		
Wealth management	31,394	29,309
Mortgage banking	77,231	113,494
Service charges on deposit accounts	15,283	12,036
(Losses) gains on investment securities, net	(2,782)	1,154
Fees from covered call options	3,742	—
Trading gains, net	3,889	419
Operating lease income, net	15,475	14,440
Other	18,558	15,654
Total non-interest income	162,790	186,506
Non-interest expense		
Salaries and employee benefits	172,355	180,809
Software and equipment	22,810	20,912
Operating lease equipment depreciation	9,708	10,771
Occupancy, net	17,824	19,996
Data processing	7,505	6,048
Advertising and marketing	11,924	8,546
Professional fees	8,401	7,587
Amortization of other acquisition-related intangible assets	1,609	2,007
FDIC insurance	7,729	6,558
Other real estate owned expense, net	(1,032)	(251)
Other	25,465	23,906
Total non-interest expense	284,298	286,889
Income before taxes	173,680	206,859
Income tax expense	46,289	53,711
Net income	\$ 127,391	\$ 153,148
Preferred stock dividends	6,991	6,991
Net income applicable to common shares	\$ 120,400	\$ 146,157
Net income per common share—Basic	\$ 2.11	\$ 2.57
Net income per common share—Diluted	\$ 2.07	\$ 2.54
Cash dividends declared per common share	\$ 0.34	\$ 0.31
Weighted average common shares outstanding	57,196	56,904
Dilutive potential common shares	862	681
Average common shares and dilutive common shares	58,058	57,585

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended	
	March 31, 2022	March 31, 2021
<i>(In thousands)</i>		
Net income	\$ 127,391	\$ 153,148
Unrealized losses on available-for-sale securities		
Before tax	(206,017)	(60,726)
Tax effect	54,903	16,207
Net of tax	(151,114)	(44,519)
Reclassification of net gains on available-for-sale securities included in net income		
Before tax	250	210
Tax effect	(67)	(56)
Net of tax	183	154
Reclassification of amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale		
Before tax	42	57
Tax effect	(11)	(15)
Net of tax	31	42
Net unrealized losses on available-for-sale securities	(151,328)	(44,715)
Unrealized gains on derivative instruments		
Before tax	39,481	50,792
Tax effect	(10,532)	(13,535)
Net unrealized gains on derivative instruments	28,949	37,257
Foreign currency adjustment		
Before tax	2,842	2,734
Tax effect	(554)	(554)
Net foreign currency adjustment	2,288	2,180
Total other comprehensive loss	(120,091)	(5,278)
Comprehensive income	\$ 7,300	\$ 147,870

See accompanying notes to unaudited consolidated financial statements.

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

<i>(In thousands, except per share data)</i>	Preferred stock	Common stock	Surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at January 1, 2021	\$ 412,500	\$ 58,473	\$ 1,649,990	\$ (100,363)	\$ 2,080,013	\$ 15,382	\$ 4,115,995
Net income	—	—	—	—	153,148	—	153,148
Other comprehensive loss, net of tax	—	—	—	—	—	(5,278)	(5,278)
Cash dividends declared on common stock, \$0.31 per share	—	—	—	—	(17,635)	—	(17,635)
Dividends on Series D preferred stock, \$0.41 per share and Series E preferred stock, \$429.69 per share	—	—	—	—	(6,991)	—	(6,991)
Stock-based compensation	—	—	2,862	—	—	—	2,862
Common stock issued for:							
Exercise of stock options and warrants	—	209	8,752	—	—	—	8,961
Restricted stock awards	—	7	(7)	—	—	—	—
Employee stock purchase plan	—	14	801	—	—	—	815
Director compensation plan	—	24	610	—	—	—	634
Balance at March 31, 2021	\$ 412,500	\$ 58,727	\$ 1,663,008	\$ (100,363)	\$ 2,208,535	\$ 10,104	\$ 4,252,511
Balance at January 1, 2022	\$ 412,500	\$ 58,892	\$ 1,685,572	\$ (109,903)	\$ 2,447,535	\$ 4,092	\$ 4,498,688
Net income	—	—	—	—	127,391	—	127,391
Other comprehensive loss, net of tax	—	—	—	—	—	(120,091)	(120,091)
Cash dividends declared on common stock, \$0.34 per share	—	—	—	—	(19,461)	—	(19,461)
Dividends on Series D preferred stock, \$0.41 per share and Series E preferred stock, \$429.69 per share	—	—	—	—	(6,991)	—	(6,991)
Stock-based compensation	—	—	7,891	—	—	—	7,891
Common stock issued for:							
Exercise of stock options and warrants	—	79	3,279	—	—	—	3,358
Restricted stock awards	—	52	(52)	—	—	—	—
Employee stock purchase plan	—	10	832	—	—	—	842
Director compensation plan	—	58	571	—	—	—	629
Balance at March 31, 2022	\$ 412,500	\$ 59,091	\$ 1,698,093	\$ (109,903)	\$ 2,548,474	\$ (115,999)	\$ 4,492,256

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended	
	March 31, 2022	March 31, 2021
(In thousands)		
Operating Activities:		
Net income	\$ 127,391	\$ 153,148
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	4,106	(45,347)
Depreciation, amortization and accretion, net	24,526	25,561
Stock-based compensation expense	7,891	2,862
Amortization of premium on securities, net	893	2,000
Accretion of discount and deferred fees on loans, net	(7,540)	(21,335)
Mortgage servicing rights fair value changes, net	(37,349)	(7,877)
Non-designated derivatives fair value changes, net	(4,046)	(723)
Originations and purchases of mortgage loans held-for-sale	(887,393)	(2,221,967)
Early buy-out exercises of mortgage loans held-for-sale guaranteed by U.S. Government Agencies, net of subsequent paydowns or payoffs	(4,065)	(24,362)
Proceeds from sales of mortgage loans held-for-sale	1,085,471	2,336,246
Bank owned life insurance ("BOLI") income	(48)	(1,124)
Decrease (increase) in trading securities, net	209	(280)
Decrease (increase) in brokerage customer receivables, net	3,180	(1,620)
Gains on mortgage loans sold	(20,690)	(85,200)
Losses (gains) on investment securities, net	2,782	(1,154)
(Gains) losses on sales of premises and equipment, net	(9)	29
Gains on sales and fair value adjustments of other real estate owned, net	(1,038)	(604)
Decrease in accrued interest receivable and other assets, net	110,691	109,554
Increase (decrease) in accrued interest payable and other liabilities, net	53,062	(1,026)
Net Cash Provided by Operating Activities	458,024	216,781
Investing Activities:		
Proceeds from maturities and calls of available-for-sale securities	119,041	595,248
Proceeds from maturities and calls of held-to-maturity securities	66,966	106,535
Proceeds from sales of available-for-sale securities	—	—
Proceeds from sales of equity securities with readily determinable fair value	18,753	1,509
Proceeds from sales and capital distributions of equity securities without readily determinable fair value	250	386
Purchases of available-for-sale securities	(996,293)	(31,524)
Purchases of held-to-maturity securities	(560,903)	(1,894,837)
Purchases of equity securities with readily determinable fair value	(23,255)	—
Purchases of equity securities without readily determinable fair value	(1,010)	(2,360)
Purchases of Federal Home Loan Bank and Federal Reserve Bank stock, net	(785)	(293)
Distributions from investments in partnerships, net	124	60
Proceeds from sales of other real estate owned	2,497	2,162
Decrease in interest-bearing deposits with banks, net	1,359,947	1,454,501
Increase in loans, net	(472,409)	(1,082,709)
Redemption of BOLI	960	—
Purchases of premises and equipment, net	(7,722)	(4,388)
Net Cash Used for Investing Activities	(493,839)	(855,710)
Financing Activities:		
Increase in deposit accounts, net	123,733	780,009
Decrease in other borrowings, net	(14,928)	(6,378)
Cash payments to settle contingent consideration liabilities recognized in business combinations	—	(16,583)
Issuance of common shares resulting from the exercise of stock options, employee stock purchase plan and conversion of common stock warrants	4,829	10,410
Common stock repurchases under authorized program	—	—
Common stock repurchases for tax withholdings related to stock-based compensation	—	—
Dividends paid	(26,452)	(24,626)
Net Cash Provided by Financing Activities	87,182	742,832
Net Increase in Cash and Cash Equivalents	51,367	103,903
Cash and Cash Equivalents at Beginning of Period	411,205	322,474
Cash and Cash Equivalents at End of Period	\$ 462,572	\$ 426,377

See accompanying notes to unaudited consolidated financial statements.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

The interim consolidated financial statements of Wintrust Financial Corporation and its subsidiaries (collectively, “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 interim consolidated financial statements.

The accompanying interim 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 U.S. generally accepted accounting principles (“GAAP”). The interim unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (“2021 Form 10-K”). Operating results reported for the period 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 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 credit losses, including the allowance for loan losses, the allowance for unfunded commitment losses and the allowance for held-to-maturity securities losses, estimations of fair value, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and income taxes as the accounting areas that require the most subjective and complex judgments, and as such could be the most subject to revision as new information becomes available. Descriptions of the Company’s significant accounting policies are included in Note 1 - “Summary of Significant Accounting Policies” of the 2021 Form 10-K.

(2) Recent Accounting Developments

Debt

In August 2020, the FASB issued ASU No. 2020-06, “Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity,” which includes provisions for reducing the number of accounting models used in accounting for convertible debt instruments and convertible preferred stock, amending derivatives and earnings-per-share (EPS) guidance and expanding disclosures for convertible debt instruments and EPS. The Company adopted ASU No. 2020-06 as of January 1, 2022. Adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

Issuer’s Accounting for Modifications or Exchanges of Freestanding Equity-Classified Written Call Options

In May 2021, the FASB issued ASU No. 2021-04, “Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options,” which requires an issuer to account for any modification or exchange of the terms or conditions of a freestanding written call option classified as equity, such as warrants, that remains classified as equity as an exchange of the original instrument for a new instrument and provides a framework for measuring and recognizing the effect of the exchange as an adjustment to either equity or expense. The Company adopted ASU No. 2021-04 as of January 1, 2022 under a prospective approach. Adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

Leases - Certain Leases with Variable Lease Payments

In July 2021, the FASB issued ASU No. 2021-05, “Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments” which amends lessor lease classification requirements to allow leases with variable lease payments that are not dependent on a reference index or rate to be classified and accounted for as an operating lease, provided the lease would have been classified as a sales-type or direct financing lease and the lessor would have otherwise recognized a day-one loss. The

Company adopted ASU No. 2021-05 as of January 1, 2022. As the Company has adopted ASC Topic 842, this guidance was applied retrospectively to leases that commenced or were modified after the adoption of ASC Topic 842 and prospectively to leases that will commence or be modified after January 1, 2022. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Fair Value Hedging - Portfolio Layer Method

In March 2022, the FASB issued ASU No. 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method" which expands the current last-of-layer method by allowing multiple hedged layers to be designated for a single closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods therein, and is to be applied under a prospective approach. Early adoption is permitted. The Company is currently evaluating the impact of the updated guidance on the Company's consolidated financial statements.

Troubled Debt Restructurings and Vintage Disclosures

In March 2022, the FASB issued ASU No. 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" which eliminates the separate recognition and measurement guidance for Troubled Debt Restructurings ("TDRs") by creditors, while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty, and requiring entities to disclose current-period gross write-offs by year of origination for certain financing receivables and net investments in leases. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods therein, with early adoption permitted. If the Company elects to early adopt in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes the interim period. The Company may elect to early adopt the amendments related to TDRs separately from the amendments related to vintage disclosures. The amendments related to disclosures for loan modifications and the vintage disclosures should be applied under a prospective approach, while the guidance on TDRs should be applied using either a prospective or modified retrospective approach. The Company is currently evaluating the impact of the updated guidance on the Company's consolidated financial statements.

(3) Business Combinations

On November 15, 2021, the Company completed its acquisition of certain assets from The Allstate Corporation ("Allstate"). Through this business combination, the Company acquired approximately \$581.6 million of loans, net of allowance for credit losses measured on the acquisition date. The loan portfolio was comprised of approximately 1,800 loans to Allstate agents nationally. In addition to acquiring the loans, the Company became the national preferred provider of loans to Allstate agents. In connection with the loan acquisition, a team of Allstate agency lending specialists joined the Company to augment and expand Wintrust's existing insurance agency finance business. As the transaction was determined to be a business combination, the Company recorded goodwill of approximately \$9.3 million on the acquisition.

(4) 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. These items are included within the Company's Consolidated Statements of Condition as cash and due from banks, and federal funds sold and securities purchased under resale agreements.

(5) Investment Securities

The following tables are a summary of the investment securities portfolios as of the dates shown:

(In thousands)	March 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury	\$ —	\$ —	\$ —	\$ —
U.S. Government agencies	50,000	366	(729)	49,637
Municipal	157,563	1,019	(3,093)	155,489
Corporate notes:				
Financial issuers	86,994	1	(5,047)	81,948
Other	1,000	—	(9)	991
Mortgage-backed: ⁽¹⁾				
Mortgage-backed securities	2,794,760	591	(177,899)	2,617,452
Collateralized mortgage obligations	103,424	1	(10,044)	93,381
Total available-for-sale securities	\$ 3,193,741	\$ 1,978	\$ (196,821)	\$ 2,998,898
Held-to-maturity securities				
U.S. Government agencies	\$ 264,661	\$ 35	\$ (27,673)	\$ 237,023
Municipal	180,548	3,176	(1,693)	182,031
Mortgage-backed: ⁽¹⁾				
Mortgage-backed securities	2,772,622	—	(253,254)	2,519,368
Collateralized mortgage obligations	174,273	—	(6,847)	167,426
Corporate notes	43,784	—	(3,205)	40,579
Total held-to-maturity securities	\$ 3,435,888	\$ 3,211	\$ (292,672)	\$ 3,146,427
Less: Allowance for credit losses	(159)			
Held-to-maturity securities, net of allowance for credit losses	\$ 3,435,729			
Equity securities with readily determinable fair value	\$ 91,629	\$ 5,259	\$ (4,199)	\$ 92,689

(1) Consisting entirely of residential mortgage-backed securities, none of which are subprime.

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>(In thousands)</i>				
Available-for-sale securities				
U.S. Treasury	\$ —	\$ —	\$ —	\$ —
U.S. Government agencies	50,158	2,349	—	52,507
Municipal	161,618	4,193	(217)	165,594
Corporate notes:				
Financial issuers	96,878	418	(2,599)	94,697
Other	1,000	7	—	1,007
Mortgage-backed: ⁽¹⁾				
Mortgage-backed securities	1,901,005	32,830	(25,854)	1,907,981
Collateralized mortgage obligations	105,710	297	—	106,007
Total available-for-sale securities	<u>\$ 2,316,369</u>	<u>\$ 40,094</u>	<u>\$ (28,670)</u>	<u>\$ 2,327,793</u>
Held-to-maturity securities				
U.S. Government agencies	\$ 180,192	\$ 201	\$ (3,314)	\$ 177,079
Municipal	187,486	9,544	(223)	196,807
Mortgage-backed: ⁽¹⁾				
Mortgage-backed securities	2,530,730	864	(47,622)	2,483,972
Collateralized mortgage obligations	—	—	—	—
Corporate notes	43,955	—	(1,119)	42,836
Total held-to-maturity securities	<u>\$ 2,942,363</u>	<u>\$ 10,609</u>	<u>\$ (52,278)</u>	<u>\$ 2,900,694</u>
Less: Allowance for credit losses	(78)			
Held-to-maturity securities, net of allowance for credit losses	<u>\$ 2,942,285</u>			
Equity securities with readily determinable fair value	<u>\$ 86,989</u>	<u>\$ 5,354</u>	<u>\$ (1,832)</u>	<u>\$ 90,511</u>

(1) Consisting entirely of residential mortgage-backed securities, none of which are subprime.

	March 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>(In thousands)</i>				
Available-for-sale securities				
U.S. Treasury	\$ 64,999	\$ 2	\$ —	\$ 65,001
U.S. Government agencies	77,908	3,618	—	81,526
Municipal	143,711	4,761	(172)	148,300
Corporate notes:				
Financial issuers	91,806	461	(935)	91,332
Other	1,000	17	—	1,017
Mortgage-backed: ⁽¹⁾				
Mortgage-backed securities	2,007,092	52,855	(26,038)	2,033,909
Collateralized mortgage obligations	9,411	253	—	9,664
Total available-for-sale securities	<u>\$ 2,395,927</u>	<u>\$ 61,967</u>	<u>\$ (27,145)</u>	<u>\$ 2,430,749</u>
Held-to-maturity securities				
U.S. Government agencies	\$ 176,160	\$ 1,644	\$ (7,230)	\$ 170,574
Municipal	197,865	10,713	(535)	208,043
Mortgage-backed: ⁽¹⁾				
Mortgage-backed securities	1,737,115	265	(49,114)	1,688,266
Collateralized mortgage obligations	—	—	—	—
Corporate Notes	55,378	—	(1,196)	54,182
Total held-to-maturity securities	<u>\$ 2,166,518</u>	<u>\$ 12,622</u>	<u>\$ (58,075)</u>	<u>\$ 2,121,065</u>
Less: Allowance for credit losses	(99)			
Held-to-maturity securities, net of allowance for credit losses	<u>\$ 2,166,419</u>			
Equity securities with readily determinable fair value	<u>\$ 86,121</u>	<u>\$ 5,362</u>	<u>\$ (1,145)</u>	<u>\$ 90,338</u>

(1) Consisting entirely of residential mortgage-backed securities, none of which are subprime.

Equity securities without readily determinable fair values totaled \$38.4 million as of March 31, 2022. Equity securities without readily determinable fair values are included as part of accrued interest receivable and other assets in the Company's Consolidated Statements of Condition. The Company monitors its equity investments without readily determinable fair values to identify potential transactions that may indicate an observable price change in orderly transactions for the identical or a similar investment of the same issuer, requiring adjustment to its carrying amount. The Company recorded no upward and no downward adjustments related to such observable price changes for the three months ended March 31, 2022. The Company conducts a quarterly assessment of its equity securities without readily determinable fair values to determine whether impairment exists in such securities, considering, among other factors, the nature of the securities, financial condition of the issuer and expected future cash flows. The Company recorded \$571,000 of impairment of equity securities without readily determinable fair values for the three months ended March 31, 2022.

The following table presents the portion of the Company's available-for-sale investment securities portfolios that have gross unrealized losses, reflecting the length of time that individual securities have been in a continuous unrealized loss position at March 31, 2022:

(In thousands)	Continuous unrealized losses existing for less than 12 months		Continuous unrealized losses existing for greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities						
U.S. Treasury	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
U.S. Government agencies	9,271	(729)	—	—	9,271	(729)
Municipal	92,896	(2,861)	3,553	(232)	96,449	(3,093)
Corporate notes:						
Financial issuers	20,814	(1,186)	58,133	(3,861)	78,947	(5,047)
Other	991	(9)	—	—	991	(9)
Mortgage-backed:						
Mortgage-backed securities	2,078,794	(114,144)	482,200	(63,755)	2,560,994	(177,899)
Collateralized mortgage obligations	93,256	(10,044)	—	—	93,256	(10,044)
Total available-for-sale securities	<u>\$ 2,296,022</u>	<u>\$ (128,973)</u>	<u>\$ 543,886</u>	<u>\$ (67,848)</u>	<u>\$ 2,839,908</u>	<u>\$ (196,821)</u>

The Company conducts a regular assessment of its investment securities to determine whether securities are experiencing credit losses. Factors for consideration include the nature of the securities, credit ratings or financial condition of the issuer, the extent of the unrealized loss, expected cash flows, market conditions and the Company's ability to hold the securities through the anticipated recovery period.

The Company does not consider available-for-sale securities with unrealized losses at March 31, 2022 to be experiencing credit losses and recognized no resulting allowance for credit losses for such individually assessed credit losses. The Company does not intend to sell these investments and it is more likely than not that the Company will not be required to sell these investments before recovery of the amortized cost bases, which may be the maturity dates of the securities. The unrealized losses within each category have occurred as a result of changes in interest rates, market spreads and market conditions subsequent to purchase. Available-for-sale securities with continuous unrealized losses existing for more than twelve months were primarily mortgage-backed securities with unrealized losses due to increased market rates during such period.

See Note 7 - Allowance for Credit Losses for further discussion regarding any credit losses associated with held-to-maturity securities at March 31, 2022.

The following table provides information as to the amount of gross gains and losses, adjustments and impairment on investment securities recognized in earnings and proceeds received through the sale or call of investment securities:

(In thousands)	Three months ended March 31,	
	2022	2021
Realized gains on investment securities	\$ 258	\$ 216
Realized losses on investment securities	(8)	(6)
Net realized gains on investment securities	250	210
Unrealized gains on equity securities with readily determinable fair value	180	1,875
Unrealized losses on equity securities with readily determinable fair value	(2,641)	(901)
Net unrealized (losses) gains on equity securities with readily determinable fair value	(2,461)	974
Upward adjustments of equity securities without readily determinable fair values	—	—
Downward adjustments of equity securities without readily determinable fair values	—	—
Impairment of equity securities without readily determinable fair values	(571)	(30)
Adjustment and impairment, net, of equity securities without readily determinable fair values	(571)	(30)
(Losses) gains on investment securities, net	\$ (2,782)	\$ 1,154
Proceeds from sales of available-for-sale securities ⁽¹⁾	\$ —	\$ —
Proceeds from sales of equity securities with readily determinable fair value	18,753	1,509
Proceeds from sales and capital distributions of equity securities without readily determinable fair value	250	386

(1) Includes proceeds from available-for-sale securities sold in accordance with written covered call options sold to a third party.

The amortized cost and fair value of available-for-sale and held-to-maturity investment securities as of March 31, 2022, December 31, 2021 and March 31, 2021, by contractual maturity, are shown in the following table. Contractual maturities may differ from actual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Mortgage-backed securities are not included in the maturity categories in the following maturity summary as actual maturities may differ from contractual maturities because the underlying mortgages may be called or prepaid without penalties:

(In thousands)	March 31, 2022		December 31, 2021		March 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities						
Due in one year or less	\$ 48,130	\$ 47,945	\$ 49,714	\$ 49,822	\$ 100,140	\$ 100,361
Due in one to five years	67,138	66,034	72,382	73,850	76,104	78,291
Due in five to ten years	110,960	105,670	118,358	117,573	110,125	110,928
Due after ten years	69,329	68,416	69,200	72,560	93,055	97,596
Mortgage-backed	2,898,184	2,710,833	2,006,715	2,013,988	2,016,503	2,043,573
Total available-for-sale securities	\$ 3,193,741	\$ 2,998,898	\$ 2,316,369	\$ 2,327,793	\$ 2,395,927	\$ 2,430,749
Held-to-maturity securities						
Due in one year or less	\$ 1,208	\$ 1,213	\$ 2,976	\$ 2,992	\$ 6,812	\$ 6,863
Due in one to five years	83,085	80,210	79,422	79,705	50,318	50,734
Due in five to ten years	101,410	102,940	106,713	112,667	184,677	191,539
Due after ten years	303,290	275,270	222,522	221,358	187,596	183,663
Mortgage-backed	2,946,895	2,686,794	2,530,730	2,483,972	1,737,115	1,688,266
Total held-to-maturity securities	\$ 3,435,888	\$ 3,146,427	\$ 2,942,363	\$ 2,900,694	\$ 2,166,518	\$ 2,121,065
Less: Allowance for credit losses	(159)		(78)		(99)	
Held-to-maturity securities, net of allowance for credit losses	\$ 3,435,729		\$ 2,942,285		\$ 2,166,419	

Securities having a carrying value of \$2.5 billion at March 31, 2022 as well as securities having a carrying value of \$2.6 billion and \$2.1 billion at December 31, 2021 and March 31, 2021, respectively, were pledged as collateral for public deposits, trust deposits, Federal Home Loan Bank (“FHLB”) advances and available lines of credit, securities sold under repurchase agreements and derivatives. At March 31, 2022, there were no securities of a single issuer, other than U.S. Government-sponsored agency securities, which exceeded 10% of shareholders’ equity.

(6) Loans

The following table shows the Company's loan portfolio by category as of the dates shown:

(Dollars in thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Balance:			
Commercial	\$ 11,583,963	\$ 11,904,068	\$ 12,708,207
Commercial real estate	9,235,074	8,990,286	8,544,779
Home equity	321,435	335,155	390,253
Residential real estate	1,799,985	1,637,099	1,421,973
Premium finance receivables			
Property and casualty insurance	4,937,408	4,855,487	3,958,543
Life insurance	7,354,163	7,042,810	6,111,495
Consumer and other	48,519	24,199	35,983
Total loans, net of unearned income	<u>\$ 35,280,547</u>	<u>\$ 34,789,104</u>	<u>\$ 33,171,233</u>
Mix:			
Commercial	33 %	34 %	38 %
Commercial real estate	26	26	26
Home equity	1	1	1
Residential real estate	5	5	4
Premium finance receivables			
Property and casualty insurance	14	14	12
Life insurance	21	20	19
Consumer and other	0	0	0
Total loans, net of unearned income	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Company's loan portfolio is generally comprised of loans to consumers and small to medium-sized businesses, which, for the commercial and commercial real estate portfolios, are located primarily within the geographic market areas that the banks serve. Various niche lending businesses, including lease finance and franchise lending, operate on a national level. Additionally, to provide short-term relief due to macroeconomic deterioration from the COVID-19 pandemic to small businesses within such market areas, the Company originated loans through the Paycheck Protection Program ("PPP"), an expansion of guaranteed lending under Section 7(a) of the Small Business Act within the CARES Act. As of March 31, 2022, the Company's commercial portfolio included approximately \$254.0 million of such PPP loans. The premium finance receivables portfolios are made to customers throughout the United States and Canada. The Company strives to maintain a loan portfolio that is diverse in terms of loan type, industry, borrower and geographic concentrations. Such diversification reduces the exposure to economic downturns that may occur in different segments of the economy or in different industries.

Certain premium finance receivables are recorded net of unearned income. The unearned income portions of such premium finance receivables were \$140.3 million at March 31, 2022, \$135.5 million at December 31, 2021 and \$114.4 million at March 31, 2021.

Total loans, excluding purchased credit deteriorated ("PCD") loans, include net deferred loan fees and costs and fair value purchase accounting adjustments totaling \$59.3 million at March 31, 2022, \$50.8 million at December 31, 2021 and \$(32.2) million at March 31, 2021. Net deferred fees as of March 31, 2022 includes \$6.3 million of net deferred fees paid by the Small Business Administration ("SBA") for loans originated under the PPP. As PPP loans share similar characteristics (loan terms), and prepayments are considered probable and can reasonably be estimated due to terms of the program, the Company considers estimated future principal prepayments in recognizing such deferred fees for determining a constant effective yield on the portfolio of loans.

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

Acquired Loan Information — PCD Loans

As part of the Company's prior acquisitions, the Company acquired loans that were classified as PCD based upon various factors as of the acquisition date, including internal risk rating methodologies and prior classification as a TDR. The following table provides estimated details as of the date of acquisition on PCD loans acquired in 2021:

	Insurance Agency Loan Portfolio
(Dollars in thousands)	
Contractually required payments (unpaid principal balance)	\$ 13,882
Allowance for credit losses ⁽¹⁾	(2,806)
Discount, net of any premium	(214)
Purchase price of PCD loans acquired	\$ 10,862

(1) The initial allowance for credit losses on PCD loans acquired during 2021 measured approximately \$2.8 million, of which \$2.3 million was charged off related to PCD loans that met the Company's charge-off policy at the time of acquisition. After considering these loans that were immediately charged off, the net impact of PCD allowance for credit losses at the acquisition date was approximately \$470,000.

(7) Allowance for Credit Losses

In accordance with ASC 326, the Company is required to measure the allowance for credit losses of financial assets with similar risk characteristics on a collective or pooled basis. In considering the segmentation of financial assets measured at amortized cost into pools, the Company considered various risk characteristics in its analysis. Generally, the segmentation utilized represents the level at which the Company develops and documents its systematic methodology to determine the allowance for credit losses for the financial assets held at amortized cost, specifically the Company's loan portfolio and debt securities classified as held-to-maturity. Below is a summary of the Company's loan portfolio segments and major debt security types:

Commercial loans, including PPP loans: The Company makes commercial loans for many purposes, including working capital lines and leasing arrangements, that are generally renewable annually and supported by business assets, personal guarantees and additional collateral. Underlying collateral includes receivables, inventory, enterprise value and the assets of the business. Commercial business lending is generally considered to involve a slightly higher degree of risk than traditional consumer bank lending. This portfolio includes a range of industries, including manufacturing, restaurants, franchise, professional services, equipment finance and leasing, mortgage warehouse lending and industrial.

The Company also originated loans through the PPP. Administered by the SBA, the PPP provided short-term relief primarily related to the disruption from COVID-19 to companies and non-profits that meet the SBA's definition of an eligible small business. Under the program, the SBA will forgive all or a portion of the loan if, during a certain period, loans were used for qualifying expenses. If all or a portion of the loan was not forgiven, the borrower is responsible for repayment. PPP loans are fully guaranteed by the SBA, including any portion not forgiven. The SBA guarantee existed at the inception of the loan and throughout its life and is not separated from the loan if the loan is subsequently sold or transferred. As it is not considered a freestanding contract, the Company considers the impact of the SBA guarantee when measuring the allowance for credit losses.

Commercial real estate loans, including construction and development, and non-construction: The Company's commercial real estate loans are generally secured by a first mortgage lien and assignment of rents on the underlying property. Since most of the Company's bank branches are located in the Chicago metropolitan area and southern Wisconsin, a significant portion of the Company's commercial real estate loan portfolio is located in this region. As the risks and circumstances of such loans in construction phase vary from that of non-construction commercial real estate loans, the Company assesses the allowance for credit losses separately for these two segments.

Home equity loans: The Company's home equity loans and lines of credit are primarily originated by each of the bank subsidiaries in their local markets where there is a strong understanding of the underlying real estate value. The Company's banks monitor and manage these loans, and conduct an automated review of all home equity loans and lines of credit at least twice per year. The bank's subsidiaries use this information to manage loans that may be higher risk and to determine whether to obtain additional credit information or updated property valuations. In a limited number of cases, the Company may issue home equity credit together with first mortgage financing, and requests for such financing are evaluated on a combined basis.

Residential real estate loans, including early buy-out loans guaranteed by U.S. government agencies: The Company's residential real estate portfolio includes one- to four-family adjustable rate mortgages that have repricing terms generally over five years, construction loans to individuals and bridge financing loans for qualifying customers, as well as certain long-term

fixed rate loans. The Company's residential mortgages relate to properties located principally in the Chicago metropolitan area and southern Wisconsin or vacation homes owned by local residents. Due to interest rate risk considerations, the Company generally sells in the secondary market loans originated with long-term fixed rates, however, certain of these loans may be retained within the banks' own loan portfolios where they are non-agency conforming, or where the terms of the loans make them favorable to retain. The Company believes that since this loan portfolio consists primarily of locally originated loans, and since the majority of the borrowers are longer-term customers with lower LTV ratios, the Company faces a relatively low risk of borrower default and delinquency. It is not the Company's current practice to underwrite, and there are no plans to underwrite subprime, Alt A, no or little documentation loans, or option ARM loans.

Additionally, early buy-out loans guaranteed by U.S. government agencies include loans in which the Company is eligible or has exercised its option under the Government National Mortgage Association ("GNMA") securitization program to repurchase certain delinquent mortgage loans. Such loans were previously transferred by the Company with servicing of such loans retained. Early buy-out loans are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

Premium finance receivables: The Company makes loans to businesses to finance the insurance premiums they pay on their property and casualty insurance policies. The loans are indirectly originated by working through independent medium and large insurance agents and brokers located throughout the United States and Canada. 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. The Company performs ongoing credit and other reviews of the agents and brokers to mitigate against the risk of fraud.

The Company also originates life insurance premium finance receivables. These loans are originated directly with the borrowers with assistance from life insurance carriers, independent insurance agents, financial advisors and legal counsel. The life insurance policy is the primary form of collateral. In addition, these loans often are secured with a letter of credit, marketable securities or certificates of deposit. In some cases, the Company may make a loan that has a partially unsecured position.

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

U.S. government agency securities: This security type includes debt obligations of certain government-sponsored entities of the U.S. government such as the Federal Home Loan Bank, Federal Agricultural Mortgage Corporation, Federal Farm Credit Banks Funding Corporation and Fannie Mae. Such securities often contain an explicit or implicit guarantee of the U.S. government.

Municipal securities: The Company's municipal securities portfolio includes bond issues for various municipal government entities located throughout the United States, including the Chicago metropolitan area and southern Wisconsin, some of which are privately placed and non-rated. Though the risk of loss is typically low, including within the Company, default history exists on municipal securities within the United States.

Mortgage-backed securities: This security type includes debt obligations supported by pools of individual mortgage loans and issued by certain government-sponsored entities of the U.S. government such as Freddie Mac and Fannie Mae. Such securities are considered to contain an implicit guarantee of the U.S. government.

Corporate notes: The Company's corporate notes portfolio includes bond issues for various public companies representing a diversified population of industries. The risk of loss in this portfolio is considered low based on the characteristics of the investments, including the Company's own past history with similar investments.

In accordance with ASC 326, the Company elected to not measure an allowance for credit losses on accrued interest. As such accrued interest is written off in a timely manner when deemed uncollectible. Any such write-off of accrued interest will reverse previously recognized interest income. In addition, the Company elected to not include accrued interest within presentation and disclosures of the carrying amount of financial assets held at amortized cost. This election is applicable to the various disclosures included within the Company's financial statements. Accrued interest related to financial assets held at amortized cost is included within accrued interest receivable and other assets within the Company's Consolidated Statements of Condition and totaled \$124.4 million at March 31, 2022, \$117.4 million at December 31, 2021, and \$128.8 million at March 31, 2021.

The tables below show the aging of the Company's loan portfolio by the segmentation noted above at March 31, 2022, December 31, 2021 and March 31, 2021:

As of March 31, 2022

(In thousands)	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Loan Balances (includes PCD):						
Commercial						
Commercial, industrial and other, excluding PPP loans	\$ 16,878	\$ —	\$ 1,294	\$ 31,873	\$ 11,279,954	\$ 11,329,999
Commercial PPP loans	—	—	—	16	253,948	253,964
Commercial real estate						
Construction and development	1,054	—	—	1,409	1,393,943	1,396,406
Non-construction	11,247	—	2,648	28,732	7,796,041	7,838,668
Home equity	1,747	—	199	545	318,944	321,435
Residential real estate, excluding early buy-out loans	7,262	—	293	18,808	1,723,526	1,749,889
Premium finance receivables						
Property and casualty insurance loans	6,707	12,363	8,890	21,278	4,888,170	4,937,408
Life insurance loans	—	—	22,401	15,522	7,316,240	7,354,163
Consumer and other	4	43	5	221	48,246	48,519
Total loans, net of unearned income, excluding early buy-out loans	\$ 44,899	\$ 12,406	\$ 35,730	\$ 118,404	\$ 35,019,012	\$ 35,230,451
Early buy-out loans guaranteed by U.S. government agencies ⁽¹⁾	4,661	28,958	—	185	16,292	50,096
Total loans, net of unearned income	\$ 49,560	\$ 41,364	\$ 35,730	\$ 118,589	\$ 35,035,304	\$ 35,280,547

As of December 31, 2021

(In thousands)	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Loan Balances (includes PCD):						
Commercial						
Commercial, industrial and other, excluding PPP loans	\$ 20,399	\$ —	\$ 23,492	\$ 42,933	\$ 11,258,961	\$ 11,345,785
Commercial PPP loans	—	15	770	928	556,570	558,283
Commercial real estate						
Construction and development	1,377	—	—	2,809	1,352,018	1,356,204
Non-construction	20,369	—	284	37,634	7,575,795	7,634,082
Home equity	2,574	—	—	1,120	331,461	335,155
Residential real estate, excluding early buy-out loans	16,440	—	982	12,145	1,576,704	1,606,271
Premium finance receivables						
Property and casualty insurance loans	5,433	7,210	15,490	22,419	4,804,935	4,855,487
Life insurance loans	—	7	12,614	66,651	6,963,538	7,042,810
Consumer and other	477	137	34	509	23,042	24,199
Total loans, net of unearned income, excluding early buy-out loans	\$ 67,069	\$ 7,369	\$ 53,666	\$ 187,148	\$ 34,443,024	\$ 34,758,276
Early buy-out loans guaranteed by U.S. government agencies ⁽¹⁾	—	—	—	275	30,553	30,828
Total loans, net of unearned income	\$ 67,069	\$ 7,369	\$ 53,666	\$ 187,423	\$ 34,473,577	\$ 34,789,104

As of March 31, 2021

(In thousands)	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Loan Balances (includes PCD):						
Commercial						
Commercial, industrial and other, excluding PPP loans	\$ 22,459	\$ —	\$ 13,292	\$ 35,535	\$ 9,343,939	\$ 9,415,225
Commercial PPP loans	—	—	—	6	3,292,976	3,292,982
Commercial real estate						
Construction and development	2,673	—	499	23,967	1,326,185	1,353,324
Non-construction	31,707	—	7,657	46,201	7,105,890	7,191,455
Home equity	5,536	—	492	780	383,445	390,253
Residential real estate, excluding early buy-out loans	21,553	—	944	13,768	1,333,867	1,370,132
Premium finance receivables						
Property and casualty insurance loans	9,690	4,592	5,113	16,552	3,922,596	3,958,543
Life insurance loans	—	191	—	14,821	6,096,483	6,111,495
Consumer and other	497	161	8	74	35,243	35,983
Total loans, net of unearned income, excluding early buy-out loans	\$ 94,115	\$ 4,944	\$ 28,005	\$ 151,704	\$ 32,840,624	\$ 33,119,392
Early buy-out loans guaranteed by U.S. government agencies ⁽¹⁾	—	—	—	—	51,841	51,841
Total loans, net of unearned income	\$ 94,115	\$ 4,944	\$ 28,005	\$ 151,704	\$ 32,892,465	\$ 33,171,233

(1) Early buy-out loans are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

Credit Quality Indicators

Credit quality indicators, specifically the Company's internal risk rating systems, reflect how the Company monitors credit losses and represents factors used by the Company when measuring the allowance for credit losses. The following discusses the Company's credit quality indicators by financial asset.

Loan portfolios

The Company's ability to manage credit risk depends in large part on our ability to properly identify and manage problem loans. To do so, the Company operates a credit risk rating system under which credit management personnel assign a credit risk rating (1 to 10 rating) to each loan at the time of origination and review loans on a regular basis. For loans measured at amortized cost (or excluding loans measured at fair value, such as early buy-out loans guaranteed by U.S. government agencies), these credit risk ratings are also an important aspect of the Company's allowance for credit losses measurement methodology. The credit risk rating structure and classifications are shown below:

Pass (risk rating 1 to 5): Based on various factors (liquidity, leverage, etc.), the Company believes asset quality is acceptable and is deemed to not require additional monitoring by the Company.

Special mention (risk rating 6): Assets in this category are currently protected, potentially weak, but not to the point of substandard classification. Loss potential is moderate if corrective action is not taken.

Substandard accrual (risk rating 7): Assets in this category have well defined weaknesses that jeopardize the liquidation of the debt. Loss potential is distinct but with no discernible impairment.

Substandard nonaccrual/doubtful (risk rating 8 and 9): Assets have all the weaknesses in those classified "substandard accrual" with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current existing facts, conditions, and values, improbable.

Loss/fully charged-off (risk rating 10): Assets in this category are considered fully uncollectible. As such, these assets have no carrying balance on the Company's Consolidated Statements of Condition.

Early buy-out loans guaranteed by U.S. government agencies: As noted above, such loans are measured at fair value and thus excluded from the measurement of the allowance for credit losses. Credit risk ratings assigned to such loans are considered in the measurement of fair value as well as related guarantees provided by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

Each loan officer is responsible for monitoring his or her loan portfolio, recommending a credit risk rating for each loan in his or her portfolio and ensuring the credit risk ratings are appropriate. These credit risk ratings are then ratified by the bank's chief credit officer and/or concurrence credit officer. Credit risk ratings are determined by evaluating a number of factors including: a borrower's financial strength, cash flow coverage, collateral protection and guarantees.

The Company's Problem Loan Reporting system includes all loans with credit risk ratings of 6 through 9. This system is designed to provide an on-going detailed tracking mechanism for each problem loan. Once management determines that a loan has deteriorated to a point where it has a credit risk rating of 6 or worse, the Company's Managed Asset Division performs an overall credit and collateral review. As part of this review, all underlying collateral is identified and the valuation methodology is analyzed and tracked. As a result of this initial review by the Company's Managed Asset Division, the credit risk rating is reviewed and a portion of the outstanding loan balance may be deemed uncollectible and, as a result, no longer share similar risk characteristics as its related pool. If that is the case, the individual loan is considered collateral dependent and individually assessed for an allowance for credit loss. The Company's individual assessment utilizes an independent re-appraisal of the collateral (unless such a third-party evaluation is not possible due to the unique nature of the collateral, such as a closely-held business or thinly traded securities). In the case of commercial real estate collateral, an independent third party appraisal is ordered by the Company's Real Estate Services Group to determine if there has been any change in the underlying collateral value. These independent appraisals are reviewed by the Real Estate Services Group and sometimes by independent third party valuation experts and may be adjusted depending upon market conditions.

Through the credit risk rating process, loans are reviewed to determine if they are performing in accordance with the original contractual terms. If the borrower has failed to comply with the original contractual terms, further action may be required by the Company, including a downgrade in the credit risk rating, movement to non-accrual status or a charge-off. If the Company

determines that a loan amount or portion thereof is uncollectible, the loan's credit risk rating is immediately downgraded to an 8 or 9 and the uncollectible amount is charged-off. Any loan that has a partial charge-off continues to be assigned a credit risk rating of an 8 or 9 for the duration of time that a balance remains outstanding. The Company undertakes a thorough and ongoing analysis to determine if additional impairment and/or charge-offs are appropriate and to begin a workout plan for the credit to minimize actual losses. In determining the appropriate charge-off for collateral-dependent loans, the Company considers the results of appraisals for the associated collateral.

The table below shows the Company's loan portfolio by credit quality indicator and year of origination at March 31, 2022:

	Year of Origination							Revolving		Total
(In thousands)	2022	2021	2020	2019	2018	Prior		Revolving	to Term	Loans
Loan Balances:										
Commercial, industrial and other										
Pass	\$ 524,863	\$ 2,714,254	\$ 1,407,819	\$ 889,866	\$ 647,127	\$ 1,037,167	\$ 3,616,144	\$ 8,342	\$ 10,845,582	
Special mention	34	77,940	51,807	61,656	21,183	48,902	105,022	228	366,772	
Substandard accrual	—	5,596	10,285	22,157	24,320	11,484	26,925	—	100,767	
Substandard nonaccrual/doubtful	—	54	3,427	6,474	1,759	5,092	72	—	16,878	
Total commercial, industrial and other	\$ 524,897	\$ 2,797,844	\$ 1,473,338	\$ 980,153	\$ 694,389	\$ 1,102,645	\$ 3,748,163	\$ 8,570	\$ 11,329,999	
Commercial PPP										
Pass	\$ —	\$ 213,790	\$ 33,830	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 247,620	
Special mention	—	158	5,621	—	—	—	—	—	5,779	
Substandard accrual	—	—	565	—	—	—	—	—	565	
Substandard nonaccrual/doubtful	—	—	—	—	—	—	—	—	—	
Total commercial PPP	\$ —	\$ 213,948	\$ 40,016	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 253,964	
Construction and development										
Pass	\$ 99,285	\$ 391,288	\$ 430,778	\$ 231,618	\$ 51,795	\$ 114,022	\$ 22,404	\$ —	\$ 1,341,190	
Special mention	—	282	8,475	3,611	24,748	110	—	—	37,226	
Substandard accrual	—	—	—	312	2,052	14,572	—	—	16,936	
Substandard nonaccrual/doubtful	—	—	—	—	—	1,054	—	—	1,054	
Total construction and development	\$ 99,285	\$ 391,570	\$ 439,253	\$ 235,541	\$ 78,595	\$ 129,758	\$ 22,404	\$ —	\$ 1,396,406	
Non-construction										
Pass	\$ 468,125	\$ 1,563,953	\$ 1,103,776	\$ 962,675	\$ 715,014	\$ 2,500,006	\$ 170,873	\$ 147	\$ 7,484,569	
Special mention	—	1,842	9,792	49,110	36,694	129,238	—	—	226,676	
Substandard accrual	—	—	286	14,676	26,945	74,269	—	—	116,176	
Substandard nonaccrual/doubtful	—	—	—	—	270	10,977	—	—	11,247	
Total non-construction	\$ 468,125	\$ 1,565,795	\$ 1,113,854	\$ 1,026,461	\$ 778,923	\$ 2,714,490	\$ 170,873	\$ 147	\$ 7,838,668	
Home equity										
Pass	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,502	\$ 298,765	\$ —	\$ 304,267	
Special mention	—	—	—	—	240	391	4,452	—	5,083	
Substandard accrual	—	—	—	—	—	9,045	757	536	10,338	
Substandard nonaccrual/doubtful	—	—	—	107	43	1,597	—	—	1,747	
Total home equity	\$ —	\$ —	\$ —	\$ 107	\$ 283	\$ 16,535	\$ 303,974	\$ 536	\$ 321,435	
Residential real estate										
Early buy-out loans guaranteed by U.S. government agencies	\$ —	\$ 241	\$ 621	\$ 5,920	\$ 8,808	\$ 34,506	\$ —	\$ —	\$ 50,096	
Pass	236,643	835,324	259,100	143,358	58,132	189,137	—	—	1,721,694	
Special mention	—	1,612	173	378	1,296	4,899	—	—	8,358	
Substandard accrual	263	1,101	2,184	716	904	7,407	—	—	12,575	
Substandard nonaccrual/doubtful	—	—	881	1,856	427	4,098	—	—	7,262	
Total residential real estate	\$ 236,906	\$ 838,278	\$ 262,959	\$ 152,228	\$ 69,567	\$ 240,047	\$ —	\$ —	\$ 1,799,985	
Premium finance receivables - property and casualty										
Pass	\$ 2,451,925	\$ 2,404,905	\$ 19,074	\$ 7,203	\$ 662	\$ —	\$ —	\$ —	\$ 4,883,769	
Special mention	14,857	23,617	59	—	—	—	—	—	38,533	
Substandard accrual	21	8,336	27	—	15	—	—	—	8,399	
Substandard nonaccrual/doubtful	89	6,115	503	—	—	—	—	—	6,707	
Total premium finance receivables - property and casualty	\$ 2,466,892	\$ 2,442,973	\$ 19,663	\$ 7,203	\$ 677	\$ —	\$ —	\$ —	\$ 4,937,408	
Premium finance receivables - life										
Pass	\$ 91,374	\$ 587,300	\$ 908,193	\$ 826,596	\$ 722,851	\$ 4,210,182	\$ —	\$ —	\$ 7,346,496	

Special mention	—	595	—	—	—	7,072	—	—	7,667
Substandard accrual	—	—	—	—	—	—	—	—	—
Substandard nonaccrual/doubtful	—	—	—	—	—	—	—	—	—
Total premium finance receivables - life	\$ 91,374	\$ 587,895	\$ 908,193	\$ 826,596	\$ 722,851	\$ 4,217,254	\$ —	\$ —	\$ 7,354,163
Consumer and other									
Pass	\$ 523	\$ 2,465	\$ 708	\$ 990	\$ 990	\$ 21,159	\$ 21,436	\$ —	\$ 48,271
Special mention	—	3	2	8	—	126	9	—	148
Substandard accrual	—	9	1	—	—	76	10	—	96
Substandard nonaccrual/doubtful	—	—	—	—	—	4	—	—	4
Total consumer and other	\$ 523	\$ 2,477	\$ 711	\$ 998	\$ 990	\$ 21,365	\$ 21,455	\$ —	\$ 48,519
Total loans									
Early buy-out loans guaranteed by U.S. government agencies	\$ —	\$ 241	\$ 621	\$ 5,920	\$ 8,808	\$ 34,506	\$ —	\$ —	\$ 50,096
Pass	3,872,738	8,713,279	4,163,278	3,062,306	2,196,571	8,077,175	4,129,622	8,489	34,223,458
Special mention	14,891	106,049	75,929	114,763	84,161	190,738	109,483	228	696,242
Substandard accrual	284	15,042	13,348	37,861	54,236	116,853	27,692	536	265,852
Substandard nonaccrual/doubtful	89	6,169	4,811	8,437	2,499	22,822	72	—	44,899
Total loans	\$ 3,888,002	\$ 8,840,780	\$ 4,257,987	\$ 3,229,287	\$ 2,346,275	\$ 8,442,094	\$ 4,266,869	\$ 9,253	\$ 35,280,547

Held-to-maturity debt securities

The Company conducts an assessment of its investment securities, including those classified as held-to-maturity, at the time of purchase and on at least an annual basis to ensure such investment securities remain within appropriate levels of risk and continue to perform satisfactorily in fulfilling its obligations. The Company considers, among other factors, the nature of the securities and credit ratings or financial condition of the issuer. If available, the Company obtains a credit rating for issuers from a Nationally Recognized Statistical Rating Organization (“NRSRO”) for consideration. If no such rating is available for an issuer, the Company performs an internal rating based on the scale utilized within the loan portfolio as discussed above. For purposes of the table below, the Company has converted any issuer rating from an NRSRO into the Company’s internal ratings based on Investment Policy and review by the Company’s management.

As of March 31, 2022	Year of Origination						Total
(In thousands)	2022	2021	2020	2019	2018	Prior	Balance
Amortized Cost Balances:							
U.S. government agencies							
1-4 internal grade	\$ 85,000	\$ 147,795	\$ 25,000	\$ 4,032	\$ —	\$ 2,834	\$ 264,661
5-7 internal grade	—	—	—	—	—	—	—
8-10 internal grade	—	—	—	—	—	—	—
Total U.S. government agencies	\$ 85,000	\$ 147,795	\$ 25,000	\$ 4,032	\$ —	\$ 2,834	\$ 264,661
Municipal							
1-4 internal grade	\$ —	\$ 7,067	\$ 300	\$ 160	\$ 7,465	\$ 165,556	\$ 180,548
5-7 internal grade	—	—	—	—	—	—	—
8-10 internal grade	—	—	—	—	—	—	—
Total municipal	\$ —	\$ 7,067	\$ 300	\$ 160	\$ 7,465	\$ 165,556	\$ 180,548
Mortgage-backed securities							
1-4 internal grade	\$ 379,444	\$ 2,567,451	\$ —	\$ —	\$ —	\$ —	\$ 2,946,895
5-7 internal grade	—	—	—	—	—	—	—
8-10 internal grade	—	—	—	—	—	—	—
Total mortgage-backed securities	\$ 379,444	\$ 2,567,451	\$ —	\$ —	\$ —	\$ —	\$ 2,946,895
Corporate notes							
1-4 internal grade	\$ —	\$ —	\$ 6,012	\$ 7,377	\$ 3,244	\$ 27,151	\$ 43,784
5-7 internal grade	—	—	—	—	—	—	—
8-10 internal grade	—	—	—	—	—	—	—
Total corporate notes	\$ —	\$ —	\$ 6,012	\$ 7,377	\$ 3,244	\$ 27,151	\$ 43,784
Total held-to-maturity securities							\$ 3,435,888
Less: Allowance for credit losses							(159)
Held-to-maturity securities, net of allowance for credit losses							\$ 3,435,729

Measurement of Allowance for Credit Losses

The Company's allowance for credit losses consists of the allowance for loan losses, the allowance for unfunded commitment losses and the allowance for held-to-maturity debt security losses. In accordance with ASC 326, the Company measures the allowance for credit losses at the time of origination or purchase of a financial asset, representing an estimate of lifetime expected credit losses on the related asset. When developing its estimate, the Company considers available information relevant to assessing the collectability of cash flows, from both internal and external sources. Historical credit loss experience is one input in the estimation process as well as inputs relevant to current conditions and reasonable and supportable forecasts. In considering past events, the Company considers the relevance, or lack thereof, of historical information due to changes in such things as financial asset underwriting or collection practices, and changes in portfolio mix due to changing business plans and strategies. In considering current conditions and forecasts, the Company considers both the current economic environment and the forecasted direction of the economic environment with emphasis on those factors deemed relevant to or driving changes in expected credit losses. As significant judgment is required, the review of the appropriateness of the allowance for credit losses is performed quarterly by various committees with participation by the Company's executive management.

(In thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Allowance for loan losses	\$ 250,539	\$ 247,835	\$ 277,709
Allowance for unfunded lending-related commitments losses	50,629	51,818	43,500
Allowance for loan losses and unfunded lending-related commitments losses	301,168	299,653	321,209
Allowance for held-to-maturity securities losses	159	78	99
Allowance for credit losses	\$ 301,327	\$ 299,731	\$ 321,308

The allowance for credit losses is measured on a collective or pooled basis when similar risk characteristics exist, based upon the segmentation discussed above. The Company utilizes modeling methodologies that estimate lifetime credit loss rates on each pool, including methodologies estimating the probability of default and loss given default on specific segments. Historical credit loss history is adjusted for reasonable and supportable forecasts developed by the Company on a quantitative or qualitative basis and incorporates third party economic forecasts. Reasonable and supportable forecasts consider the macroeconomic factors that are most relevant to evaluating and predicting expected credit losses in the Company's financial assets. Currently, the Company utilizes an eight quarter forecast period using a single macroeconomic scenario provided by a third party and reviewed within the Company's governance structure. For periods beyond the ability to develop reasonable and supportable forecasts, the Company reverts to historical loss rates at an input level, straight-line over a four quarter reversion period. Expected credit losses are measured over the contractual term of the financial asset with consideration of expected prepayments. Expected extensions, renewals or modifications of the financial asset are only considered when either 1) the expected extension, renewal or modification is contained within the existing agreement and is not unconditionally cancelable, or 2) the expected extension, renewal or modification is reasonably expected to result in a TDR. The methodologies discussed above are applied to both current asset balances on the Company's Consolidated Statements of Condition and off-balance sheet commitments (i.e. unfunded lending-related commitments).

Assets that do not share similar risk characteristics with a pool are assessed for the allowance for credit losses on an individual basis. These typically include assets experiencing financial difficulties, including assets rated as substandard nonaccrual and doubtful as well as assets currently classified or expected to be classified as TDRs. If foreclosure is probable or the asset is considered collateral-dependent, expected credit losses are measured based upon the fair value of the underlying collateral adjusted for selling costs, if appropriate. Underlying collateral across the Company's segments consist primarily of real estate, land and construction assets as well as general business assets of the borrower. As of March 31, 2022, excluding loans carried at fair value, substandard nonaccrual loans totaling \$27.6 million in carrying balance had no related allowance for credit losses. For certain accruing current and expected TDRs, expected credit losses are measured based upon the present value of future cash flows of the modified asset terms compared to the amortized cost of the asset. Loans identified as being reasonably expected to be modified into TDRs in the future totaled \$218,000 as of March 31, 2022.

The Company does not measure an allowance for credit losses on accrued interest receivable balances because these balances are written off in a timely manner as a reduction to interest income when assets are placed on nonaccrual status.

Loan portfolios

A summary of activity in the allowance for credit losses, specifically for the loan portfolio (i.e. allowance for loan losses and allowance for unfunded commitment losses), for the three months ended March 31, 2022 and 2021 is as follows.

Three months ended March 31, 2022

(In thousands)	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Premium Finance Receivables	Consumer and Other	Total Loans
Allowance for credit losses at beginning of period	\$ 119,307	\$ 144,583	\$ 10,699	\$ 8,782	\$ 15,859	\$ 423	\$ 299,653
Other adjustments	—	—	—	—	22	—	22
Charge-offs	(1,414)	(777)	(197)	(466)	(1,678)	(193)	(4,725)
Recoveries	538	32	93	5	1,476	49	2,193
Provision for credit losses	2,480	1,068	(29)	1,108	(957)	355	4,025
Allowance for credit losses at period end	\$ 120,911	\$ 144,906	\$ 10,566	\$ 9,429	\$ 14,722	\$ 634	\$ 301,168
By measurement method:							
Individually measured	\$ 3,698	\$ 522	\$ 127	\$ 800	\$ —	\$ 5	\$ 5,152
Collectively measured	117,213	144,384	10,439	8,629	14,722	629	296,016
Loans at period end							
Individually measured	\$ 19,651	\$ 22,370	\$ 12,904	\$ 17,842	\$ —	\$ 79	\$ 72,846
Collectively measured	11,564,312	9,212,704	308,531	1,724,159	12,291,571	48,440	35,149,717
Loans held at fair value	—	—	—	57,984	—	—	57,984

Three months ended March 31, 2021

(In thousands)	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Premium Finance Receivables	Consumer and Other	Total Loans
Allowance for credit losses at beginning of period	\$ 94,212	\$ 243,603	\$ 11,437	\$ 12,459	\$ 17,777	\$ 422	\$ 379,910
Other adjustments	—	—	—	—	30	—	30
Charge-offs	(11,781)	(980)	—	(2)	(3,239)	(114)	(16,116)
Recoveries	452	200	101	204	1,782	32	2,771
Provision for credit losses	12,757	(61,031)	(156)	1,581	1,127	336	(45,386)
Allowance for credit losses at period end	\$ 95,640	\$ 181,792	\$ 11,382	\$ 14,242	\$ 17,477	\$ 676	\$ 321,209
By measurement method:							
Individually measured	\$ 5,046	\$ 2,042	\$ 338	\$ 822	\$ —	\$ 81	\$ 8,329
Collectively measured	90,594	179,750	11,044	13,420	17,477	595	312,880
Loans at period end							
Individually measured	\$ 30,144	\$ 43,858	\$ 21,167	\$ 28,675	\$ —	\$ 560	\$ 124,404
Collectively measured	12,678,063	8,500,921	369,086	1,341,382	10,070,038	35,423	32,994,913
Loans held at fair value	—	—	—	51,916	—	—	51,916

For the three months ended March 31, 2022 and 2021, the Company recognized approximately \$4.0 million and \$(45.4) million of provision for credit losses, respectively, related to loans and lending agreements. The negative provision for the first quarter of 2021 was primarily the result of improvements at that time in the forecasted macroeconomic forecast, specifically the Company's macroeconomic forecasts of key model inputs (most notably, Commercial Real Estate Price Index and Baa corporate credit spreads). Uncertainties remain regarding expected economic performance and macroeconomic forecasts as of March 31, 2022. Other key drivers of provision for credit losses in these portfolios include, but are not limited to, positive loan risk rating migration. Net charge-offs in the three month periods ending March 31, 2022, totaled \$2.5 million.

Held-to-maturity debt securities

The allowance for credit losses on its held-to-maturity debt securities is presented as a reduction to the amortized cost basis of held-to-maturity securities on the Company's Consolidated Statements of Condition. For the three month period ended March 31, 2022, the Company recognized approximately \$159,000 of provision for credit losses related to held-to-maturity securities. At March 31, 2022, the Company did not identify any losses within its portfolio that it would deem a credit loss and require additional measurement of an allowance for credit losses.

TDRs

At March 31, 2022, the Company had \$44.9 million in loans modified in TDRs. The \$44.9 million in TDRs represents 227 credits in which economic concessions were granted to certain borrowers to better align the terms of their loans with their current ability to pay.

The Company's approach to restructuring loans is built on its credit risk rating system, which requires credit management personnel to assign a credit risk rating to each loan. In each case, the loan officer is responsible for recommending a credit risk rating for each loan and ensuring the credit risk ratings are appropriate. These credit risk ratings are then reviewed and approved by the bank's chief credit officer and/or concurrence credit officer. Credit risk ratings are determined by evaluating a number of factors, including a borrower's financial strength, cash flow coverage, collateral protection and guarantees. The Company's credit risk rating scale is one through ten with higher scores indicating higher risk. In the case of loans rated six or worse following modification, the Company's Managed Assets Division evaluates the loan and the credit risk rating and determines that the loan has been restructured to be reasonably assured of repayment and of performance according to the modified terms and is supported by a current, well-documented credit assessment of the borrower's financial condition and prospects for repayment under the revised terms.

A modification of a loan with an existing credit risk rating of 6 or worse or a modification of any other credit, which will result in a restructured credit risk rating of 6 or worse must be reviewed for possible TDR classification. In that event, the Company's Managed Assets Division conducts an overall credit and collateral review. A modification of a loan is considered to be a TDR if both (1) the borrower is experiencing financial difficulty and (2) for economic or legal reasons, the bank grants a concession to a borrower that it would not otherwise consider. The modification of a loan where the credit risk rating is 5 or better after such modification is not considered to be a TDR. Based on the Company's credit risk rating system, it considers that borrowers whose credit risk rating is 5 or better are not experiencing financial difficulties and therefore, are not considered TDRs.

All credits determined to be a TDR will continue to be classified as a TDR in all subsequent periods, unless the borrower has been in compliance with the loan's modified terms for a period of six months (including over a calendar year-end) and the current interest rate represents a market rate at the time of restructuring. The Managed Assets Division, in consultation with the respective loan officer, determines whether the modified interest rate represented a current market rate at the time of restructuring. Using knowledge of current market conditions and rates, competitive pricing on recent loan originations, and an assessment of various characteristics of the modified loan (including collateral position and payment history), an appropriate market rate for a new borrower with similar risk is determined. If the modified interest rate meets or exceeds this market rate for a new borrower with similar risk, the modified interest rate represents a market rate at the time of restructuring. Additionally, before removing a loan from TDR classification, a review of the current or previously measured impairment on the loan and any concerns related to future performance by the borrower is conducted. If concerns exist about the future ability of the borrower to meet its obligations under the loans based on a credit review by the Managed Assets Division, the TDR classification is not removed from the loan.

TDRs are individually assessed at the time of the modification and on a quarterly basis to measure an allowance for credit loss. The carrying amount of the loan is compared to the expected payments to be received, discounted at the loan's original rate, or for collateral dependent loans, to the fair value of the collateral. Any shortfall is recorded as a reserve. Each TDR was individually assessed at March 31, 2022 and approximately \$2.6 million of reserve was present and appropriately reserved for through the Company's normal reserving methodology.

TDRs may arise when, due to financial difficulties experienced by the borrower, the Company obtains through physical possession one or more collateral assets in satisfaction of all or part of an existing credit. Once possession is obtained, the Company reclassifies the appropriate portion of the remaining balance of the credit from loans to other real estate owned ("OREO"), which is included within other assets in the Consolidated Statements of Condition. For any residential real estate property collateralizing a consumer mortgage loan, the Company is considered to possess the related collateral only if legal title is obtained upon completion of foreclosure, or the borrower conveys all interest in the residential real estate property to the Company through completion of a deed in lieu of foreclosure or similar legal agreement. At March 31, 2022, the Company had \$1.1 million of foreclosed residential real estate properties included within OREO. Further, the recorded investment in residential mortgage loans secured by residential real estate properties for which foreclosure proceedings are in process totaled \$7.7 million and \$13.8 million at March 31, 2022 and 2021, respectively.

The tables below present a summary of the post-modification balance of loans restructured during the three and three months ended March 31, 2022 and 2021, respectively, which represent TDRs:

Three months ended March 31, 2022 (Dollars in thousands)	Total ⁽¹⁾⁽²⁾		Extension at Below Market Terms ⁽²⁾		Reduction of Interest Rate ⁽²⁾		Modification to Interest-only Payments ⁽²⁾		Forgiveness of Debt ⁽²⁾	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance
Commercial										
Commercial, industrial and other	3	\$ 282	2	\$ 120	1	\$ 85	2	\$ 247	—	\$ —
Commercial real estate										
Non-construction	2	1,907	1	1,178	1	1,178	2	1,907	—	—
Residential real estate and other	8	908	8	908	7	762	—	—	—	—
Total loans	13	\$ 3,097	11	\$ 2,206	9	\$ 2,025	4	\$ 2,154	—	\$ —

Three months ended March 31, 2021 (Dollars in thousands)	Total ⁽¹⁾⁽²⁾		Extension at Below Market Terms ⁽²⁾		Reduction of Interest Rate ⁽²⁾		Modification to Interest-only Payments ⁽²⁾		Forgiveness of Debt ⁽²⁾	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance
Commercial										
Commercial, industrial and other	2	\$ 151	2	\$ 151	—	\$ —	—	\$ —	—	\$ —
Commercial real estate										
Non-construction	2	237	2	237	1	113	1	113	—	—
Residential real estate and other	16	1,738	16	1,738	9	1,290	—	—	—	—
Total loans	20	\$ 2,126	20	\$ 2,126	10	\$ 1,403	1	\$ 113	—	\$ —

(1) TDRs may have more than one modification representing a concession. As such, TDRs during the period may be represented in more than one of the categories noted above.

(2) Balances represent the recorded investment in the loan at the time of the restructuring.

During the three months ended March 31, 2022, 13 loans totaling \$3.1 million were determined to be TDRs, compared to 20 loans totaling \$2.1 million during the three months ended March 31, 2021. Of these loans extended at below market terms, the weighted average extension had a term of approximately 71 months during the quarter ended March 31, 2022 compared to 110 months for the quarter ended March 31, 2021. Further, the weighted average decrease in the stated interest rate for loans with a reduction of interest rate during the period was approximately 79 basis points and 127 basis points during the three months ended March 31, 2022 and 2021, respectively. Interest-only payment terms were approximately four months and six months during the three months ended March 31, 2022 and 2021, respectively. Additionally, no principal balances were forgiven during the quarters ended March 31, 2022 and 2021.

The following table presents a summary of all loans restructured in TDRs during the twelve months ended March 31, 2022 and 2021, and such loans that were in payment default under the restructured terms during the respective periods below:

(Dollars in thousands)	As of March 31, 2022		Three Months Ended March 31, 2022		As of March 31, 2021		Three months ended March 31, 2021	
	Total ⁽¹⁾⁽³⁾		Payments in Default ⁽²⁾⁽³⁾		Total ⁽¹⁾⁽³⁾		Payments in Default ⁽²⁾⁽³⁾	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance
Commercial								
Commercial, industrial and other	17	\$ 5,205	11	\$ 4,526	18	\$ 6,910	5	\$ 1,496
Commercial real estate								
Non-construction	5	4,613	2	2,163	7	3,466	3	3,121
Residential real estate and other	35	5,021	1	104	81	13,825	5	596
Total loans	57	\$ 14,839	14	\$ 6,793	106	\$ 24,201	13	\$ 5,213

(1) Total TDRs represent all loans restructured in TDRs during the previous twelve months from the date indicated.

(2) TDRs considered to be in payment default are over 30 days past due subsequent to the restructuring.

(3) Balances represent the recorded investment in the loan at the time of the restructuring.

(8) Goodwill and Other Acquisition-Related Intangible Assets

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

<u>(In thousands)</u>	<u>December 31, 2021</u>	<u>Goodwill Acquired</u>	<u>Impairment Loss</u>	<u>Goodwill Adjustments</u>	<u>March 31, 2022</u>
Community banking	\$ 545,671	\$ —	\$ —	\$ —	\$ 545,671
Specialty finance	40,105	—	—	253	40,358
Wealth management	69,373	—	—	—	69,373
Total	<u>\$ 655,149</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 253</u>	<u>\$ 655,402</u>

The specialty finance unit's goodwill increased \$253,000 in the first three months of 2022 as a result of foreign currency translation adjustments related to the Canadian acquisitions.

The Company assesses each reporting unit's goodwill for impairment on at least an annual basis and considers potential indicators of impairment at each reporting date between annual goodwill impairment tests. At October 1, 2021, the Company utilized a quantitative approach for its annual goodwill impairment tests of the banking, specialty finance and wealth management reporting units and determined that no impairment existed at that time.

At each reporting date between annual goodwill impairment tests, the Company considers potential indicators of impairment. Given the current and prior economic uncertainty and volatility surrounding COVID-19, the Company assessed whether such events and circumstances resulted in it being more likely than not that the fair value of any reporting unit was less than its carrying value. Potential impairment indicators considered include the condition of the economy and banking industry; government intervention and regulatory updates; the impact of recent events to financial performance and cost factors of the reporting units; performance of the Company's stock and other relevant events.

At the conclusion of this assessment of all reporting units, the Company determined that as of March 31, 2022, it was more likely than not that the fair value of all reporting units exceeded the respective carrying value of such reporting unit.

A summary of acquisition-related intangible assets as of the dates shown and the expected amortization of finite-lived acquisition-related intangible assets as of March 31, 2022 is as follows:

(In thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Community banking segment:			
Core deposit intangibles with finite lives:			
Gross carrying amount	\$ 55,206	\$ 55,206	\$ 55,206
Accumulated amortization	(39,243)	(38,067)	(34,099)
Net carrying amount	\$ 15,963	\$ 17,139	\$ 21,107
Trademark with indefinite lives:			
Carrying amount	5,800	5,800	5,800
Total net carrying amount	\$ 21,763	\$ 22,939	\$ 26,907
Specialty finance segment:			
Customer list intangibles with finite lives:			
Gross carrying amount	\$ 1,968	\$ 1,967	\$ 1,968
Accumulated amortization	(1,738)	(1,721)	(1,665)
Net carrying amount	\$ 230	\$ 246	\$ 303
Wealth management segment:			
Customer list and other intangibles with finite lives:			
Gross carrying amount	\$ 20,430	\$ 20,430	\$ 20,430
Accumulated amortization	(15,724)	(15,308)	(13,605)
Net carrying amount	\$ 4,706	\$ 5,122	\$ 6,825
Total acquisition-related intangible assets:			
Gross carrying amount	\$ 83,404	\$ 83,403	\$ 83,404
Accumulated amortization	(56,705)	(55,096)	(49,369)
Total other acquisition-related intangible assets, net	\$ 26,699	\$ 28,307	\$ 34,035
Estimated amortization			
Actual in three months ended March 31, 2022			\$ 1,609
Estimated remaining in 2022			4,502
Estimated—2023			4,658
Estimated—2024			3,259
Estimated—2025			2,552
Estimated—2026			1,954

The core deposit intangibles recognized in connection with prior bank acquisitions are amortized over a ten-year period on an accelerated basis. The customer list intangibles recognized in connection with the purchase of life insurance premium finance assets in 2009 are being amortized over an 18-year period on an accelerated basis. The customer list and other intangibles recognized in connection with prior acquisitions within the wealth management segment are being amortized over a period of up to ten years on a straight-line basis. Indefinite-lived intangible assets consist of certain trade and domain names recognized in connection with the acquisition of certain assets of Veterans First Mortgage in 2018. As indefinite-lived intangible assets are not amortized, the Company assesses impairment on at least an annual basis.

Total amortization expense associated with finite-lived acquisition-related intangibles totaled approximately \$1.6 million and \$2.0 million for the three months ended March 31, 2022 and 2021, respectively.

(9) Mortgage Servicing Rights (“MSRs”)

The following is a summary of the changes in the carrying value of MSRs, accounted for at fair value, for the periods indicated:

(In thousands)	Three Months Ended	
	March 31, 2022	March 31, 2021
Balance at beginning of the period	\$ 147,571	\$ 92,081
Additions from loans sold with servicing retained	14,401	24,616
Estimate of changes in fair value due to:		
Early buyout options (“EBO”) exercised	(175)	(258)
Payoffs and paydowns	(6,016)	(10,168)
Changes in valuation inputs or assumptions	43,365	18,045
Fair value at end of the period	\$ 199,146	\$ 124,316
Unpaid principal balance of mortgage loans serviced for others	\$ 13,426,535	\$ 11,530,676

The Company recognizes MSR assets upon the sale of residential real estate loans to external third parties when it retains the obligation to service the loans and the servicing fee is more than adequate compensation. The initial recognition of MSR assets from loans sold with servicing retained and subsequent changes in fair value of all MSRs are recognized in mortgage banking revenue. MSRs are subject to changes in value from actual and expected prepayment of the underlying loans.

The estimation of fair value related to MSRs is partly impacted by the Company exercising its EBO on eligible loans previously sold to the Government National Mortgage Association (“GNMA”). Under such optional repurchase program, financial institutions acting as servicers are allowed to buy back from the securitized loan pool individual delinquent mortgage loans meeting certain criteria for which the institution was the original transferor of such loans. At the option of the servicer and without prior authorization from GNMA, the servicer may repurchase such delinquent loans for an amount equal to the remaining principal balance of the loan. At the time of such repurchase, any MSR value related to such loans is derecognized.

The MSR asset fair value is determined by using a discounted cash flow model that incorporates the objective characteristics of the portfolio as well as subjective valuation parameters that purchasers of servicing would apply to such portfolios sold into the secondary market. The subjective factors include loan prepayment speeds, discount rates, servicing costs and other economic factors. The Company uses a third party to assist in the valuation of MSRs.

Periodically, the Company will purchase options for the right to purchase securities not currently held within the banks’ investment portfolios or enter into interest rate swaps in which the Company elects to not designate such derivatives as hedging instruments. These option and swap transactions are designed primarily to economically hedge a portion of the fair value adjustments related to the Company’s MSRs. The gain or loss associated with these derivative contracts are included in mortgage banking revenue. There were no such options or swaps outstanding as of March 31, 2022 or March 31, 2021. For more information regarding these hedges, see Note 15 - Derivative Financial Instruments in Item 1 of this report.

(10) Deposits

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

(Dollars in thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Balance:			
Non-interest-bearing	\$ 13,748,918	\$ 14,179,980	\$ 12,297,337
NOW and interest-bearing demand deposits	4,571,484	4,158,871	3,562,312
Wealth management deposits	5,402,271	4,491,795	4,274,527
Money market	10,671,424	11,449,469	9,236,434
Savings	4,089,230	3,846,681	3,690,892
Time certificates of deposit	3,735,995	3,968,789	4,811,150
Total deposits	<u>\$ 42,219,322</u>	<u>\$ 42,095,585</u>	<u>\$ 37,872,652</u>
Mix:			
Non-interest-bearing	32 %	34 %	32 %
NOW and interest-bearing demand deposits	11	10	9
Wealth management deposits	13	11	11
Money market	25	27	25
Savings	10	9	10
Time certificates of deposit	9	9	13
Total deposits	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Wealth management deposits represent deposit balances (primarily money market accounts) at the Company's subsidiary banks from brokerage customers of Wintrust Investments, LLC ("Wintrust Investments"), Chicago Deferred Exchange Company ("CDEC"), trust and asset management customers of the Company and brokerage customers from unaffiliated companies.

(11) FHLB Advances, Other Borrowings and Subordinated Notes

The following table is a summary of FHLB advances, other borrowings and subordinated notes as of the dates shown:

(In thousands)	March 31, 2022	December 31, 2021	March 31, 2021
FHLB advances	\$ 1,241,071	\$ 1,241,071	\$ 1,228,436
Other borrowings:			
Notes payable	74,969	80,319	96,363
Short-term borrowings	15,872	9,198	12,416
Secured borrowings	328,889	341,327	343,439
Other	62,786	63,292	64,659
Total other borrowings	<u>482,516</u>	<u>494,136</u>	<u>516,877</u>
Subordinated notes	<u>437,033</u>	<u>436,938</u>	<u>436,595</u>
Total FHLB advances, other borrowings and subordinated notes	<u>\$ 2,160,620</u>	<u>\$ 2,172,145</u>	<u>\$ 2,181,908</u>

FHLB Advances

FHLB advances consist of obligations of the banks and are collateralized by qualifying commercial and residential real estate and home equity loans and certain securities. FHLB advances are stated at par value of the debt adjusted for unamortized prepayment fees paid at the time of prior restructurings of FHLB advances, unamortized fair value adjustments recorded in connection with advances acquired through acquisitions and debt issuance costs.

Notes Payable

On September 18, 2018, the Company established a \$150.0 million term facility ("Term Facility"), which is part of a loan agreement ("Credit Agreement") with unaffiliated banks. The Credit Agreement consists of the Term Facility with an original

outstanding balance of \$150.0 million and a \$100.0 million revolving credit facility (“Revolving Credit Facility”). At March 31, 2022, the Company had a notes payable balance of \$75.0 million under the Term Facility. The Term Facility is stated at par of the current outstanding balance of the debt adjusted for unamortized costs paid by the Company in relation to the debt issuance. The Company was contractually required to borrow the entire amount of the Term Facility on September 18, 2018 and all such borrowings must be repaid by September 18, 2023. The Company is required to make quarterly payments of principal plus interest on the Term Facility. At March 31, 2022, the Company had no outstanding balance under the Revolving Credit Facility. Unamortized costs paid by the Company in relation to the issuance of the Revolving Credit Facility are classified in other assets on the Consolidated Statements of Condition.

An amendment to the Credit Agreement was executed on and effective as of September 15, 2020. The amendment provided for, among other things, extension of the maturity date under the Revolving Credit Facility to September 14, 2021, revision of certain financial covenants; and the addition of a mechanism to replace LIBOR with an alternate benchmark rate. Another amendment to the Credit Agreement was executed on and effective as of September 14, 2021, which provided for, among other things, extension of the maturity date under the Revolving Credit Facility to September 13, 2022. A further amendment to the Credit Agreement was executed on and effective as of December 23, 2021, which provided for, among other things, a \$50.0 million increase to the commitment balance of the Revolving Credit Facility to \$100.0 million and the addition of SOFR language for the Revolving Credit Facility.

Borrowings under the Credit Agreement that are considered “Base Rate Loans” bear interest at a rate equal to the sum of (1) 60 basis points (in the case of a borrowing under the Revolving Credit Facility) or 75 basis points (in the case of a borrowing under the Term Facility) plus (2) the highest of (a) the lenders prime rate, (b) the federal funds rate plus 50 basis points, and (c) Term SOFR for a one-month tenor in effect on such day plus 110 basis points (in the case of a borrowing under the Revolving Credit Facility) or the Eurodollar Rate (as defined below) that would be applicable for an interest period of one month plus 100 basis points (in the case of a borrowing under the Term Facility). Borrowings under the agreement that are considered “Term SOFR Loans” bear interest at a rate equal to the sum of (1) 145 basis points (in the case of a borrowing under the Revolving Credit Facility) or 125 basis points if considered “Eurodollar Rate Loans” (in the case of a borrowing under the Term Facility) plus (2) the SOFR rate for the applicable period, as adjusted for statutory reserve requirements for eurocurrency liabilities (the “Eurodollar Rate”). A commitment fee is payable quarterly equal to 0.30% of the actual daily amount by which the lenders’ commitment under the Revolving Credit Facility exceeded the amount outstanding under such facility.

Borrowings under the amended Credit Agreement are secured by pledges of and first priority perfected security interests in the Company’s equity interest in its bank subsidiaries and contain several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and other indebtedness. At March 31, 2022, the Company was in compliance with all such covenants. The Revolving Credit Facility and the Term Facility are available to be utilized, as needed, to provide capital to fund continued growth at the Company’s banks and to serve as an interim source of funds for acquisitions, common stock repurchases or other general corporate purposes.

Short-term Borrowings

Short-term borrowings include securities sold under repurchase agreements of customer sweep accounts in connection with master repurchase agreements at the banks. These borrowings totaled \$15.9 million at March 31, 2022 compared to \$9.2 million at December 31, 2021 and \$12.4 million at March 31, 2021. The Company records securities sold under repurchase agreements at their gross value and does not offset positions on the Consolidated Statements of Condition. As of March 31, 2022, the Company had pledged securities related to its customer balances in sweep accounts of \$47.4 million. Securities pledged for customer balances in sweep accounts and short-term borrowings from brokers are maintained under the Company’s control and consist of mortgage-backed securities and U.S. Government agencies. These securities are included in the available-for-sale portfolio as reflected on the Company’s Consolidated Statements of Condition.

The following is a summary of these securities pledged as of March 31, 2022 disaggregated by investment category and maturity of the related customer sweep account, and reconciled to the outstanding balance of securities sold under repurchase agreements:

<u>(In thousands)</u>	Overnight Sweep Collateral
Available-for-sale securities pledged	
U.S. Government agencies	\$ 10,091
Mortgage-backed securities	37,267
Total collateral pledged	47,358
Excess collateral	31,486
Securities sold under repurchase agreements	\$ 15,872

Other Borrowings

Other borrowings at March 31, 2022 represent a fixed-rate promissory note issued by the Company in June 2017 and amended in March 2020 and in October 2021 (“Fixed-Rate Promissory Note”) related to and secured by three office buildings owned by the Company. At March 31, 2022, the Fixed-Rate Promissory Note had a balance of \$62.8 million compared to \$63.3 million at December 31, 2021 and \$64.7 million at March 31, 2021. An amendment to the Fixed-Rate Promissory Note was executed on and effective as of March 31, 2020. The amendment increased the principal amount to \$66.4 million, reduced the interest rate to 3.00% and extended the maturity date to March 31, 2025. A second amendment to the Fixed-Rate Promissory Note was executed and effective as of October 6, 2021 which reduced the interest rate to 1.70%. Under the Fixed-Rate Promissory Note, during the three months ended March 31, 2022, the Company made monthly principal payments and paid interest at a fixed rate of 1.70%. The Fixed-Rate Promissory Note contains several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and indebtedness. At March 31, 2022, the Company was in compliance with all such covenants.

Secured Borrowings

Secured borrowings at March 31, 2022 primarily represent transactions to sell an undivided co-ownership interest in all receivables owed to the Company’s subsidiary, First Insurance Funding of Canada (“FIFC Canada”). In December 2014, FIFC Canada sold such interest to an unrelated third party in exchange for a cash payment of approximately C\$150 million pursuant to a receivables purchase agreement (“Receivables Purchase Agreement”). Amendments to the Receivables Purchase Agreement since issuance increased the total payments to C\$420 million and extended the maturity date to December 15, 2022. These transactions were not considered sales of receivables and, as such, related proceeds received are reflected on the Company’s Consolidated Statements of Condition as a secured borrowing owed to the unrelated third party, net of unamortized debt issuance costs, and translated to the Company’s reporting currency as of the respective date. At March 31, 2022, the translated balance of the secured borrowing totaled \$319.8 million compared to \$332.2 million at December 31, 2021 and \$334.1 million at March 31, 2021. The interest rate under the Receivables Purchase Agreement is the Canadian Commercial Paper Rate plus 80 basis points.

The remaining \$9.1 million within secured borrowings at March 31, 2022 represents other sold interests in certain loans by the Company that were not considered sales and, as such, related proceeds received are reflected on the Company’s Consolidated Statements of Condition as a secured borrowing owed to the various unrelated third parties.

Subordinated Notes

At March 31, 2022, the Company had outstanding subordinated notes totaling \$437.0 million compared to \$436.9 million and \$436.6 million outstanding at December 31, 2021 and March 31, 2021, respectively. During the second quarter of 2019, the Company issued \$300.0 million of subordinated notes, receiving \$296.7 million in net proceeds. The subordinated notes have a stated interest rate of 4.85% and mature in June 2029. In 2014, the Company issued \$140.0 million of subordinated notes receiving \$139.1 million in net proceeds. The subordinated notes have a stated interest rate of 5.00% and mature in June 2024. Subordinated notes are stated at par adjusted for unamortized issuance costs paid related to such debt.

(12) Junior Subordinated Debentures

As of March 31, 2022, the Company owned 100% of the common securities of eleven 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, First Northwest Capital Trust I, Suburban Illinois Capital Trust II, and Community Financial Shares Statutory Trust II (the “Trusts”) set up to provide long-term financing. The Northview, Town, First Northwest, Suburban, and Community Financial Shares capital trusts were acquired as part of the acquisitions of Northview Financial Corporation, Town Bankshares, Ltd., First Northwest Bancorp, Inc., Suburban Illinois Bancorp, Inc. and Community Financial Shares, 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 junior subordinated 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 junior subordinated debentures are the sole assets of the Trusts. In each Trust, the common securities represent approximately 3% of the junior subordinated debentures and the trust preferred securities represent approximately 97% of the junior subordinated debentures.

The Trusts are reported in the Company’s consolidated financial statements as unconsolidated subsidiaries. Accordingly, in the Consolidated Statements of Condition, the junior subordinated debentures issued by the Company to the Trusts are reported as liabilities and the common securities of the Trusts, all of which are owned by the Company, are included in investment securities.

The following table provides a summary of the Company’s junior subordinated debentures as of March 31, 2022. The junior subordinated debentures represent the par value of the obligations owed to the Trusts.

(Dollars in thousands)	Common Securities	Trust Preferred Securities	Junior Subordinated Debentures	Rate Structure	Contractual Rate at 3/31/2022	Issue Date	Maturity Date	Earliest Redemption Date
Wintrust Capital Trust III	\$ 774	\$ 25,000	\$ 25,774	L+3.25	3.49 %	04/2003	04/2033	04/2008
Wintrust Statutory Trust IV	619	20,000	20,619	L+2.80	3.81 %	12/2003	12/2033	12/2008
Wintrust Statutory Trust V	1,238	40,000	41,238	L+2.60	3.61 %	05/2004	05/2034	06/2009
Wintrust Capital Trust VII	1,550	50,000	51,550	L+1.95	2.78 %	12/2004	03/2035	03/2010
Wintrust Capital Trust VIII	1,238	25,000	26,238	L+1.45	2.46 %	08/2005	09/2035	09/2010
Wintrust Capital Trust IX	1,547	50,000	51,547	L+1.63	2.46 %	09/2006	09/2036	09/2011
Northview Capital Trust I	186	6,000	6,186	L+3.00	3.32 %	08/2003	11/2033	08/2008
Town Bankshares Capital Trust I	186	6,000	6,186	L+3.00	3.32 %	08/2003	11/2033	08/2008
First Northwest Capital Trust I	155	5,000	5,155	L+3.00	4.01 %	05/2004	05/2034	05/2009
Suburban Illinois Capital Trust II	464	15,000	15,464	L+1.75	2.58 %	12/2006	12/2036	12/2011
Community Financial Shares Statutory Trust II	109	3,500	3,609	L+1.62	2.45 %	06/2007	09/2037	06/2012
Total			\$ 253,566		3.00 %			

The junior subordinated debentures totaled \$253.6 million at March 31, 2022, December 31, 2021 and March 31, 2021.

The interest rates on the variable rate junior subordinated debentures are based on the three-month LIBOR rate and reset on a quarterly basis. At March 31, 2022, the weighted average contractual interest rate on the junior subordinated debentures was 3.00%. Prior to 2021, the Company entered into interest rate swaps with an aggregate notional value of \$210.0 million to hedge the variable cash flows on certain junior subordinated debentures. Such interest rate swaps matured in 2021 and no separate hedging derivatives were outstanding at March 31, 2022. Distributions on the common and preferred securities issued by the Trusts are payable quarterly at a rate per annum equal to the interest rates being earned by the Trusts on the junior subordinated debentures. Interest expense on the junior subordinated debentures is deductible for income tax purposes.

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 junior subordinated debentures, and other related agreements provide, in the aggregate, a full, irrevocable and unconditional guarantee, on a subordinated basis, of all of the obligations of the Trusts under the trust preferred securities. Subject to certain limitations, the Company has the right to defer the payment of interest on the junior subordinated 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 junior subordinated debentures at maturity or their earlier redemption. The junior subordinated debentures are redeemable in whole or in part prior to maturity at any time after the earliest redemption 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 Bank (“FRB”) approval, if then required under applicable guidelines or regulations.

At March 31, 2022, the Company included \$245.5 million of the junior subordinated debentures, net of common securities, in Tier 2 regulatory capital.

(13) Revenue from Contracts with Customers

Disaggregation of Revenue

The following table presents revenue from contracts with customers, disaggregated by the revenue source:

(Dollars in thousands)

Revenue from contracts with customers	Location in income statement	Three Months Ended	
		March 31, 2022	March 31, 2021
Brokerage and insurance product commissions	Wealth management	\$ 4,632	\$ 5,040
Trust	Wealth management	5,599	5,017
Asset management	Wealth management	21,163	19,252
Total wealth management		31,394	29,309
Mortgage broker fees	Mortgage banking	422	76
Service charges on deposit accounts	Service charges on deposit accounts	15,283	12,036
Administrative services	Other non-interest income	1,853	1,256
Card related fees	Other non-interest income	2,425	1,774
Other deposit related fees	Other non-interest income	3,175	3,317
Total revenue from contracts with customers		\$ 54,552	\$ 47,768

Wealth Management Revenue

Wealth management revenue is comprised of brokerage and insurance product commissions, managed money fees and trust and asset management revenue of the Company's four wealth management subsidiaries: Wintrust Investments, Great Lakes Advisors, LLC ("GLA"), The Chicago Trust Company, N.A. ("CTC") and CDEC. All wealth management revenue is recognized in the wealth management segment.

Brokerage and insurance product commissions consists primarily of commissions earned from trade execution services on behalf of customers and from selling mutual funds, insurance and other investment products to customers. For trade execution services, the Company recognizes commissions and receives payment from the brokerage customers at the point of transaction execution. Commissions received from the investment or insurance product providers are recognized at the point of sale of the product. The Company also receives trail and other commissions from providers for certain plans. These are generally based on qualifying account values and are recognized once the performance obligation, specific to each provider, is satisfied on a monthly, quarterly or annual basis.

Trust revenue is earned primarily from trust and custody services that are generally performed over time as well as fees earned on funds held during the facilitation of tax-deferred like-kind exchange transactions. Revenue is determined periodically based on a schedule of fees applied to the value of each customer account using a time-elapsd method to measure progress toward complete satisfaction of the performance obligation. Fees are typically billed on a calendar month or quarter basis in advance or in arrears depending upon the contract. Upfront fees received related to the facilitation of tax-deferred like-kind exchange transactions are deferred until the transaction is completed. Additional fees earned for certain extraordinary services performed on behalf of the customers are recognized when the service has been performed.

Asset management revenue is earned from money management and advisory services that are performed over time. Revenue is based primarily on the market value of assets under management or administration using a time-elapsd method to measure progress toward complete satisfaction of the performance obligation. Fees are typically billed on a calendar month or quarter basis in advance or in arrears depending upon the contract. Certain programs provide the customer with an option of paying fees as a percentage of the account value or incurring commission charges for each trade similar to brokerage and insurance product commissions. Trade commissions and any other fees received for additional services are recognized at a point in time once the performance obligation is satisfied.

Mortgage Broker Fees

For customers desiring a mortgage product not currently offered by the Company, the Company may refer such customers and, with permission, direct such customers' applications to certain third party mortgage brokers. Mortgage broker fees are received from these brokers for such customer referrals upon settlement of the underlying mortgage. The Company's entitlement to the consideration is contingent on the settlement of the mortgage which is highly susceptible to factors outside of the Company's influence, such as third party broker's underwriting requirements. Also, the uncertainty surrounding the consideration could be resolved in varying lengths of time, dependent upon the third party brokers. Therefore, mortgage broker fees are recognized at the settlement of the underlying mortgage when the consideration is received. Broker fees are recognized in the community banking segment.

Service Charges on Deposit Accounts

Service charges on deposit accounts include fees charged to deposit customers for various services, including account analysis services, and are based on factors such as the size and type of customer, type of product and number of transactions. The fees are based on a standard schedule of fees and, depending on the nature of the service performed, the service is performed at a point in time or over a period of a month. When the service is performed at a point in time, the Company recognizes and receives revenue when the service has been performed. When the service is performed over a period of a month, the Company recognizes and receives revenue in the month the service has been performed. Service charges on deposit accounts are recognized in the community banking segment.

Administrative Services

Administrative services revenue is earned from providing outsourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. Fees are charged periodically (typically a payroll cycle) and computed in accordance with the contractually determined rate applied to the total gross billings administered for the period. The revenue is recognized over the period using a time-elapsed method to measure progress toward complete satisfaction of the performance obligation. Other fees are charged on a per occurrence basis as the service is provided in the billing cycle. The Company has certain contracts with customers to perform outsourced administrative services and short-term accounts receivable financing. For these contracts, the total fee is allocated between the administrative services revenue and interest income during the client onboarding process based on the specific client and services provided. Administrative services revenue is recognized in the specialty finance segment.

Card and Other Deposit Related Fees

Card related fees include interchange and merchant revenue, and fees related to debit and credit cards. Interchange revenue is related to the Company issued debit cards. Other deposit related fees primarily include pay by phone processing fees, ATM and safe deposit box fees, check order charges and foreign currency related fees. Card and deposit related fees are generally based on volume of transactions and are recognized at the point in time when the service has been performed. For any consideration that is constrained, the revenue is recognized once the uncertainty is known. Upfront fees received from certain contracts are recognized on a straight line basis over the term of the contract. Card and deposit related fees are recognized in the community banking segment.

Contract Balances

The following table provides information about contract assets, contract liabilities and receivables from contracts with customers:

(Dollars in thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Contract assets	\$ —	\$ —	\$ —
Contract liabilities	\$ 1,488	\$ 1,588	\$ 1,818
Mortgage broker fees receivable	\$ 97	\$ 73	\$ 31
Administrative services receivable	207	68	215
Wealth management receivable	11,827	11,748	11,315
Card related fees receivable	525	921	1,075
Total receivables from contracts with customer	\$ 12,656	\$ 12,810	\$ 12,636

Contract liabilities represent upfront fees that the Company received at inception of certain contracts. The revenue recognized that was included in the contract liability balance at beginning of the period totaled \$291,000 and \$414,000 for the three months ended March 31, 2022 and 2021, respectively. Receivables are recognized in the period the Company provides services and when the Company's right to consideration is unconditional. Card related fee receivable is the result of volume based fee that the Company receives from a customer on an annual basis in the second quarter of each year. Payment terms on other invoiced amounts are typically 30 days or less. Contract liabilities and receivables from contracts with customers are included within the accrued interest payable and other liabilities and accrued interest receivable and other assets line items, respectively, in the Consolidated Statements of Condition.

Transaction price allocated to the remaining performance obligations

The following table presents the estimated future timing of recognition of upfront fees related to card and deposit related fees. These upfront fees represent performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

(Dollars in thousands)	
Estimated remaining in 2022	\$ 738
Estimated—2023	400
Estimated—2024	250
Estimated—2025	100
Estimated—2026	—
Total	\$ 1,488

Practical Expedients and Exemptions

The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised service to a customer and when the customer pays for that service is one year or less.

The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(14) Segment Information

The Company's operations consist of three primary segments: community banking, specialty finance and wealth management.

The three reportable segments are strategic business units that are separately managed as they offer different products and services and have different marketing strategies. In addition, each segment's customer base has varying characteristics and each segment has a different regulatory environment. While the Company's management monitors each of the fifteen bank subsidiaries' operations and profitability separately, these subsidiaries have been aggregated into one reportable operating segment due to the similarities in products and services, customer base, operations, profitability measures, and economic characteristics.

For purposes of internal segment profitability, management allocates certain intersegment and parent company balances. Management allocates a portion of revenues to the specialty finance segment related to loans and leases originated by the specialty finance segment and sold or assigned to the community banking segment. Similarly, for purposes of analyzing the contribution from the wealth management segment, management allocates a portion of the net interest income earned by the community banking segment on deposit balances of customers of the wealth management segment to the wealth management segment. See Note 10 - Deposits, for more information on these deposits. Finally, expenses incurred at the Wintrust parent company are allocated to each segment based on each segment's risk-weighted assets.

The segment financial information provided in the following table has been derived from the internal profitability reporting system used by management to monitor and manage the financial performance of the Company. The accounting policies of the segments are substantially similar to those described in "Summary of Significant Accounting Policies" in Note 1 of the Company's 2021 Form 10-K. The Company evaluates segment performance based on after-tax profit or loss and other appropriate profitability measures common to each segment.

The following is a summary of certain operating information for reportable segments:

	Three Months Ended			
(Dollars in thousands)	March 31, 2022	March 31, 2021	\$ Change in Contribution	% Change in Contribution
Net interest income:				
Community Banking	\$ 228,615	\$ 203,489	\$ 25,126	12 %
Specialty Finance	55,370	44,899	10,471	23
Wealth Management	8,376	7,449	927	12
Total Operating Segments	292,361	255,837	36,524	14
Intersegment Eliminations	6,933	6,058	875	14
Consolidated net interest income	\$ 299,294	\$ 261,895	\$ 37,399	14 %
Provision for credit losses:				
Community Banking	\$ 4,118	\$ (46,572)	\$ 50,690	NM
Specialty Finance	(12)	1,225	(1,237)	NM
Wealth Management	—	—	—	— %
Total Operating Segments	4,106	(45,347)	49,453	NM
Intersegment Eliminations	—	—	—	—
Consolidated provision for credit losses	\$ 4,106	\$ (45,347)	\$ 49,453	NM
Non-interest income:				
Community Banking	\$ 121,888	\$ 147,268	\$ (25,380)	(17)%
Specialty Finance	24,122	23,109	1,013	4
Wealth Management	30,578	30,251	327	1
Total Operating Segments	176,588	200,628	(24,040)	(12)
Intersegment Eliminations	(13,798)	(14,122)	324	(2)
Consolidated non-interest income	\$ 162,790	\$ 186,506	\$ (23,716)	(13)%
Net revenue:				
Community Banking	\$ 350,503	\$ 350,757	\$ (254)	0 %
Specialty Finance	79,492	68,008	11,484	17
Wealth Management	38,954	37,700	1,254	3
Total Operating Segments	468,949	456,465	12,484	3
Intersegment Eliminations	(6,865)	(8,064)	1,199	(15)
Consolidated net revenue	\$ 462,084	\$ 448,401	\$ 13,683	3 %
Segment profit:				
Community Banking	\$ 90,099	\$ 121,801	\$ (31,702)	(26)%
Specialty Finance	29,604	23,903	5,701	24
Wealth Management	7,688	7,444	244	3
Consolidated net income	\$ 127,391	\$ 153,148	\$ (25,757)	(17)%
Segment assets:				
Community Banking	\$ 40,050,015	\$ 37,102,603	\$ 2,947,412	8 %
Specialty Finance	8,624,501	7,174,269	1,450,232	20
Wealth Management	1,576,145	1,405,330	170,815	12
Consolidated total assets	\$ 50,250,661	\$ 45,682,202	\$ 4,568,459	10 %

NM - Not meaningful

(15) Derivative Financial Instruments

The Company primarily enters into derivative financial instruments as part of its strategy to manage its exposure to changes in interest rates. Derivative instruments represent contracts between parties that result in one party delivering cash to the other party based on a notional amount and an underlying term (such as a rate, security price or price index) as specified in the contract. The amount of cash delivered from one party to the other is determined based on the interaction of the notional amount of the contract with the underlying term. Derivatives are also implicit in certain contracts and commitments.

The derivative financial instruments currently used by the Company to manage its exposure to interest rate risk include: (1) interest rate swaps and collars to manage the interest rate risk of certain fixed and variable rate assets and variable rate liabilities; (2) interest rate lock commitments provided to customers to fund certain mortgage loans to be sold into the secondary market; (3) forward commitments for the future delivery of such mortgage loans to protect the Company from adverse changes in interest rates and corresponding changes in the value of mortgage loans held-for-sale; (4) covered call options to

economically hedge specific investment securities and receive fee income effectively enhancing the overall yield on such securities to compensate for net interest margin compression; and (5) options and swaps to economically hedge a portion of the fair value adjustments related to the Company's mortgage servicing rights portfolio. The Company also enters into derivatives (typically interest rate swaps) with certain qualified borrowers to facilitate the borrowers' risk management strategies and concurrently enters into mirror-image derivatives with a third party counterparty, effectively making a market in the derivatives for such borrowers. Additionally, the Company enters into foreign currency contracts to manage foreign exchange risk associated with certain foreign currency denominated assets.

The Company recognizes derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. The Company records derivative assets and derivative liabilities on the Consolidated Statements of Condition within accrued interest receivable and other assets and accrued interest payable and other liabilities, respectively. Changes in the fair value of derivative financial instruments are either recognized in income or in shareholders' equity as a component of accumulated other comprehensive income or loss 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.

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 are recorded as a component of accumulated other comprehensive income or loss, net of deferred taxes, and reclassified to earnings when the hedged transaction affects earnings. Changes in fair values of derivative financial instruments not designated in a hedging relationship pursuant to ASC 815 are reported in non-interest income during the period of the change. Derivative financial instruments are valued by a third party and are corroborated by comparison with valuations provided by the respective counterparties. Fair values of certain mortgage banking derivatives (interest rate lock commitments and forward commitments to sell mortgage loans) are estimated based on changes in mortgage interest rates from the date of the loan commitment. The fair value of foreign currency derivatives is computed based on changes in foreign currency rates stated in the contract compared to those prevailing at the measurement date.

The table below presents the fair value of the Company's derivative financial instruments as of March 31, 2022, December 31, 2021 and March 31, 2021:

(In thousands)	Derivative Assets			Derivative Liabilities		
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	December 31, 2021	March 31, 2021
Derivatives designated as hedging instruments under ASC 815:						
Interest rate derivatives designated as Cash Flow Hedges	\$ 13,257	\$ 47,309	\$ 50,420	\$ 3,361	\$ 10,401	\$ 31,161
Interest rate derivatives designated as Fair Value Hedges	7,388	1,474	121	1,716	5,841	9,569
Total derivatives designated as hedging instruments under ASC 815	\$ 20,645	\$ 48,783	\$ 50,541	\$ 5,077	\$ 16,242	\$ 40,730
Derivatives not designated as hedging instruments under ASC 815:						
Interest rate derivatives	\$ 119,056	\$ 103,710	\$ 155,695	\$ 115,002	\$ 103,665	\$ 155,361
Interest rate lock commitments	3,447	10,560	44,313	1,558	885	1,342
Forward commitments to sell mortgage loans	10,063	1,625	2,920	147	1,878	3,283
Foreign exchange contracts	323	330	40	323	330	42
Total derivatives not designated as hedging instruments under ASC 815	\$ 132,889	\$ 116,225	\$ 202,968	\$ 117,030	\$ 106,758	\$ 160,028
Total Derivatives	\$ 153,534	\$ 165,008	\$ 253,509	\$ 122,107	\$ 123,000	\$ 200,758

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to net interest income and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. Interest rate collars designated as cash flow hedges involve the receipt of

amounts in which the interest rate specified in the contract exceeds the agreed upon cap strike price or the payment of amounts in which the interest rate specified in the contract is below the agreed upon floor strike price at the end of each period.

As of March 31, 2022, the Company had various interest rate swap derivatives designated as cash flow hedges of variable rate deposits and one interest rate collar derivative designated as a cash flow hedge of the Company's variable rate Term Facility. When the relationship between the hedged item and hedging instrument is highly effective at achieving offsetting changes in cash flows attributable to the hedged risk, changes in the fair value of these cash flow hedges are recorded in accumulated other comprehensive income or loss and are subsequently reclassified to interest expense as interest payments are made on such variable rate deposits. The changes in fair value (net of tax) are separately disclosed in the Consolidated Statements of Comprehensive Income.

The table below provides details on these cash flow hedges, summarized by derivative type and maturity, as of March 31, 2022:

(In thousands) Maturity Date	March 31, 2022	
	Notional Amount	Fair Value Asset (Liability)
Interest Rate Swaps:		
May 2022	\$ 370,000	\$ (643)
June 2022	160,000	(450)
July 2022	230,000	(716)
August 2022	235,000	(857)
March 2023 ⁽¹⁾	250,000	3,454
April 2024 ⁽¹⁾	250,000	9,804
Interest Rate Collars:		
September 2023	75,000	(696)
Total Cash Flow Hedges	\$ 1,570,000	\$ 9,896

(1) Subsequently terminated in April 2022.

In the first quarter of 2022, the Company terminated interest rate swap derivative contracts designated as cash flow hedges of variable rate deposits with a total notional value of \$1.0 billion and a five-year term effective July 2022. At the time of termination, the fair value of the derivative contracts totaled an asset of \$66.5 million, with such adjustments to fair value recorded in accumulated other comprehensive income or loss. Subsequently, in April 2022, the Company terminated additional interest rate swap derivative contracts designated as cash flow hedges of variable rate deposits with a total notional value of \$500.0 million each effective since April 2020. The remaining terms of such derivative contracts as shown in the table above were through March 2023 and April 2024 and, at the time of termination, the fair value of the derivative contracts totaled assets of \$3.7 million and \$10.7 million, respectively, with such adjustments to fair value recorded in accumulated other comprehensive income or loss. For all such terminations, as the hedged forecasted transactions (interest payments on variable rate deposits) are still expected to occur over the remaining term of such terminated derivatives, such adjustments will remain in accumulated other comprehensive income or loss and be reclassified as a reduction to interest expense on a straight-line basis over the original term of the terminated derivative contracts.

A rollforward of the amounts in accumulated other comprehensive income or loss related to interest rate derivatives designated as cash flow hedges, including such derivative contracts terminated during the period, follows:

(In thousands)	Three Months Ended	
	March 31, 2022	March 31, 2021
Unrealized gain (loss) at beginning of period	\$ 36,908	\$ (31,533)
Amount reclassified from accumulated other comprehensive income to interest expense on deposits, other borrowings and junior subordinated debentures	5,353	6,696
Amount of income recognized in other comprehensive income	34,128	44,096
Unrealized gain at end of period	\$ 76,389	\$ 19,259

As of March 31, 2022, the Company estimates that during the next twelve months \$16.4 million will be reclassified from accumulated other comprehensive income or loss as a decrease to interest expense. Such estimate includes approximately \$19.0 million of amounts reclassified as a reduction to interest expense on the terminated cash flow hedges discussed above.

Fair Value Hedges of Interest Rate Risk

Interest rate swaps designated as fair value hedges involve the payment of fixed amounts to a counterparty in exchange for the Company receiving variable payments over the life of the agreements without the exchange of the underlying notional amount. As of March 31, 2022, the Company had 14 interest rate swaps with an aggregate notional amount of \$211.3 million that were designated as fair value hedges primarily associated with fixed rate commercial and industrial and commercial real estate loans as well as life insurance premium finance receivables. One of these interest rate swaps with an aggregate notional amount of \$73.9 million has terms starting after March 31, 2022.

For derivatives designated and that qualify as fair value hedges, the net gain or loss from the entire change in the fair value of the derivative instrument is recognized in the same income statement line item as the earnings effect, including the net gain or loss, of the hedged item (interest income earned on fixed rate loans) when the hedged item affects earnings.

The following table presents the carrying amount of the hedged assets/(liabilities) and the cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged assets/(liabilities) that are designated as a fair value hedge accounting relationship as of March 31, 2022:

		March 31, 2022		
<i>(In thousands)</i>				
Derivatives in Fair Value Hedging Relationships	Location in the Statement of Condition	Carrying Amount of the Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment Remaining for any Hedged Assets/(Liabilities) for which Hedge Accounting has been Discontinued
Interest rate swaps	Loans, net of unearned income	\$ 131,138	\$ (5,664)	\$ (125)
	Available-for-sale debt securities	1,070	24	—

The following table presents the loss or gain recognized related to derivative instruments that are designated as fair value hedges for the respective period:

<i>(In thousands)</i>		Location of (Loss)/Gain Recognized in Income on Derivative	Three Months Ended March 31, 2022
Derivatives in Fair Value Hedging Relationships			
Interest rate swaps	Interest and fees on loans		\$ 16
	Interest income - investment securities		—

Non-Designated Hedges

The Company does not use derivatives for speculative purposes. Derivatives not designated as accounting hedges are used to manage the Company's economic exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements of ASC 815. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings.

Interest Rate Derivatives—Periodically, the Company may purchase interest rate cap derivatives designed to act as an economic hedge of the risk of the negative impact on its fixed-rate loan portfolios from rising interest rates, most notably the LIBOR index. As of March 31, 2022, the Company held interest rate caps with an aggregate notional value of \$1.0 billion.

Additionally, the Company has interest rate derivatives, including swaps and option products, resulting from a service the Company provides to certain qualified borrowers. The Company's banking subsidiaries execute certain derivative products (typically interest rate swaps) directly with qualified commercial borrowers to facilitate their respective risk management strategies. For example, these arrangements allow the Company's commercial borrowers to effectively convert a variable rate loan to a fixed rate. In order to minimize the Company's exposure on these transactions, the Company simultaneously executes offsetting derivatives with third parties. In most cases, the offsetting derivatives have mirror-image terms, which result in the positions' changes in fair value substantially offsetting through earnings each period. However, to the extent that the derivatives are not a mirror-image and because of differences in counterparty credit risk, changes in fair value will not completely offset resulting in some earnings impact each period. Changes in the fair value of these derivatives are included in other non-interest income. At March 31, 2022, the Company had interest rate derivative transactions with an aggregate notional amount of

approximately \$9.7 billion (all interest rate swaps and caps with customers and third parties) related to this program. These interest rate derivatives had maturity dates ranging from April 2022 to February 2045.

Mortgage Banking Derivatives—These derivatives include interest rate lock commitments provided to customers to fund certain mortgage loans to be sold into the secondary market and forward commitments for the future delivery of such loans. It is the Company's practice to enter into forward commitments for the future delivery of a portion of our residential mortgage loan production when interest rate lock commitments are entered into in order to economically hedge the effect of future changes in interest rates on its commitments to fund the loans as well as on its portfolio of mortgage loans held-for-sale. The Company's mortgage banking derivatives have not been designated as being in hedge relationships. At March 31, 2022, the Company had forward commitments to sell mortgage loans with an aggregate notional amount of approximately \$761.7 million and interest rate lock commitments with an aggregate notional amount of approximately \$404.7 million. The fair values of these derivatives 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.

Foreign Currency Derivatives—These derivatives include foreign currency contracts used to manage the foreign exchange risk associated with foreign currency denominated assets and transactions. Foreign currency contracts, which include spot and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. As a result of fluctuations in foreign currencies, the U.S. dollar-equivalent value of the foreign currency denominated assets or forecasted transactions increase or decrease. Gains or losses on the derivative instruments related to these foreign currency denominated assets or forecasted transactions are expected to substantially offset this variability. As of March 31, 2022, the Company held foreign currency derivatives with an aggregate notional amount of approximately \$13.9 million.

Other Derivatives—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 to increase the total return associated with the investment securities portfolio. These options do not qualify as accounting hedges pursuant to ASC 815, and, accordingly, changes in fair value of these contracts are recognized as other non-interest income. There were no covered call options outstanding as of March 31, 2022, December 31, 2021 or March 31, 2021.

Periodically, the Company will purchase options for the right to purchase securities not currently held within the banks' investment portfolios or enter into interest rate swaps in which the Company elects to not designate such derivatives as hedging instruments. These option and swap transactions are designed primarily to economically hedge a portion of the fair value adjustments related to the Company's mortgage servicing rights portfolio. The gain or loss associated with these derivative contracts are included in mortgage banking revenue. There were no such options or swaps outstanding as of March 31, 2022, December 31, 2021 or March 31, 2021.

Amounts included in the Consolidated Statements of Income related to derivative instruments not designated in hedge relationships were as follows:

(In thousands)		Three Months Ended	
Derivative	Location in income statement	March 31, 2022	March 31, 2021
Interest rate swaps and caps	Trading gains, net	\$ 4,024	\$ 428
Mortgage banking derivatives	Mortgage banking revenue	(7,369)	(17,479)
Foreign exchange contracts	Trading gains, net	—	(5)
Covered call options	Fees from covered call options	3,742	—

Credit Risk

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 and not the notional principal amounts used to express the volume of the transactions. Market and credit risks are managed and monitored as part of the Company's overall asset-liability management process, except that the credit risk related to derivatives entered into with certain qualified borrowers is managed through the Company's standard loan underwriting process since these derivatives are secured through collateral provided by the loan agreements. Actual exposures are monitored against various types of credit limits established to contain risk within parameters. When deemed necessary, appropriate types and amounts of collateral are obtained to minimize credit exposure.

The Company has agreements with certain of its interest rate derivative counterparties that contain cross-default provisions, which provide that if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. The Company also has agreements with certain of its derivative counterparties that contain a provision allowing the counterparty to terminate the derivative positions if the Company fails to maintain its status as a well or adequately capitalized institution, which would require the Company to settle its obligations under the agreements. As of March 31, 2022, the fair value of interest rate derivatives in a net liability position that were subject to such agreements, which includes accrued interest related to these agreements, was approximately \$271,000. If the Company had breached any of these provisions and the derivatives were terminated as a result, the Company would have been required to settle its obligations under the agreements at the termination value and would have been required to pay any additional amounts due in excess of amounts previously posted as collateral with the respective counterparty.

The Company is also exposed to the credit risk of its commercial borrowers who are counterparties to interest rate derivatives with the banks. This counterparty risk related to the commercial borrowers is managed and monitored through the banks' standard underwriting process applicable to loans since these derivatives are secured through collateral provided by the loan agreement. The counterparty risk associated with the mirror-image swaps executed with third parties is monitored and managed in connection with the Company's overall asset liability management process.

The Company records interest rate derivatives subject to master netting agreements at their gross value and does not offset derivative assets and liabilities on the Consolidated Statements of Condition. The tables below summarize the Company's interest rate derivatives and offsetting positions as of the dates shown.

	Derivative Assets			Derivative Liabilities		
	Fair Value			Fair Value		
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	December 31, 2021	March 31, 2021
(In thousands)						
Gross Amounts Recognized	\$ 139,701	\$ 152,493	\$ 206,236	\$ 120,079	\$ 119,907	\$ 196,091
Less: Amounts offset in the Statements of Condition	—	—	—	—	—	—
Net amount presented in the Statements of Condition	\$ 139,701	\$ 152,493	\$ 206,236	\$ 120,079	\$ 119,907	\$ 196,091
Gross amounts not offset in the Statements of Condition						
Offsetting Derivative Positions	(19,557)	(52,832)	(60,593)	(19,557)	(52,832)	(60,593)
Collateral Posted	(70,807)	(3,530)	—	(257)	(55,201)	(125,818)
Net Credit Exposure	\$ 49,337	\$ 96,131	\$ 145,643	\$ 100,265	\$ 11,874	\$ 9,680

(16) Fair Values of Assets and Liabilities

The Company measures, monitors and discloses certain of its assets and liabilities on a fair value basis. These financial assets and financial liabilities are measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the observability of the inputs used to determine fair value. These levels are:

- Level 1—unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2—inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—significant unobservable inputs that reflect the Company's own assumptions that market participants would use in pricing the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the above valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities. The following is a

description of the valuation methodologies used for the Company's assets and liabilities measured at fair value on a recurring basis.

Available-for-sale debt securities, trading account securities and equity securities with readily determinable fair value—Fair values for available-for-sale debt securities, trading account securities and equity securities with readily determinable fair value are typically based on prices obtained from independent pricing vendors. Securities measured with these valuation techniques are generally classified as Level 2 of the fair value hierarchy. Typically, standard inputs such as benchmark yields, reported trades for similar securities, issuer spreads, benchmark securities, bids, offers and reference data including market research publications are used to fair value these securities. When these inputs are not available, broker/dealer quotes may be obtained by the vendor to determine the fair value of the security. We review the vendor's pricing methodologies to determine if observable market information is being used, versus unobservable inputs. Fair value measurements using significant inputs that are unobservable in the market due to limited activity or a less liquid market are classified as Level 3 in the fair value hierarchy. The fair value of U.S. Treasury securities and certain equity securities with readily determinable fair value are based on unadjusted quoted prices in active markets for identical securities. As such, these securities are classified as Level 1 in the fair value hierarchy.

The Company's Investment Operations Department is responsible for the valuation of Level 3 available-for-sale debt securities. The methodology and variables used as inputs in pricing Level 3 securities are derived from a combination of observable and unobservable inputs. The unobservable inputs are determined through internal assumptions that may vary from period to period due to external factors, such as market movement and credit rating adjustments.

At March 31, 2022, the Company classified \$100.4 million of municipal securities as Level 3. These municipal securities are bond issues for various municipal government entities primarily located in the Chicago metropolitan area and southern Wisconsin and are privately placed, non-rated bonds without CUSIP numbers. The Company's methodology for pricing these securities focuses on three distinct inputs: equivalent rating, yield and other pricing terms. To determine the rating for a given non-rated investment debt security, the Investment Operations Department references a rated, publicly issued bond by the same issuer if available. A reduction is then applied to the rating obtained from the comparable bond, as the Company believes if liquidated, a non-rated bond would be valued less than a similar bond with a verifiable rating. The reduction applied by the Company is one complete rating grade (i.e. a "AA" rating for a comparable bond would be reduced to "A" for the Company's valuation). For bond issues without comparable bond proxies, a rating of "BBB" was assigned. In the first quarter of 2022, all of the ratings derived by the Investment Operations Department using the above process were "BBB" or better. The fair value measurement noted above is sensitive to the rating input, as a higher rating typically results in an increased valuation. The remaining pricing inputs used in the bond valuation are observable. Based on the rating determined in the above process, Investment Operations obtains a corresponding current market yield curve available to market participants. Other terms including coupon, maturity date, redemption price, number of coupon payments per year, and accrual method are obtained from the individual bond term sheets. Certain municipal bonds held by the Company at March 31, 2022 are continuously callable. When valuing these bonds, the fair value is capped at par value as the Company assumes a market participant would not pay more than par for a continuously callable bond.

Mortgage loans held-for-sale—The fair value of mortgage loans held-for-sale is determined by reference to investor price sheets for loan products with similar characteristics. As such, these loans are classified as Level 2 in the fair value hierarchy.

Loans held-for-investment—The fair value for loans in which the Company elected the fair value option is estimated by discounting future scheduled cash flows for the specific loan through maturity, adjusted for estimated credit losses and prepayments. The Company uses a discount rate based on the actual coupon rate of the underlying loan. At March 31, 2022, the Company classified \$44.5 million of loans held-for-investment as Level 3. The assumed weighted average discount rate used as an input to value these loans at March 31, 2022 was 4.25%. The higher the rate utilized to discount estimated future cash flows, the lower the fair value measurement. As noted above, the fair value estimate also includes assumptions of prepayment speeds and credit losses. The Company included a prepayments speed assumption of 7.11% at March 31, 2022. Prepayment speeds are inversely related to the fair value of these loans as an increase in prepayment speeds results in a decreased valuation. Additionally, the weighted average credit discount used as an input to value the specific loans was 0.36% with credit loss discount ranging from 0%-3% at March 31, 2022.

MSRs—Fair value for MSRs is determined utilizing a valuation model which calculates the fair value of each servicing rights based on the present value of estimated future cash flows. The Company uses a discount rate commensurate with the risk associated with each servicing rights, given current market conditions. At March 31, 2022, the Company classified \$199.1 million of MSRs as Level 3. The weighted average discount rate used as an input to value the pool of MSRs at March 31, 2022 was 9.79% with discount rates applied ranging from 6%-19%. The higher the rate utilized to discount estimated future cash flows, the lower the fair value measurement. The fair value of MSRs was also estimated based on other assumptions including

prepayment speeds and the cost to service. Prepayment speeds ranged from 0%-100% or a weighted average prepayment speed of 7.11%. Further, for current and delinquent loans, the Company assumed a weighted average cost of servicing of \$75 and \$305, respectively, per loan. Prepayment speeds and the cost to service are both inversely related to the fair value of MSRs as an increase in prepayment speeds or the cost to service results in a decreased valuation. See Note 9 - Mortgage Servicing Rights ("MSRs") for further discussion of MSRs.

Derivative instruments—The Company's derivative instruments include interest rate swaps, caps and collars, commitments to fund mortgages for sale into the secondary market (interest rate locks), forward commitments to end investors for the sale of mortgage loans and foreign currency contracts. Interest rate swaps, caps and collars are valued by a third party, using models that primarily use market observable inputs, such as yield curves, and are classified as Level 2 in the fair value hierarchy. The credit risk associated with derivative financial instruments that are subject to master netting agreements is measured on a net basis by counterparty portfolio. The fair value for mortgage-related derivatives is based on changes in mortgage rates from the date of the commitments. The fair value of foreign currency derivatives is computed based on change in foreign currency rates stated in the contract compared to those prevailing at the measurement date.

At March 31, 2022, the Company classified \$3.4 million of derivative assets related to interest rate locks as Level 3. The fair value of interest rate locks is based on prices obtained for loans with similar characteristics from third parties, adjusted for the pull-through rate, which represents the Company's best estimate of the likelihood that a committed loan will ultimately fund. The weighted-average pull-through rate at March 31, 2022 was 87% with pull-through rates applied ranging from 0% to 100%. Pull-through rates are directly related to the fair value of interest rate locks as an increase in the pull-through rate results in an increased valuation.

Nonqualified deferred compensation assets—The underlying assets relating to the nonqualified deferred compensation plan are included in a trust and primarily consist of non-exchange traded institutional funds which are priced based by an independent third party service. These assets are classified as Level 2 in the fair value hierarchy.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis for the periods presented:

(In thousands)	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	\$ —	\$ —	\$ —	\$ —
U.S. Government agencies	49,637	—	49,637	—
Municipal	155,489	—	55,088	100,401
Corporate notes	82,939	—	82,939	—
Mortgage-backed	2,710,833	—	2,710,833	—
Trading account securities	852	—	852	—
Equity securities with readily determinable fair value	92,689	84,623	8,066	—
Mortgage loans held-for-sale	606,545	—	606,545	—
Loans held-for-investment	57,984	—	13,520	44,464
MSRs	199,146	—	—	199,146
Nonqualified deferred compensation assets	15,447	—	15,447	—
Derivative assets	153,534	—	150,087	3,447
Total	\$ 4,125,095	\$ 84,623	\$ 3,693,014	\$ 347,458
Derivative liabilities	\$ 122,107	\$ —	\$ 122,107	\$ —

(In thousands)	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	\$ —	\$ —	\$ —	\$ —
U.S. Government agencies	52,507	—	52,507	—
Municipal	165,594	—	59,907	105,687
Corporate notes	95,704	—	95,704	—
Mortgage-backed	2,013,988	—	2,013,988	—
Trading account securities	1,061	—	1,061	—
Equity securities with readily determinable fair value	90,511	82,445	8,066	—
Mortgage loans held-for-sale	817,912	—	817,912	—
Loans held-for-investment	38,598	—	22,707	15,891
MSRs	147,571	—	—	147,571
Nonqualified deferred compensation assets	16,240	—	16,240	—
Derivative assets	165,008	—	154,448	10,560
Total	\$ 3,604,694	\$ 82,445	\$ 3,242,540	\$ 279,709
Derivative liabilities	\$ 123,000	\$ —	\$ 123,000	\$ —

(In thousands)	March 31, 2021			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	\$ 65,001	\$ 65,001	\$ —	\$ —
U.S. Government agencies	81,526	—	79,742	1,784
Municipal	148,300	—	46,552	101,748
Corporate notes	92,349	—	92,349	—
Mortgage-backed	2,043,573	—	2,043,573	—
Trading account securities	951	—	951	—
Equity securities with readily determinable fair value	90,338	82,272	8,066	—
Mortgage loans held-for-sale	1,260,193	—	1,260,193	—
Loans held-for-investment	51,916	—	45,508	6,408
MSRs	124,316	—	—	124,316
Nonqualified deferred compensation assets	15,891	—	15,891	—
Derivative assets	253,509	—	227,875	25,634
Total	\$ 4,227,863	\$ 147,273	\$ 3,820,700	\$ 259,890
Derivative liabilities	\$ 200,758	\$ —	\$ 200,758	\$ —

The aggregate remaining contractual principal balance outstanding as of March 31, 2022, December 31, 2021 and March 31, 2021 for mortgage loans held-for-sale measured at fair value under ASC 825 was \$606.7 million, \$801.6 million and \$1.2 billion, respectively, while the aggregate fair value of mortgage loans held-for-sale was \$606.5 million, \$817.9 million and \$1.3 billion, for the same respective periods, as shown in the above tables. There were \$113.0 million of loans past due greater than 90 days and still accruing in the mortgage loans held-for-sale portfolio as of March 31, 2022 compared to \$125.5 million as of December 31, 2021 and \$115.2 million as of March 31, 2021. All of the loans past due greater than 90 days and still accruing as of March 31, 2022 were individual delinquent mortgage loans bought back from GNMA at the unconditional option of the Company as servicer for those loans.

The changes in Level 3 assets measured at fair value on a recurring basis during the three months ended March 31, 2022 and 2021 are summarized as follows:

(In thousands)	Municipal	U.S. Government agencies	Loans held-for-investment	Mortgage servicing rights	Derivative assets
Balance at January 1, 2022	\$ 105,687	\$ —	\$ 15,891	\$ 147,571	\$ 10,560
Total net gains (losses) included in:					
Net income ⁽¹⁾	—	—	(772)	51,575	(7,113)
Other comprehensive income (loss)	(5,449)	—	—	—	—
Purchases	1,246	—	—	—	—
Issuances	—	—	—	—	—
Sales	—	—	—	—	—
Settlements	(1,083)	—	(1,667)	—	—
Net transfers into/(out of) Level 3	—	—	31,012	—	—
Balance at March 31, 2022	\$ 100,401	\$ —	\$ 44,464	\$ 199,146	\$ 3,447

(In thousands)	Municipal	U.S. Government agencies	Loans held-for-investment	Mortgage servicing rights	Derivative assets
Balance at January 1, 2021	\$ 109,876	\$ 1,966	\$ 10,280	\$ 92,081	\$ 48,091
Total net gains (losses) included in:					
Net income ⁽¹⁾	—	—	(530)	32,235	(22,457)
Other comprehensive income (loss)	(2,068)	(24)	—	—	—
Purchases	—	—	—	—	—
Issuances	—	—	—	—	—
Sales	—	—	—	—	—
Settlements	(6,060)	(158)	(3,918)	—	—
Net transfers into/(out of) Level 3	—	—	576	—	—
Balance at March 31, 2021	\$ 101,748	\$ 1,784	\$ 6,408	\$ 124,316	\$ 25,634

(1) Changes in the balance of MSRs and derivative assets related to fair value adjustments are recorded as components of mortgage banking revenue. Changes in the balance of loans held-for-investment related to fair value adjustments are recorded as other non-interest income.

Also, the Company may be required, from time to time, to measure certain other assets at fair value on a non-recurring basis in accordance with GAAP. These adjustments to fair value usually result from impairment charges on individual assets. For assets measured at fair value on a non-recurring basis that were still held in the balance sheet at the end of the period, the following table provides the carrying value of the related individual assets or portfolios at March 31, 2022:

(In thousands)	March 31, 2022				Three Months Ended March 31, 2022 Fair Value Losses Recognized, net
	Total	Level 1	Level 2	Level 3	
Individually assessed loans - foreclosure probable and collateral-dependent	\$ 44,844	\$ —	\$ —	\$ 44,844	\$ 2,880
Other real estate owned ⁽¹⁾	6,203	—	—	6,203	—
Total	\$ 51,047	\$ —	\$ —	\$ 51,047	\$ 2,880

(1) Fair value losses recognized, net on other real estate owned include valuation adjustments and charge-offs during the respective period.

Individually assessed loans—In accordance with ASC 326, the allowance for credit losses for loans and other financial assets held at amortized cost should be measured on a collective or pooled basis when such assets exhibit similar risk characteristics. In instances in which a financial asset does not exhibit similar risk characteristics to a pool, the Company is required to measure such allowance for credit losses on an individual asset basis. For the Company's loan portfolio, nonaccrual loans and TDRs are considered to not exhibit similar risk characteristics as pools and thus are individually assessed. Credit losses are measured by estimating the fair value of the loan based on the present value of expected cash flows, the market price of the loan, or the fair value of the underlying collateral. Individually assessed loans are considered a fair value measurement where an allowance for credit loss is established based on the fair value of collateral. Appraised values on relevant real estate properties, which may require adjustments to market-based valuation inputs, are generally used on foreclosure probable and collateral-dependent loans within the real estate portfolios.

The Company's Managed Assets Division is primarily responsible for the valuation of Level 3 inputs of individually assessed loans. For more information on individually assessed loans refer to Note 7 – Allowance for Credit Losses. At March 31, 2022,

the Company had \$72.8 million of individually assessed loans classified as Level 3. Of the \$72.8 million of individually assessed loans, \$44.8 million were measured at fair value based on the underlying collateral of the loan as shown in the table above. The remaining \$28.0 million were valued based on discounted cash flows in accordance with ASC 310.

Other real estate owned —Other real estate owned is comprised of real estate acquired in partial or full satisfaction of loans and is included in other assets. Other real estate owned is recorded at its estimated fair value less estimated selling costs at the date of transfer, with any excess of the related loan balance over the fair value less expected selling costs charged to the allowance for loan losses. Subsequent changes in value are reported as adjustments to the carrying amount and are recorded in other non-interest expense. Gains and losses upon sale, if any, are also charged to other non-interest expense. Fair value is generally based on third party appraisals and internal estimates that are adjusted by a discount representing the estimated cost of sale and is therefore considered a Level 3 valuation.

The Company's Managed Assets Division is primarily responsible for the valuation of Level 3 inputs for other real estate owned. At March 31, 2022, the Company had \$6.2 million of other real estate owned classified as Level 3. The unobservable input applied to other real estate owned relates to the 10% reduction to the appraisal value representing the estimated cost of sale of the foreclosed property. A higher discount for the estimated cost of sale results in a decreased carrying value.

The valuation techniques and significant unobservable inputs used to measure both recurring and non-recurring Level 3 fair value measurements at March 31, 2022 were as follows:

(Dollars in thousands)	Fair Value	Valuation Methodology	Significant Unobservable Input	Range of Inputs	Weighted Average of Inputs	Impact to valuation from an increased or higher input value
<i>Measured at fair value on a recurring basis:</i>						
Municipal Securities	\$ 100,401	Bond pricing	Equivalent rating	BBB-AA+	N/A	Increase
Loans held-for-investment	44,464	Discounted cash flows	Discount rate	4.00% - 4.25%	4.25%	Decrease
			Credit discount	0% - 3%	0.36%	Decrease
			Constant prepayment rate (CPR)	7.11%	7.11%	Decrease
MSRs	199,146	Discounted cash flows	Discount rate	6% - 19%	9.79%	Decrease
			Constant prepayment rate (CPR)	0% - 100%	7.11%	Decrease
			Cost of servicing	\$70 - \$200	\$ 75	Decrease
			Cost of servicing - delinquent	\$200 - 1,000	\$ 305	Decrease
Derivatives	3,447	Discounted cash flows	Pull-through rate	0% - 100%	87.1 %	Increase
<i>Measured at fair value on a non-recurring basis:</i>						
Individually assessed loans - foreclosure probable and collateral-dependent	44,844	Appraisal value	Appraisal adjustment - cost of sale	10%	10.00%	Decrease
Other real estate owned	6,203	Appraisal value	Appraisal adjustment - cost of sale	10%	10.00%	Decrease

The Company is required under applicable accounting guidance to report the fair value of all financial instruments on the Consolidated Statements of Condition, including those financial instruments carried at cost. The table below presents the carrying amounts and estimated fair values of the Company's financial instruments as of the dates shown:

(In thousands)	At March 31, 2022		At December 31, 2021		At March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:						
Cash and cash equivalents	\$ 462,572	\$ 462,572	\$ 411,205	\$ 411,205	\$ 426,377	\$ 426,377
Securities sold under agreements to repurchase with original maturities exceeding three months	700,000	700,000	700,000	700,000	—	—
Interest-bearing deposits with banks	4,013,597	4,013,597	5,372,603	5,372,603	3,348,794	3,348,794
Available-for-sale securities	2,998,898	2,998,898	2,327,793	2,327,793	2,430,749	2,430,749
Held-to-maturity securities	3,435,729	3,146,427	2,942,285	2,900,694	2,166,419	2,121,065
Trading account securities	852	852	1,061	1,061	951	951
Equity securities with readily determinable fair value	92,689	92,689	90,511	90,511	90,338	90,338
FHLB and FRB stock, at cost	136,163	136,163	135,378	135,378	135,881	135,881
Brokerage customer receivables	22,888	22,888	26,068	26,068	19,056	19,056
Mortgage loans held-for-sale, at fair value	606,545	606,545	817,912	817,912	1,260,193	1,260,193
Loans held-for-investment, at fair value	57,984	57,984	38,598	38,598	51,916	51,916
Loans held-for-investment, at amortized cost	35,222,563	35,989,840	34,750,506	35,297,878	33,119,317	33,066,760
Nonqualified deferred compensation assets	15,447	15,447	16,240	16,240	15,891	15,891
Derivative assets	153,534	153,534	165,008	165,008	253,509	253,509
Accrued interest receivable and other	278,873	278,873	268,921	268,921	281,020	281,020
Total financial assets	\$ 48,198,334	\$ 48,676,309	\$ 48,064,089	\$ 48,569,870	\$ 43,600,411	\$ 43,502,500
Financial Liabilities						
Non-maturity deposits	\$ 38,483,327	\$ 38,483,327	\$ 38,126,796	\$ 38,126,796	\$ 33,061,502	\$ 33,061,502
Deposits with stated maturities	3,735,995	3,735,750	3,968,789	3,965,372	4,811,150	4,801,257
FHLB advances	1,241,071	1,193,080	1,241,071	1,186,280	1,228,436	1,121,269
Other borrowings	482,516	483,202	494,136	494,670	516,877	516,877
Subordinated notes	437,033	446,711	436,938	472,684	436,595	458,832
Junior subordinated debentures	253,566	268,913	253,566	212,226	253,566	208,132
Derivative liabilities	122,107	122,107	123,000	123,000	200,758	200,758
Accrued interest payable	14,269	14,269	9,304	9,304	19,940	19,940
Total financial liabilities	\$ 44,769,884	\$ 44,747,359	\$ 44,653,600	\$ 44,590,332	\$ 40,528,824	\$ 40,388,567

Not all the financial instruments listed in the table above are subject to the disclosure provisions of ASC Topic 820, as certain assets and liabilities result in their carrying value approximating fair value. These include cash and cash equivalents, interest-bearing deposits with banks, brokerage customer receivables, FHLB and FRB stock, accrued interest receivable and accrued interest payable and non-maturity deposits.

The following methods and assumptions were used by the Company in estimating fair values of financial instruments that were not previously disclosed.

Held-to-maturity securities. Held-to-maturity securities include U.S. Government-sponsored agency securities, municipal bonds issued by various municipal government entities primarily located in the Chicago metropolitan area and southern Wisconsin and mortgage-backed securities. Fair values for held-to-maturity securities are typically based on prices obtained from independent pricing vendors. In accordance with ASC 820, the Company has generally categorized these held-to-maturity securities as a Level 2 fair value measurement. Fair values for certain other held-to-maturity securities are based on the bond pricing methodology discussed previously related to certain available-for-sale securities. In accordance with ASC 820, the Company has categorized these held-to-maturity securities as a Level 3 fair value measurement.

Loans held-for-investment, at amortized cost. Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are analyzed by type such as commercial, residential real estate, etc. Each category is further segmented by interest rate type (fixed and variable) and term. For variable-rate loans that reprice frequently, estimated fair values are based

on carrying values. The fair value of residential loans is based on secondary market sources for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value for other fixed rate loans is estimated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect credit and interest rate risks inherent in the loan. In accordance with ASC 820, the Company has categorized loans as a Level 3 fair value measurement.

Deposits with stated maturities. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently in effect for deposits of similar remaining maturities. In accordance with ASC 820, the Company has categorized deposits with stated maturities as a Level 3 fair value measurement.

FHLB advances. The fair value of FHLB advances is obtained from the FHLB which uses a discounted cash flow analysis based on current market rates of similar maturity debt securities to discount cash flows. In accordance with ASC 820, the Company has categorized FHLB advances as a Level 3 fair value measurement.

Subordinated notes. The fair value of the subordinated notes is based on a market price obtained from an independent pricing vendor. In accordance with ASC 820, the Company has categorized subordinated notes as a Level 2 fair value measurement.

Junior subordinated debentures. The fair value of the junior subordinated debentures is based on the discounted value of contractual cash flows. In accordance with ASC 820, the Company has categorized junior subordinated debentures as a Level 3 fair value measurement.

(17) Stock-Based Compensation Plans

In May 2015, the Company's shareholders approved the 2015 Stock Incentive Plan ("the 2015 Plan") which provides for the issuance of up to 5,485,000 shares of common stock. The 2015 Plan replaced the 2007 Stock Incentive Plan ("the 2007 Plan") which replaced the 1997 Stock Incentive Plan ("the 1997 Plan"). The 2015 Plan, the 2007 Plan and the 1997 Plan are collectively referred to as "the Plans." The 2015 Plan has substantially similar terms to the 2007 Plan and the 1997 Plan. Awards granted under the Plans for which common shares are not issued by reason of cancellation, forfeiture, lapse of such award or settlement of such award in cash, are again available under the 2015 Plan. All grants made after the approval of the 2015 Plan are made pursuant to the 2015 Plan. As of March 31, 2022, approximately 394,000 shares were available for future grants assuming the maximum number of shares are issued for the performance awards outstanding. The Plans cover substantially all employees of Wintrust. The Compensation Committee of the Board of Directors administers all stock-based compensation programs and authorizes all awards granted pursuant to the Plans.

The Plans permit the grant of incentive stock options, non-qualified stock options, stock appreciation rights, stock awards, restricted share or unit awards, performance awards and other incentive awards valued in whole or in part by reference to the Company's common stock, all on a stand alone, combination or tandem basis. The Company historically awarded stock-based compensation in the form of time-vested non-qualified stock options and time-vested restricted share unit awards ("restricted shares"). The grants of options provide for the purchase of shares of the Company's common stock at the fair market value of the stock on the date the options are granted. Stock options generally vest ratably over periods of three to five years and have a maximum term of seven years from the date of grant. Restricted shares entitle the holders to receive, at no cost, shares of the Company's common stock. Restricted shares generally vest over periods of one to five years from the date of grant.

Beginning in 2011, the Company has awarded annual grants under the Long-Term Incentive Program ("LTIP"), which is administered under the Plans. The LTIP is designed in part to align the interests of management with the interests of shareholders, foster retention, create a long-term focus based on sustainable results and provide participants with a target long-term incentive opportunity. LTIP grants in 2022 and 2021 consisted of a combination of performance-based stock awards with a performance condition metric, performance-based stock awards with a market condition metric and time-vested restricted shares, and in 2020 consisted of a combination of performance-based stock awards and performance-based cash awards (both with a performance condition metric) and time-vested restricted shares. LTIP grants from 2017 through 2019 consisted of a combination of performance-based stock awards and performance-based cash awards, and prior to 2017, nonqualified stock options were in the mix of award types. Stock options granted under the LTIP have a term of seven years and generally vested equally over three years based on continued service. Performance-based stock and cash awards granted under the LTIP are contingent upon the achievement of pre-established long-term performance goals set in advance by the Compensation Committee over a three-year period starting at the beginning of each calendar year. Performance-based stock awards with a market condition metric are contingent on the total shareholder return performance over a three-year period starting at the beginning of each calendar year relative to the KBW Regional Bank Index. These performance awards are granted at a target level, and based on the Company's achievement of the pre-established long-term goals, the actual payouts can range from 0% to a maximum of 150% of the target award. The awards typically vest in the quarter after the end of the performance period.

upon certification of the payout by the Compensation Committee of the Board of Directors. Holders of performance-based stock awards are entitled to receive, at no cost, the shares earned based on the achievement of the pre-established long-term goals.

Holders of restricted share awards and performance-based stock awards received under the Plans are not entitled to vote or receive cash dividends (or cash payments equal to the cash dividends) on the underlying common shares until the awards are vested and shares are issued. Shares that are vested but not issuable pursuant to deferred compensation arrangements accrue additional shares based on the value of dividends otherwise paid. Except in limited circumstances, these awards are canceled upon termination of employment without any payment of consideration by the Company.

Stock-based compensation is measured as the fair value of an award on the date of grant, and the measured cost is recognized over the period which the recipient is required to provide service in exchange for the award. The fair value of restricted share and performance-based stock awards with a performance condition metric is determined based on the average of the high and low trading prices on the grant date. The fair value of performance stock awards with a market condition metric is estimated using a Monte Carlo simulation model and the fair value of stock options is estimated using a Black-Scholes option-pricing model. The Monte Carlo simulation model and the Black-Scholes option-pricing model require the input of highly subjective assumptions and are sensitive to changes in the award's expected life and the price volatility of the underlying stock, which can materially affect the fair value estimates. Management periodically reviews and adjusts the assumptions used to calculate the fair value of such awards when granted. No options have been granted since 2016.

Stock based compensation is recognized based upon the number of awards that are ultimately expected to vest, taking into account expected forfeitures. In addition, for performance-based awards with a performance metric, an estimate is made of the number of shares expected to vest as a result of actual performance against the performance criteria in the award to determine the amount of compensation expense to recognize. The estimate is re-evaluated quarterly and total compensation expense is adjusted for any change in estimate in the current period. Stock-based compensation expense recognized in the Consolidated Statements of Income was \$7.9 million in the first quarter of 2022 and \$2.9 million in the first quarter of 2021.

A summary of the Company's stock option activity for the three months ended March 31, 2022 and March 31, 2021 is presented below:

<i>Stock Options</i>	Common Shares	Weighted Average Strike Price	Remaining Contractual Term ⁽¹⁾	Intrinsic Value ⁽²⁾ (in thousands)
Outstanding at January 1, 2022	193,447	\$ 41.62		
Granted	—	—		
Exercised	(79,376)	42.32		
Forfeited or canceled	(771)	40.87		
Outstanding at March 31, 2022	113,300	\$ 41.13	1.4	\$ 5,869
Exercisable at March 31, 2022	113,300	\$ 41.13	1.4	\$ 5,869
<i>Stock Options</i>	Common Shares	Weighted Average Strike Price	Remaining Contractual Term ⁽¹⁾	Intrinsic Value ⁽²⁾ (in thousands)
Outstanding at January 1, 2021	520,663	\$ 42.47		
Granted	—	—		
Exercised	(208,579)	42.96		
Forfeited or canceled	(590)	46.86		
Outstanding at March 31, 2021	311,494	\$ 42.14	1.8	\$ 10,485
Exercisable at March 31, 2021	309,945	\$ 42.11	1.8	\$ 10,441

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

(2) Aggregate intrinsic value represents the total pre-tax intrinsic value (i.e., the difference between the Company's stock price on the last trading day of the quarter 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 the last day of the quarter. Options with exercise prices above the stock price on the last trading day of the quarter are excluded from the calculation of intrinsic value. The intrinsic value will change based on the fair market value of the Company's stock.

The aggregate intrinsic value of options exercised during the three months ended March 31, 2022 and March 31, 2021, was \$4.5 million and \$6.6 million, respectively. Cash received from option exercises under the Plans for the three months ended March 31, 2022 and March 31, 2021 was \$3.4 million and \$9.0 million, respectively.

A summary of the Plans' restricted share activity for the three months ended March 31, 2022 and March 31, 2021 is presented below:

	Three months ended March 31, 2022		Three months ended March 31, 2021	
	Common Shares	Weighted Average Grant-Date Fair Value	Common Shares	Weighted Average Grant-Date Fair Value
<i>Restricted Shares</i>				
Outstanding at January 1	476,813	\$ 61.33	234,794	\$ 59.02
Granted	194,849	97.30	257,189	62.79
Vested and issued	(52,465)	65.42	(7,104)	78.13
Forfeited or canceled	(3,615)	66.37	(849)	63.44
Outstanding at March 31	615,582	\$ 72.34	484,030	\$ 60.73
Vested, but not issuable at March 31	95,806	\$ 52.67	94,348	\$ 52.21

A summary of the Plans' performance-based stock award activity, based on the target level of the awards, for the three months ended March 31, 2022 and March 31, 2021 is presented below:

	Three months ended March 31, 2022		Three months ended March 31, 2021	
	Common Shares	Weighted Average Grant-Date Fair Value	Common Shares	Weighted Average Grant-Date Fair Value
<i>Performance-based Stock</i>				
Outstanding at January 1	557,255	\$ 62.94	482,608	\$ 71.15
Granted	159,202	97.21	206,465	58.85
Added by performance factor at vesting	—	—	—	—
Vested and issued	—	—	—	—
Expired, canceled or forfeited	(159,952)	71.56	(125,622)	87.88
Outstanding at March 31	556,505	\$ 70.27	563,451	\$ 62.91
Vested, but deferred at March 31	35,285	\$ 43.88	34,748	\$ 43.28

(18) Shareholders' Equity and Earnings Per Share

Series D Preferred Stock

In June 2015, the Company issued and sold 5,000,000 shares of fixed-to-floating non-cumulative perpetual preferred stock, Series D, liquidation preference \$25 per share (the "Series D Preferred Stock") for \$125.0 million in a public offering. When, as and if declared, dividends on the Series D Preferred Stock are payable quarterly in arrears at a fixed rate of 6.50% per annum from the original issuance date to, but excluding, July 15, 2025, and from (and including) that date at a floating rate equal to three-month LIBOR plus a spread of 4.06% per annum.

Series E Preferred Stock

In May 2020, the Company issued 11,500 shares of fixed-rate reset non-cumulative perpetual preferred stock, Series E, liquidation preference \$25,000 per share (the "Series E Preferred Stock") as part of a \$287.5 million public offering of 11,500,000 depositary shares, each representing a 1/1,000th interest in a share of Series E Preferred Stock. When, as and if declared, dividends on the Series E Preferred Stock are payable quarterly in arrears at a fixed rate of 6.875% per annum from October 15, 2020 to, but excluding, July 15, 2025, and from (and including) July 15, 2025 at a floating rate equal to the Five-Year Treasury Rate (as defined in the certificate of designations for the Series E Preferred Stock) plus 6.507%.

Other

At the January 2022 Board of Directors meeting, a quarterly cash dividend of \$0.34 per share (\$1.36 on an annualized basis) was declared. It was paid on February 24, 2022 to shareholders of record as of February 10, 2022.

Accumulated Other Comprehensive Income (Loss)

The following tables summarize the components of other comprehensive income (loss), including the related income tax effects, and the related amount reclassified to net income for the periods presented (in thousands).

	Accumulated Unrealized Gains (Losses) on Securities	Accumulated Unrealized Gains (Losses) on Derivative Instruments	Accumulated Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2022	\$ 8,724	\$ 27,111	\$ (31,743)	\$ 4,092
Other comprehensive (loss) income during the period, net of tax, before reclassifications	(151,114)	25,023	2,288	(123,803)
Amount reclassified from accumulated other comprehensive income (loss) into net income, net of tax	(183)	3,926	—	3,743
Amount reclassified from accumulated other comprehensive income (loss) related to amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale, net of tax	(31)	—	—	(31)
Net other comprehensive (loss) income during the period, net of tax	\$ (151,328)	\$ 28,949	\$ 2,288	\$ (120,091)
Balance at March 31, 2022	\$ (142,604)	\$ 56,060	\$ (29,455)	\$ (115,999)
Balance at January 1, 2021	\$ 70,737	\$ (23,090)	\$ (32,265)	\$ 15,382
Other comprehensive (loss) income during the period, net of tax, before reclassifications	(44,519)	32,345	2,180	(9,994)
Amount reclassified from accumulated other comprehensive income (loss) into net income, net of tax	(154)	4,912	—	4,758
Amount reclassified from accumulated other comprehensive income (loss) related to amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale, net of tax	(42)	—	—	(42)
Net other comprehensive (loss) income during the period, net of tax	\$ (44,715)	\$ 37,257	\$ 2,180	\$ (5,278)
Balance at March 31, 2021	\$ 26,022	\$ 14,167	\$ (30,085)	\$ 10,104

	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) for the Three Months Ended			
Details Regarding the Component of Accumulated Other Comprehensive Income (Loss)	March 31,		Impacted Line on the Consolidated Statements of Income	
	2022	2021		
Accumulated unrealized gains on securities				
Gains included in net income	\$ 250	\$ 210	(Losses) gains on investment securities, net	
	250	210	Income before taxes	
Tax effect	(67)	(56)	Income tax expense	
Net of tax	\$ 183	\$ 154	Net income	
Accumulated unrealized losses on derivative instruments				
Amount reclassified to interest expense on deposits	\$ 4,819	\$ 4,897	Interest on deposits	
Amount reclassified to interest expense on other borrowings	534	669	Interest on other borrowings	
Amount reclassified to interest expense on junior subordinated debentures	—	1,130	Interest on junior subordinated debentures	
	(5,353)	(6,696)	Income before taxes	
Tax effect	1,427	1,784	Income tax expense	
Net of tax	\$ (3,926)	\$ (4,912)	Net income	

Earnings per Share

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

		Three Months Ended	
		March 31, 2022	March 31, 2021
(In thousands, except per share data)			
Net income		\$ 127,391	\$ 153,148
Less: Preferred stock dividends		6,991	6,991
Net income applicable to common shares	(A)	\$ 120,400	\$ 146,157
Weighted average common shares outstanding	(B)	57,196	56,904
Effect of dilutive potential common shares			
Common stock equivalents		862	681
Weighted average common shares and effect of dilutive potential common shares	(C)	58,058	57,585
Net income per common share:			
Basic	(A/B)	\$ 2.11	\$ 2.57
Diluted	(A/C)	\$ 2.07	\$ 2.54

Potentially dilutive common shares can result 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, being treated as if they had been either exercised or issued, computed by application of the treasury stock method. While potentially dilutive common shares are typically included in the computation of diluted earnings per share, potentially dilutive common shares are excluded from this computation in periods in which the effect of inclusion would either reduce the loss per share or increase the income per share.

ITEM 2

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

The following discussion and analysis of the financial condition of Wintrust Financial Corporation and its subsidiaries (collectively, "Wintrust" or the "Company") as of March 31, 2022 compared with December 31, 2021 and March 31, 2021, and the results of operations for the three month periods ended March 31, 2022 and March 31, 2021, should be read in conjunction with the unaudited consolidated financial statements and notes contained in this report and the risk factors discussed under Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Form 10-K") and in Part II, Item 1A, of this Form 10-Q. 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.

Introduction

Wintrust is a financial holding company that provides traditional community banking services, primarily in the Chicago metropolitan area, southern Wisconsin and northwest Indiana, and operates other financing businesses on a national basis and in Canada through several non-bank business units. Additionally, Wintrust offers a full array of wealth management services primarily to customers in the Chicago metropolitan area, southern Wisconsin and northwest Indiana.

Overview

Impact of COVID-19

In March 2020, the outbreak of COVID-19 was recognized as a global pandemic by the World Health Organization, resulting in unprecedented uncertainty and volatility in world-wide financial markets. Governments' actions calling for shelter in place and social distancing led to rapid changes in business revenues, increased unemployment, and negatively impacted consumer activity, all of which have impacted the Company and our three primary business segments (community banking, specialty finance and wealth management). Although vaccines and related boosters are now being widely distributed, the COVID-19 pandemic, including the continued emergence of variant strains of the virus, may continue to impact the Company's future results.

The Company activated its pandemic response plan in early March 2020, as well as applicable elements of its business continuity plan. Following two years during which designated Company employees worked almost entirely remotely, at present, the majority of the Company's workforce has discontinued fully remote work and has transitioned back to working on site, where enhanced safety measures have been implemented, for all or a portion of the workweek.

Since March of 2020, the Company has taken a number of actions to help ensure that it has adequate liquidity and capital to manage through the COVID-19 pandemic, including issuing fixed-rate reset non-cumulative perpetual preferred stock, Series E, liquidation preference \$25,000 per share (the "Series E Preferred Stock") as part of a public offering of depositary shares, each representing a 1/1,000th interest in a share of Series E Preferred Stock (the "Depositary Shares"). We believe the Company currently has adequate liquidity and capital. However, we will continue to prudently evaluate available liquidity sources if necessary.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted. The CARES Act includes appropriations and other measures designed to address the impact of the COVID-19 pandemic, including the Paycheck Protection Program ("PPP"), which was designed to aid eligible small and medium-sized businesses through federally-guaranteed loans distributed through certain banks, under the administration of the Small Business Administration ("SBA"). From the date the Company began accepting applications, April 3, 2020, through June 30, 2021, the Company secured authorization from the SBA and funded over 19,400 PPP loans, which are forgivable under certain circumstances, with a carrying balance of approximately \$4.8 billion. From the loans originated under the program, the Company has generated net fees of \$146.0 million to be recognized over the life of the PPP loans adjusted for estimated prepayments. As of March 31, 2022 the carrying balance of such loans was reduced to approximately \$254.0 million primarily resulting from forgiveness by the SBA.

Although many restrictive measures related to the COVID-19 pandemic have been lifted and associated economic conditions appear to have stabilized, we continue to monitor the impact of COVID-19 closely, so that the Company can implement necessary responses as circumstances evolve. The extent to which the COVID-19 pandemic will impact our operations and

financial conditions remains uncertain. Please refer to Part II, Item 1A, “Risk Factors” of this Form 10-Q for additional information.

First Quarter Highlights

The Company recorded net income of \$127.4 million for the first quarter of 2022 compared to \$153.1 million in the first quarter of 2021. The results for the first quarter of 2022 demonstrate continued momentum on our operating strengths, including significant organic loan growth despite continued payoffs through forgiveness within the Company’s PPP portfolio, continued expansion of net interest income as a result of growth in earning assets and the net interest margin, strong credit quality metrics and a favorable fair value adjustment to the Company’s mortgage servicing rights (“MSRs”) portfolio. Additionally, volatility in the interest rate environment resulted in a significant negative fair value adjustments to the Company’s available-for-sale investment securities portfolio and a corresponding significant negative adjustment to accumulated other comprehensive income or loss. As a result, comprehensive income totaled \$7.3 million for the first quarter of 2022 compared to \$147.9 million for the first quarter of 2021. Comprehensive income includes 1) net income as presented on the Company’s Consolidated Statements of Income and 2) other comprehensive income or loss from unrealized gains and losses on the Company’s available-for-sale investment securities portfolios and derivative contracts designated as cash flow hedges as well as foreign currency translation adjustments.

The Company increased its loan portfolio from \$33.2 billion at March 31, 2021 and \$34.8 billion at December 31, 2021 to \$35.3 billion at March 31, 2022. The increase in the current period compared to the prior periods was primarily a result of organic growth in several portfolios, including the commercial, industrial and other (excluding PPP loans), commercial real estate, residential real estate loans held for investment, property and casualty insurance premium finance receivable and life insurance premium finance receivables portfolios. For more information regarding changes in the Company’s loan portfolio, see Financial Condition – Interest Earning Assets and Note 6 - Loans of the Consolidated Financial Statements in Item 1 of this report.

The Company recorded net interest income of \$299.3 million in the first quarter of 2022 compared to \$261.9 million in the first quarter of 2021. This increase in net interest income recorded in the first quarter of 2022 compared to the first quarter of 2021 resulted primarily from growth in earning assets, specifically a \$2.4 billion increase in average loans, and an increase in net interest margin. Net interest margin of 2.60% (2.61% on a fully taxable-equivalent basis, non-GAAP) in the first quarter of 2022 compared favorably to 2.53% (2.54% on a fully taxable-equivalent basis, non-GAAP) in the first quarter of 2021, primarily due to lower repricing on time deposits and a shift in earning asset mix through liquidity deployment with increasing investment securities and decreasing levels of lower yielding liquidity management assets (see “Net Interest Income” for further detail).

Non-interest income totaled \$162.8 million in the first quarter of 2022 compared to \$186.5 million in the first quarter of 2021. This decrease was primarily due to decreases in mortgage banking revenues due to origination volumes declining from historically elevated levels experienced in early 2021 as well as declines in margins earned on sales (see “Non-Interest Income” for further detail).

Non-interest expense totaled \$284.3 million in the first quarter of 2022, a decrease of \$2.6 million, or 1%, compared to the first quarter of 2021. The decrease compared to the first quarter of 2021 was primarily attributable to lower salaries and employee benefits, partially offset by higher advertising and marketing expense (see “Non-Interest Expense” for further detail).

Management considers the maintenance of adequate liquidity to be important to the management of risk. Accordingly, during the first quarter of 2022, the Company continued its practice of maintaining appropriate funding capacity to provide the Company with adequate liquidity for its ongoing operations. In this regard, the Company benefited from its strong deposit base, a liquid short-term investment portfolio and its access to funding from a variety of external funding sources. At March 31, 2022, the Company had approximately \$4.5 billion in overnight liquid funds and interest-bearing deposits with banks.

RESULTS OF OPERATIONS

Earnings Summary

The Company's key operating measures and growth rates for the three months ended March 31, 2022, as compared to the same period last year, are shown below:

	Three months ended		
	March 31, 2022	March 31, 2021	Percentage (%) or Basis Point (bp) Change
(Dollars in thousands, except per share data)			
Net income	\$ 127,391	\$ 153,148	(17) %
Pre-tax income, excluding provision for credit losses (non-GAAP) ⁽²⁾	177,786	161,512	10
Net income per common share—Diluted	2.07	2.54	(18)
Net revenue ⁽¹⁾	462,084	448,401	3
Net interest income	299,294	261,895	14
Net interest margin	2.60 %	2.53 %	7 bps
Net interest margin - fully taxable equivalent (non-GAAP) ⁽²⁾	2.61	2.54	7
Net overhead ratio ⁽³⁾	1.00	0.90	10
Return on average assets	1.04	1.38	(34)
Return on average common equity	11.94	15.80	(386)
Return on average tangible common equity (non-GAAP) ⁽²⁾	14.48	19.49	(501)
At end of period			
Total assets	\$ 50,250,661	\$ 45,682,202	10 %
Total loans, excluding loans held-for-sale	35,280,547	33,171,233	6
Total loans, including loans held-for-sale	35,887,092	34,431,426	4
Total deposits	42,219,322	37,872,652	11
Total shareholders' equity	4,492,256	4,252,511	6
Book value per common share ⁽²⁾	\$ 71.26	\$ 67.34	6
Tangible common book value per share ⁽²⁾	59.34	55.42	7
Market price per common share	92.93	75.80	23
Allowance for loan and unfunded lending-related commitment losses to total loans	0.85 %	0.97 %	(12)bps

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

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

(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.

Certain returns, yields, performance ratios, and quarterly growth rates are "annualized" 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 NON-GAAP FINANCIAL MEASURES/RATIOS

The accounting and reporting policies of the Company 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), taxable-equivalent net interest margin (including its individual components), the taxable-equivalent efficiency ratio, tangible common equity ratio, tangible book value per common share, return on average tangible common equity and pre-tax income, excluding provision for credit losses. Management believes that these measures and ratios provide users of the Company’s financial information a more meaningful view of the performance of the Company’s 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 using tax rates effective as of the end of the period. This measure ensures comparability of net interest income arising from both taxable and tax-exempt sources. Net interest income on a fully taxable-equivalent 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 considers the tangible common equity ratio and tangible book value per common share as useful measurements of the Company’s equity. The Company references the return on average tangible common equity as a measurement of profitability. Management considers pre-tax income, excluding provision for credit losses, as a useful measurement of the Company’s core net income.

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		
	March 31, 2022	December 31, 2021	March 31, 2021
(Dollars and shares in thousands)			
Reconciliation of Non-GAAP Net Interest Margin and Efficiency Ratio:			
(A) Interest Income (GAAP)	\$ 328,252	\$ 327,979	\$ 305,469
Taxable-equivalent adjustment:			
- Loans	427	417	384
- Liquidity management assets	465	486	500
- Other earning assets	2	2	—
(B) Interest Income (non-GAAP)	\$ 329,146	\$ 328,884	\$ 306,353
(C) Interest Expense (GAAP)	28,958	32,003	43,574
(D) Net Interest Income (GAAP) (A minus C)	\$ 299,294	\$ 295,976	\$ 261,895
(E) Net Interest Income, fully taxable-equivalent (non-GAAP) (B minus C)	\$ 300,188	\$ 296,881	\$ 262,779
Net interest margin (GAAP)	2.60 %	2.54 %	2.53 %
Net interest margin, fully taxable-equivalent (non-GAAP)	2.61	2.55	2.54
(F) Non-interest income	\$ 162,790	\$ 133,767	\$ 186,506
(G) (Losses) gains on investment securities, net	(2,782)	(1,067)	1,154
(H) Non-interest expense	284,298	283,399	286,889
Efficiency ratio (H/(D+F-G))	61.16 %	65.78 %	64.15 %
Efficiency ratio (non-GAAP) (H/(E+F-G))	61.04	65.64	64.02
Reconciliation of Non-GAAP Tangible Common Equity Ratio:			
Total shareholders' equity (GAAP)	\$ 4,492,256	\$ 4,498,688	\$ 4,252,511
Less: Non-convertible preferred stock (GAAP)	(412,500)	(412,500)	(412,500)
Less: Acquisition-related intangible assets (GAAP)	(682,101)	(683,456)	(680,052)
(I) Total tangible common shareholders' equity (non-GAAP)	\$ 3,397,655	\$ 3,402,732	\$ 3,159,959
(J) Total assets (GAAP)	\$ 50,250,661	\$ 50,142,143	\$ 45,682,202
Less: Acquisition-related intangible assets (GAAP)	(682,101)	(683,456)	(680,052)
(K) Total tangible assets (non-GAAP)	\$ 49,568,560	\$ 49,458,687	\$ 45,002,150
Common equity to assets ratio (GAAP) (L/J)	8.1 %	8.1 %	8.4 %
Tangible common equity ratio (non-GAAP) (I/K)	6.9	6.9	7.0
Reconciliation of Non-GAAP Tangible Book Value per Common Share:			
Total shareholders' equity	\$ 4,492,256	\$ 4,498,688	\$ 4,252,511
Less: Preferred stock	(412,500)	(412,500)	(412,500)
(L) Total common equity	\$ 4,079,756	\$ 4,086,188	\$ 3,840,011
(M) Actual common shares outstanding	57,253	57,054	57,023
Book value per common share (L/M)	\$ 71.26	\$ 71.62	\$ 67.34
Tangible book value per common share (non-GAAP) (I/M)	59.34	59.64	55.42
Reconciliation of Non-GAAP Return on Average Tangible Common Equity:			
(N) Net income applicable to common shares	\$ 120,400	\$ 91,766	\$ 146,157
Add: Acquisition-related intangible asset amortization	1,609	1,811	2,007
Less: Tax effect of acquisition-related intangible asset amortization	(430)	(505)	(522)
After-tax acquisition-related intangible asset amortization	\$ 1,179	\$ 1,306	\$ 1,485
(O) Tangible net income applicable to common shares (non-GAAP)	\$ 121,579	\$ 93,072	\$ 147,642
Total average shareholders' equity	\$ 4,500,460	\$ 4,433,953	\$ 4,164,890
Less: Average preferred stock	(412,500)	(412,500)	(412,500)
(P) Total average common shareholders' equity	\$ 4,087,960	\$ 4,021,453	\$ 3,752,390
Less: Average acquisition-related intangible assets	(682,603)	(677,470)	(680,805)
(Q) Total average tangible common shareholders' equity (non-GAAP)	\$ 3,405,357	\$ 3,343,983	\$ 3,071,585
Return on average common equity, annualized (N/P)	11.94 %	9.05 %	15.80 %
Return on average tangible common equity, annualized (non-GAAP) (O/Q)	14.48	11.04	19.49
Reconciliation of Non-GAAP Pre-Tax, Pre-Provision Income:			
Income before taxes	\$ 173,680	\$ 137,045	\$ 206,859
Add: Provision for credit losses	4,106	9,299	(45,347)
Pre-tax income, excluding provision for credit losses (non-GAAP)	\$ 177,786	\$ 146,344	\$ 161,512

Critical Accounting Policies

The Company's Consolidated Financial Statements are prepared in accordance with GAAP in the United States and prevailing practices of the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. 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 that changes in those estimates and assumptions could produce financial results that are materially different than originally reported. Estimates, assumptions and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event, 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 views critical accounting policies to be those which are highly 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 critical accounting policies to include the determination of the allowance for credit losses, including the allowance for loan losses, the allowance for unfunded commitment losses and the allowance for held-to-maturity securities losses, estimations of fair value, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and income taxes as the accounting areas that require the most subjective and complex judgments, and as such could be the most subject to revision as new information becomes available. For a more detailed discussion on these critical accounting policies, see "Summary of Critical Accounting Estimates" beginning on page 55 of the Company's 2021 Form 10-K.

Net Income

Net income for the quarter ended March 31, 2022 totaled \$127.4 million, an decrease of \$25.8 million, or 17%, compared to the quarter ended March 31, 2021. On a per share basis, net income for the first quarter of 2022 totaled \$2.07 per diluted common share compared to \$2.54 for the first quarter of 2021.

The decrease in net income for the first quarter of 2022 as compared to the same period in the prior year is primarily attributable to a release of credit reserves in the first quarter of 2021, primarily attributable to positive changes in the Company's macroeconomic forecasts in addition to improvement in portfolio characteristics, as well as lower mortgage banking revenue, partially offset by higher net interest income. See "Net Interest Income", "Non-interest Income", "Non-interest Expense" and "Loan Portfolio and Asset Quality" for further detail.

Net Interest Income

The primary source of the Company's revenue is net interest income. Net interest income is the difference between interest income and fees on earning assets, such as loans and securities, and interest expense on the liabilities to fund those assets, including interest-bearing deposits and other borrowings. The amount of net interest income is affected by both changes in the level of interest rates, and the amount and composition of earning assets and interest bearing liabilities.

Quarter Ended March 31, 2022 compared to the Quarters Ended December 31, 2021 and March 31, 2021

The following table presents a summary of the Company's average balances, net interest income and related net interest margins, including a calculation on a fully taxable-equivalent basis, for the first quarter of 2022 as compared to the fourth quarter of 2021 (sequential quarters) and first quarter of 2021 (linked quarters):

(Dollars in thousands)	Average Balance for three months ended,			Interest for three months ended,			Yield/Rate for three months ended,		
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021
Interest-bearing deposits with banks, securities purchased under resale agreements and cash equivalents ⁽¹⁾	\$ 4,563,726	\$ 6,148,165	\$ 4,230,886	\$ 2,118	\$ 2,427	\$ 1,199	0.19 %	0.16 %	0.11 %
Investment securities ⁽²⁾	6,378,022	5,317,351	3,944,676	32,863	27,696	19,764	2.09	2.07	2.03
FHLB and FRB stock	135,912	135,414	135,758	1,772	1,776	1,745	5.29	5.20	5.21
Liquidity management assets ⁽³⁾⁽⁸⁾	\$ 11,077,660	\$ 11,600,930	\$ 8,311,320	\$ 36,753	\$ 31,899	\$ 22,708	1.35 %	1.09 %	1.11 %
Other earning assets ⁽³⁾⁽⁴⁾⁽⁸⁾	25,192	28,298	20,370	181	194	125	2.91	2.71	2.50
Mortgage loans held-for-sale	664,019	827,672	1,151,848	6,087	7,234	9,036	3.72	3.47	3.18
Loans, net of unearned income ⁽³⁾⁽⁵⁾⁽⁸⁾	34,830,520	33,677,777	32,442,927	286,125	289,557	274,484	3.33	3.41	3.43
Total earning assets ⁽⁸⁾	\$ 46,597,391	\$ 46,134,677	\$ 41,926,465	\$ 329,146	\$ 328,884	\$ 306,353	2.86 %	2.83 %	2.96 %
Allowance for loan and investment security losses	(253,080)	(254,874)	(327,080)						
Cash and due from banks	481,634	468,331	366,413						
Other assets	2,675,899	2,770,643	3,022,935						
Total assets	\$ 49,501,844	\$ 49,118,777	\$ 44,988,733						
NOW and interest-bearing demand deposits	\$ 4,287,228	\$ 3,962,739	\$ 3,493,451	\$ 849	\$ 774	\$ 901	0.08 %	0.08 %	0.10 %
Wealth management deposits	4,427,301	4,514,319	4,156,398	7,098	7,595	7,351	0.65	0.67	0.72
Money market accounts	11,353,348	11,274,230	9,335,920	2,609	2,604	2,865	0.09	0.09	0.12
Savings accounts	3,904,299	3,766,037	3,587,566	336	345	430	0.03	0.04	0.05
Time deposits	3,861,371	4,058,282	4,875,392	3,962	5,254	16,397	0.42	0.51	1.36
Interest-bearing deposits	\$ 27,833,547	\$ 27,575,607	\$ 25,448,727	\$ 14,854	\$ 16,572	\$ 27,944	0.22 %	0.24 %	0.45 %
Federal Home Loan Bank advances	1,241,071	1,241,073	1,228,433	4,816	4,923	4,840	1.57	1.57	1.60
Other borrowings	494,267	501,933	518,188	2,239	2,250	2,609	1.84	1.78	2.04
Subordinated notes	436,966	436,861	436,532	5,482	5,514	5,477	5.02	5.05	5.02
Junior subordinated debentures	253,566	253,566	253,566	1,567	2,744	2,704	2.47	4.23	4.27
Total interest-bearing liabilities	\$ 30,259,417	\$ 30,009,040	\$ 27,885,446	\$ 28,958	\$ 32,003	\$ 43,574	0.39 %	0.42 %	0.63 %
Non-interest-bearing deposits	13,734,064	13,640,270	11,811,194						
Other liabilities	1,007,903	1,035,514	1,127,203						
Equity	4,500,460	4,433,953	4,164,890						
Total liabilities and shareholders' equity	\$ 49,501,844	\$ 49,118,777	\$ 44,988,733						
Interest rate spread ⁽⁶⁾⁽⁸⁾							2.47 %	2.41 %	2.33 %
Less: Fully taxable-equivalent adjustment				(894)	(905)	(884)	(0.01)	(0.01)	(0.01)
Net free funds/contribution ⁽⁷⁾	\$ 16,337,974	\$ 16,125,637	\$ 14,041,019				0.14	0.14	0.21
Net interest income/margin (GAAP) ⁽⁸⁾				\$ 299,294	\$ 295,976	\$ 261,895	2.60 %	2.54 %	2.53 %
Fully taxable-equivalent adjustment				894	905	884	0.01	0.01	0.01
Net interest income/margin, fully taxable-equivalent (non-GAAP) ⁽⁸⁾				\$ 300,188	\$ 296,881	\$ 262,779	2.61 %	2.55 %	2.54 %

- (1) Includes interest-bearing deposits with banks and securities purchased under resale agreements with original maturities of greater than three months. Cash equivalents include federal funds sold and securities purchased under resale agreements with original maturities of three months or less.
- (2) Investment securities includes investment securities classified as available-for-sale and held-to-maturity, and equity securities with readily determinable fair values. Equity securities without readily determinable fair values are included within other assets.
- (3) Interest income on tax-advantaged loans, trading securities and investment securities reflects a tax-equivalent adjustment based on the marginal federal corporate tax rate in effect as of the applicable period. The total adjustments for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021 were \$894,000, \$905,000 and \$884,000, respectively.
- (4) Other earning assets include brokerage customer receivables and trading account securities.
- (5) Loans, net of unearned income, include non-accrual loans.
- (6) Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.
- (7) 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.
- (8) See "Supplemental Non-GAAP Financial Measures/Ratios" for additional information on this performance measure/ratio.

For the first quarter of 2022, net interest income totaled \$299.3 million, an increase of \$3.3 million as compared to the fourth quarter of 2021, and an increase of \$37.4 million as compared to the first quarter of 2021. Net interest margin was 2.60% (2.61% on a FTE basis, non-GAAP) during the first quarter of 2022 compared to 2.54% (2.55% on a FTE basis, non-GAAP) during the fourth quarter of 2021, and 2.53% (2.54% on a FTE basis, non-GAAP) during the first quarter of 2021.

Analysis of Changes in Net Interest Income on a FTE basis (non-GAAP)

The following table presents an analysis of the changes in the Company's net interest income on a FTE basis (non-GAAP) comparing the three month period ended March 31, 2022 to each of the three month periods ended December 31, 2021 and March 31, 2021. The reconciliations set forth the changes in the net interest income on a FTE basis (non-GAAP) as a result of changes in volumes, changes in rates and differing number of days in each period:

(In thousands)	First Quarter of 2022 Compared to Fourth Quarter of 2021	First Quarter of 2022 Compared to First Quarter of 2021
Net interest income, FTE basis (non-GAAP) for comparative period	\$ 296,881	\$ 262,779
Change due to mix and growth of earning assets and interest-bearing liabilities (volume)	6,572	21,716
Change due to interest rate fluctuations (rate)	3,386	15,693
Change due to number of days in each period	(6,651)	—
Less: FTE adjustment	(894)	(894)
Net interest income (GAAP) ⁽¹⁾ for the period ended March 31, 2022	\$ 299,294	\$ 299,294
FTE adjustment	894	894
Net interest income, FTE basis (non-GAAP) ⁽¹⁾	\$ 300,188	\$ 300,188

(1) See "Supplemental Non-GAAP Financial Measures/Ratios" for additional information on this performance measure/ratio.

Non-interest Income

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

(Dollars in thousands)	Three Months Ended		\$ Change	% Change
	March 31, 2022	March 31, 2021		
Brokerage	\$ 4,632	\$ 5,040	\$ (408)	(8)%
Trust and asset management	26,762	24,269	2,493	10
Total wealth management	31,394	29,309	2,085	7
Mortgage banking	77,231	113,494	(36,263)	(32)
Service charges on deposit accounts	15,283	12,036	3,247	27
(Losses) gains on investment securities, net	(2,782)	1,154	(3,936)	NM
Fees from covered call options	3,742	—	3,742	NM
Trading gains, net	3,889	419	3,470	NM
Operating lease income, net	15,475	14,440	1,035	7
Other:				
Interest rate swap fees	4,569	2,488	2,081	84
BOLI	48	1,124	(1,076)	(96)
Administrative services	1,853	1,256	597	48
Foreign currency remeasurement gains	11	99	(88)	(89)
Early pay-offs of capital leases	265	(52)	317	NM
Miscellaneous	11,812	10,739	1,073	10
Total Other	18,558	15,654	2,904	19
Total Non-interest Income	\$ 162,790	\$ 186,506	\$ (23,716)	(13)%

NM - Not meaningful.

Notable contributions to the change in non-interest income are as follows:

Wealth management revenue increased in the first quarter of 2022 as compared to the first quarter of 2021 due to an increase in trust and asset management fees. Trust and asset management fees are based primarily on the market value of the assets under management or administration as well as the volume of tax-deferred like-kind exchange services provided during a period. Such revenue increased in the first quarter of 2022 primarily as a result of market appreciation related to managed money accounts with fees based on assets under management and higher asset levels from new customers and new financial advisors as compared to the first quarter of 2021. Wealth management revenue is comprised of the trust and asset management revenue of The Chicago Trust Company and Great Lakes Advisors, the brokerage commissions, managed money fees and insurance product commissions of Wintrust Investments and fees from tax-deferred like-kind exchange services provided by the Chicago Deferred Exchange Company.

Mortgage banking revenue decreased in the first quarter of 2022 as compared to the first quarter of 2021 as a result of a decrease in loans originated for sale and lower production margins, partially offset by more favorable fair value adjustments of mortgage servicing rights. Mortgage loans originated for sale totaled \$895.5 million in the first quarter of 2022 as compared to \$2.2 billion in the first quarter of 2021. The decrease in originations was primarily due to rising interest rates reducing refinance incentives for borrowers. Mortgage banking revenue includes revenue from activities related to originating, selling and servicing residential real estate loans for the secondary market. A main factor in the mortgage banking revenue recognized by the Company is the volume of mortgage loans originated or purchased for sale. Mortgage revenue is also impacted by changes in the fair value of MSRs. The Company records MSRs at fair value on a recurring basis.

During the first quarter of 2022, the fair value of the MSRs portfolio increased as a favorable fair value adjustment of \$43.4 million was recorded as well as retained servicing rights led to capitalization of \$14.4 million, partially offset by a reduction in value of \$6.0 million due to payoffs and paydowns of the existing portfolio.

The table below presents additional selected information regarding mortgage banking for the respective periods.

(Dollars in thousands)	Three Months Ended	
	March 31, 2022	March 31, 2021
Originations:		
Retail originations	\$ 647,785	\$ 1,641,664
Veterans First originations	247,738	580,303
Total originations for sale (A)	\$ 895,523	\$ 2,221,967
Originations for investment	274,628	321,858
Total originations	\$ 1,170,151	\$ 2,543,825
Retail originations as percentage of originations for sale	72 %	74 %
Veterans First originations as a percentage of originations for sale	28	26
Purchases as a percentage of originations for sale	53 %	27 %
Refinances as a percentage of originations for sale	47	73
Production Margin:		
Production revenue (B) ⁽¹⁾	\$ 14,585	\$ 71,282
Total originations for sale (A)	\$ 895,523	\$ 2,221,967
Add: Current period end mandatory interest rate lock commitments to fund originations for sale ⁽²⁾	330,196	798,534
Less: Prior period end mandatory interest rate lock commitments to fund originations for sale ⁽²⁾	353,509	1,072,717
Total mortgage production volume (C)	\$ 872,210	\$ 1,947,784
Production margin (B/C)	1.67 %	3.66 %
Mortgage Servicing:		
Loans serviced for others (D)	\$ 13,426,535	\$ 11,530,676
MSRs, at fair value (E)	199,146	124,316
Percentage of MSRs to loans serviced for others (E/D)	1.48 %	1.08 %
Servicing income	\$ 10,851	\$ 9,636
Components of MSR:		
MSR - current period capitalization	\$ 14,401	\$ 24,616
MSR - collection of expected cash flow - paydowns	(1,215)	(728)
MSR - collection of expected cash flow - payoffs	(4,801)	(9,440)
MSR - changes in fair value model assumptions	43,365	18,045
Summary of Mortgage Banking Revenue:		
Production revenue ⁽¹⁾	\$ 14,585	\$ 71,282
Servicing income	10,851	9,636
MSR activity	51,750	32,493
Other	45	83
Total mortgage banking revenue	\$ 77,231	\$ 113,494

(1) Production revenue represents revenue earned from the origination and subsequent sale of mortgages, including gains on loans sold and fees from originations, changes in other related financial instruments carried at fair value, processing and other related activities, and excludes servicing fees, changes in the fair value of servicing rights and changes to the mortgage recourse obligation and other non-production revenue.

(2) Certain volume adjusted for the estimated pull-through rate of the loan, which represents the Company's best estimate of the likelihood that a committed loan will ultimately fund.

Service charges on deposits increased in the first quarter of 2022 as compared to the first quarter of 2021 as a result of higher account analysis fees on deposit accounts which increased as a result of the Company's commercial banking initiatives. Service charges on deposit accounts include fees charged to deposit customers for various services, including account analysis services, and are based on factors such as the size and type of customer, type of product and number of transactions. The fees are based on a standard schedule of fees and, depending on the nature of the service performed, the service is performed at a point in time or over a period of a month.

The Company recognized net losses on investment securities of \$2.8 million in the first quarter of 2022 primarily as a result of unrealized losses on equity investments.

The Company has typically written 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. Management has entered into these transactions with the goal of

economically hedging security positions and enhancing its overall return on its investment portfolio by using fees generated from these options to compensate for net interest margin compression. These option transactions are designed to mitigate overall interest rate risk and do not qualify as hedges pursuant to accounting guidance. There were no outstanding call option contracts at March 31, 2022 and March 31, 2021.

The Company recognized \$3.9 million of trading gains in the first quarter of 2022 compared to trading gains of \$419,000 in first quarter of 2021. Trading gains and losses recorded by the Company primarily result from fair value adjustments related to interest rate derivatives not designated as hedges. Trading gains in the first quarter of 2022 relate primarily to a favorable market value adjustment on an interest rate cap derivative held as an economic hedge for potentially rising interest rates.

Interest rate swap fee revenue totaled \$4.6 million in the first quarter of 2022 and \$2.5 million in first quarter of 2021. Swap fee revenues result from interest rate swap transactions related to both customer-based trades and the related matched trades with inter-bank dealer counterparties. The revenue recognized on this customer-based activity is sensitive to the pace of organic loan growth, the shape of the yield curve and the customers' expectations of interest rates.

Non-interest Expense

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

(Dollars in thousands)	Three months ended		\$ Change	% Change
	March 31, 2022	March 31, 2021		
Salaries and employee benefits:				
Salaries	\$ 92,116	\$ 91,053	\$ 1,063	1 %
Commissions and incentive compensation	51,793	61,367	(9,574)	(16)
Benefits	28,446	28,389	57	0
Total salaries and employee benefits	172,355	180,809	(8,454)	(5)
Software and equipment	22,810	20,912	1,898	9
Operating lease equipment depreciation	9,708	10,771	(1,063)	(10)
Occupancy, net	17,824	19,996	(2,172)	(11)
Data processing	7,505	6,048	1,457	24
Advertising and marketing	11,924	8,546	3,378	40
Professional fees	8,401	7,587	814	11
Amortization of other acquisition-related intangible assets	1,609	2,007	(398)	(20)
FDIC insurance	7,729	6,558	1,171	18
OREO expense, net	(1,032)	(251)	(781)	NM
Other:				
Commissions—3rd party brokers	917	846	71	8
Postage	1,416	1,743	(327)	(19)
Miscellaneous	23,132	21,317	1,815	9
Total other	25,465	23,906	1,559	7
Total Non-interest Expense	\$ 284,298	\$ 286,889	\$ (2,591)	(1)%

NM - Not meaningful.

Notable contributions to the change in non-interest expense are as follows:

Total salaries and employee benefits expense decreased in the first quarter of 2022 compared to the first quarter of 2021 primarily due to reduced commissions and incentive compensation expense. Commissions and incentive compensation decreased primarily due to lower commission expense due to declining mortgage production.

Software and equipment expense increased in the first quarter of 2022 compared to the first quarter of 2021 as a result of higher software license fees as well as higher computer and software depreciation expense as the Company invests in enhancements to the digital customer experience, upgrades to infrastructure and enhancements to information security capabilities.

Occupancy expense decreased in the first quarter of 2022 compared to the first quarter of 2021 primarily as a result of losses recognized related to the sale or closure of certain branches in the first quarter of 2021.

Advertising and marketing expenses increased in the first quarter of 2022 compared to the first quarter of 2021 as a result of higher digital advertising costs as well as increased sponsorship activity. Marketing costs are incurred to promote the Company's brand, commercial banking capabilities and various products, and to attract loans and deposits and announce new branch openings as well as the expansion of the Company's non-bank businesses. The level of marketing expenditures depends on the type of marketing programs utilized, which are determined based on the market area, targeted audience, competition and various other factors.

Miscellaneous expense increased in the first quarter of 2022 compared to the first quarter of 2021 as a result of a higher costs related to lending originations that are not deferred. Miscellaneous expense also includes ATM expenses, correspondent bank charges, directors fees, telephone, travel and entertainment, corporate insurance, dues and subscriptions, problem loan expenses and lending origination costs that are not deferred.

Income Taxes

The Company recorded income tax expense of \$46.3 million in the first quarter of 2022 compared to \$53.7 million in the first quarter of 2021. The effective tax rates were 26.65% in the first quarter of 2022 compared to 25.97% in the first quarter of 2021.

The effective tax rates were partially impacted by an increase in nondeductible expenses in the first quarter of 2022, and tax effects related to share-based compensation which fluctuate based on the Company's stock price and timing of employee stock option exercises and vesting of other shared-based awards. The Company recorded excess tax benefits of \$2.2 million in the first quarter of 2022, compared to excess tax benefits of \$1.3 million in the first quarter of 2021 related to share-based compensation.

Operating Segment Results

As described in Note 14 to the Consolidated Financial Statements in Item 1, the Company's operations consist of three primary segments: community banking, specialty finance and wealth management. The Company's profitability is primarily dependent on the net interest income, provision for credit losses, non-interest income and operating expenses of its community banking segment. For purposes of internal segment profitability, management allocates certain intersegment and parent company balances. Management allocates a portion of revenues to the specialty finance segment related to loans and leases originated by the specialty finance segment and sold or assigned to the community banking segment. Similarly, for purposes of analyzing the contribution from the wealth management segment, management allocates a portion of the net interest income earned by the community banking segment on deposit balances of customers of the wealth management segment to the wealth management segment. Finally, expenses incurred at the Wintrust parent company are allocated to each segment based on each segment's risk-weighted assets.

The community banking segment's net interest income for the quarter ended March 31, 2022 totaled \$228.6 million as compared to \$203.5 million for the same period in 2021, an increase of \$25.1 million, or 12%. The increase in the three month periods was primarily attributable to earning asset growth and lower deposits rates. The community banking segment's non-interest income totaled \$121.9 million in the first quarter of 2022, a decrease of \$25.4 million, or 17%, when compared to the first quarter of 2021 total of \$147.3 million. The decrease in the three month periods was primarily the result of reduced mortgage banking revenue due to lower originations for sale and lower gain on sale margin. The community banking segment recorded provision for credit losses of \$4.1 million for the three months ended March 31, 2022 compared to a negative provision for credit losses of \$46.6 million for the same period in 2021. The increase in provision for credit losses for the three month periods was primarily attributable to positive changes in the Company's macroeconomic forecasts in the first quarter of 2021 in addition to improvement in portfolio characteristics, resulting in a significant release of reserves at that time. The community banking segment's net income for the quarter ended March 31, 2022 totaled \$90.1 million, a decrease of \$31.7 million as compared to net income in the first quarter of 2021 of \$121.8 million.

The specialty finance segment's net interest income totaled \$55.4 million for the quarter ended March 31, 2022, compared to \$44.9 million for the same period in 2021, an increase of \$10.5 million, or 23%. The increase was primarily attributable to growth in earning assets on the premium finance receivables portfolios. The specialty finance segment's non-interest income totaled \$24.1 million and \$23.1 million for the three months ended March 31, 2022 and 2021, respectively. The increase in non-interest income was primarily the result of higher originations and increased balances related to the property and casualty insurance premium finance portfolio and growth in business from the Company's leasing division. Our property and casualty insurance premium finance operations, life insurance finance operations, lease financing operations and accounts receivable finance operations accounted for 41%, 29%, 25% and 5%, respectively, of the total revenues of our specialty finance business

for the three month period ended March 31, 2022. The net income of the specialty finance segment for the quarter ended March 31, 2022 totaled \$29.6 million as compared to \$23.9 million for the quarter ended March 31, 2021.

The wealth management segment reported net interest income of \$8.4 million for the first quarter of 2022 compared to \$7.4 million in the same quarter of 2021, an increase of \$0.9 million, or 12%. Net interest income for this segment is primarily comprised of an allocation of the net interest income earned by the community banking segment on non-interest-bearing and interest-bearing wealth management customer account balances on deposit at the banks. Wealth management customer account balances on deposit at the banks averaged \$2.5 billion and \$2.2 billion in the first three months of 2022 and 2021, respectively. This segment recorded non-interest income of \$30.6 million for the first quarter of 2022 compared to \$30.3 million for the first quarter of 2021. Distribution of wealth management services through each bank continues to be a focus of the Company. The Company is committed to growing the wealth management segment in order to better service its customers and create a more diversified revenue stream. The wealth management segment's net income totaled \$7.7 million for the first quarter of 2022 compared to \$7.4 million for the first quarter of 2021.

Financial Condition

Total assets were \$50.3 billion at March 31, 2022, representing an increase of \$4.6 billion, or 10%, when compared to March 31, 2021 and an increase of approximately \$108.5 million, or 1% on an annualized basis, when compared to December 31, 2021. Total funding, which includes deposits, all notes and advances, including secured borrowings and the junior subordinated debentures, was \$44.6 billion at March 31, 2022, \$44.5 billion at December 31, 2021, and \$40.3 billion at March 31, 2021. See Notes 5, 6, 10, 11 and 12 of the Consolidated 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)	Three Months Ended					
	March 31, 2022		December 31, 2021		March 31, 2021	
	Balance	Percent	Balance	Percent	Balance	Percent
Mortgage loans held-for-sale	\$ 664,019	1 %	\$ 827,672	2 %	\$ 1,151,848	3 %
Loans, net of unearned income						
Commercial, excluding PPP	\$ 11,221,409	24 %	\$ 10,462,391	23 %	\$ 9,180,308	22 %
Commercial - PPP	382,572	1	808,606	2	3,087,825	7
Commercial real estate	9,133,587	20	8,934,937	19	8,497,091	20
Home equity	328,817	1	342,671	1	408,565	1
Residential real estate	1,658,884	4	1,569,341	3	1,300,871	3
Premium finance receivables	12,056,395	25	11,504,952	25	9,910,388	24
Other loans	48,856	0	54,879	0	57,879	0
Total average loans ⁽¹⁾	\$ 34,830,520	75 %	\$ 33,677,777	73 %	\$ 32,442,927	77 %
Liquidity management assets ⁽²⁾	11,077,660	24	11,600,930	25	8,311,320	20
Other earning assets ⁽³⁾	25,192	0	28,298	0	20,370	0
Total average earning assets	\$ 46,597,391	100 %	\$ 46,134,677	100 %	\$ 41,926,465	100 %
Total average assets	\$ 49,501,844		\$ 49,118,777		\$ 44,988,733	
Total average earning assets to total average assets		94 %		94 %		93 %

(1) Includes non-accrual loans.

(2) Liquidity management assets include investment securities, other 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.

Mortgage loans held-for-sale. Average mortgage loans held-for-sale totaled \$664.0 million in the first quarter of 2022, compared to \$827.7 million in the fourth quarter of 2021 and \$1.2 billion in the first quarter of 2021. These balances represent mortgage loans awaiting subsequent sale in the secondary market with such sales eliminating the interest-rate risk associated

with these loans, as they are predominantly long-term fixed rate loans, and provides a source of non-interest revenue. The decrease in average balance from 2021 to 2022 was primarily due to lower mortgage origination production. See “Loan Portfolio and Asset Quality” section below in this Item 2 for additional discussion of these early buyout options.

Loans, net of unearned income. Average total loans, net of unearned income, totaled \$34.8 billion in the first quarter of 2022, increasing \$2.4 billion, or 7%, from the first quarter of 2021 and increasing \$1.2 billion, or 14% on an annualized basis, from the fourth quarter of 2021. Average commercial loans, excluding PPP loans, totaled \$11.2 billion in the first quarter of 2022, and increased \$2.0 billion, or 22%, over the average balance in the first quarter of 2021 and \$759.0 million, or 29% on an annualized basis, over the average balance in the fourth quarter of 2021. Average commercial PPP loans totaled \$382.6 million in the first quarter of 2022, and decreased \$2.7 billion, or 88%, from the average balance in the first quarter of 2021 and decreased \$426.0 million from the average balance in the fourth quarter of 2021. The decrease in the first quarter of 2022 compared to the fourth quarter of 2021 and first quarter of 2021 is primarily the result of significant payoffs in the portfolio through the forgiveness process administered by the SBA. Average commercial real estate loans totaled \$9.1 billion in the first quarter of 2022, increasing \$636.5 million, or 7%, over the first quarter of 2021. Combined, the commercial and commercial real estate loan categories comprised 60% of the average loan portfolio in the first quarter of 2022 as compared to 60% in the fourth quarter of 2021 and 64% in the first quarter of 2021. Excluding the impact of PPP loans, growth realized in these aggregated categories for the first quarter of 2022 as compared to the sequential and prior year periods is primarily attributable to increased business development efforts.

Home equity loan portfolio averaged \$328.8 million in the first quarter of 2022, and decreased \$79.7 million, or 20% from the average balance of \$408.6 million in same period of 2021. The decrease in the home equity loan portfolio is primarily the result of borrowers preferring to finance through longer term, low rate mortgage loans. The Company has been actively managing its home equity portfolio to ensure that diligent pricing, appraisal and other underwriting activities continue to exist.

Residential real estate loans averaged \$1.7 billion in the first quarter of 2022, and increased \$358.0 million, or 28% from the average balance of \$1.3 billion in same period of 2021. Additionally, compared to the quarter ended December 31, 2021, the average balance increased \$89.5 million, or 23% on an annualized basis. The increase in average balance compared to both periods was partially due to the Company deciding to allocate more balances from its mortgage production for investment instead of for subsequent sale and servicing in the secondary market.

Average premium finance receivables totaled \$12.1 billion in the first quarter of 2022, and accounted for 35% of the Company’s average total loans. In the first quarter of 2022, average premium finance receivables increased \$2.1 billion, or 22%, from the same period of 2021. The increase during the first quarter of 2022 compared to the first quarter of 2021 was the result of continued originations within the portfolio due to hardening insurance market conditions driving a higher average size of new property and casualty insurance premium finance receivables as well as effective marketing and customer servicing. Approximately \$3.4 billion of premium finance receivables were originated in the first quarter of 2022 compared to \$2.8 billion during the same period of 2021. Premium finance receivables consist of a property and casualty portfolio and a life portfolio comprising approximately 40% and 60%, respectively, of the average total balance of premium finance receivables for the first quarter of 2022, and 40% and 60%, respectively, for the first quarter of 2021.

Other loans represent a wide variety of personal and consumer loans to individuals. Consumer loans generally have shorter terms and higher interest rates than mortgage loans but generally involve more credit risk due to the type and nature of the collateral.

Liquidity management assets. Funds that are not utilized for loan originations are used to purchase investment securities and short term money market investments, to sell as federal funds and to maintain in interest bearing deposits with banks. Average liquidity management assets accounted for 24% and 20% of total average earning assets in the first quarter of 2022 and 2021, respectively. Average liquidity management assets increased \$2.8 billion in the first quarter of 2022 compared to the same period of 2021. The balances of these assets can fluctuate based on management’s ongoing effort to manage liquidity and for asset liability management purposes. The Company will continue to prudently evaluate and utilize liquidity sources as needed, including the management of availability with the FHLB and FRB and utilization of the revolving credit facility with unaffiliated banks.

Other earning assets. Other earning assets include brokerage customer receivables and trading account securities. In the normal course of business, Wintrust Investments’ activities involve the execution, settlement, and financing of various securities transactions. Wintrust Investments customer securities activities are transacted on either a cash or margin basis. In margin transactions, Wintrust Investments, under an agreement with an out-sourced securities firm, extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in customers’ accounts. In connection with these activities, Wintrust Investments 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 Wintrust Investments 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, Wintrust Investments under the agreement with the outsourced securities firm, may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customers' obligations. Wintrust Investments 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. Wintrust Investments monitors required margin levels daily and, pursuant to such guidelines, requires customers to deposit additional collateral or to reduce positions when necessary.

LOAN PORTFOLIO AND ASSET QUALITY

Loan Portfolio

The following table shows the Company's loan portfolio by category as of the dates shown:

(Dollars in thousands)	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Commercial	\$ 11,583,963	33 %	\$ 11,904,068	34 %	\$ 12,708,207	38 %
Commercial real estate	9,235,074	26	8,990,286	26	8,544,779	26
Home equity	321,435	1	335,155	1	390,253	1
Residential real estate	1,799,985	5	1,637,099	5	1,421,973	4
Premium finance receivables—property and casualty	4,937,408	14	4,855,487	14	3,958,543	12
Premium finance receivables—life insurance	7,354,163	21	7,042,810	20	6,111,495	19
Consumer and other	48,519	0	24,199	0	35,983	0
Total loans, net of unearned income	\$ 35,280,547	100 %	\$ 34,789,104	100 %	\$ 33,171,233	100 %

Commercial and commercial real estate loans. Our commercial and commercial real estate loan portfolios are comprised primarily of lines of credit for working capital purposes and commercial real estate loans. The table below sets forth information regarding the types and amounts of our loans within these portfolios as of March 31, 2022 and 2021:

(Dollars in thousands)	As of March 31, 2022			As of March 31, 2021		
	Balance	% of Total Balance	Allowance For Credit Losses Allocation	Balance	% of Total Balance	Allowance For Credit Losses Allocation
Commercial:						
Commercial, industrial, and other, excluding commercial PPP	\$ 11,329,999	54.4 %	\$ 120,910	\$ 9,415,225	44.3 %	\$ 95,637
Commercial PPP	253,964	1.2	1	3,292,982	15.5	3
Total commercial	\$ 11,583,963	55.6 %	\$ 120,911	\$ 12,708,207	59.8 %	\$ 95,640
Commercial Real Estate:						
Construction and development	\$ 1,396,406	6.7 %	\$ 34,206	\$ 1,353,324	6.4 %	\$ 45,327
Non-construction	7,838,668	37.7	110,700	7,191,455	33.8	136,465
Total commercial real estate	\$ 9,235,074	44.4 %	\$ 144,906	\$ 8,544,779	40.2 %	\$ 181,792
Total commercial and commercial real estate	\$ 20,819,037	100.0 %	\$ 265,817	\$ 21,252,986	100.0 %	\$ 277,432
Commercial real estate - collateral location by state:						
Illinois	\$ 6,450,630	69.8 %		\$ 6,256,230	73.2 %	
Wisconsin	771,336	8.4		771,382	9.0	
Total primary markets	\$ 7,221,966	78.2 %		\$ 7,027,612	82.2 %	
Indiana	340,862	3.7		310,494	3.6	
Florida	183,824	2.0		130,759	1.5	
Arizona	103,735	1.1		73,892	0.9	
California	137,726	1.5		88,514	1.0	
Texas	164,144	1.8		85,228	1.0	
Other	1,082,817	11.7		828,280	9.8	
Total commercial real estate	\$ 9,235,074	100.0 %		\$ 8,544,779	100.0 %	

We make commercial loans for many purposes, including working capital lines, which are generally renewable annually and supported by business assets, personal guarantees and additional collateral. Such loans may vary in size based on customer need. In addition, the Company has participated in the PPP starting in 2020. Commercial business lending is generally considered to involve a slightly higher degree of risk than traditional consumer bank lending. Primarily as a result of growth in the Company's commercial loan portfolio, excluding PPP, our allowance for credit losses in our commercial loan portfolio increased to \$120.9 million as of March 31, 2022 compared to \$95.6 million as of March 31, 2021.

Our commercial real estate loans are generally secured by a first mortgage lien and assignment of rents on the property. Since most of our bank branches are located in the Chicago metropolitan area and southern Wisconsin, 78.2% of our commercial real estate loan portfolio is located in this region as of March 31, 2022. We have been able to effectively manage our total non-performing commercial real estate loans. As of March 31, 2022, our allowance for credit losses related to this portfolio was \$144.9 million compared to \$181.8 million as of March 31, 2021. The decrease in the allowance for credit losses in our commercial real estate portfolio is primarily due to the impact on the Company's loan loss modeling from improving macroeconomic conditions and expectations between the two reporting dates primarily related to the Commercial Real Estate Price Index.

The Company also participates in mortgage warehouse lending, which is included above within commercial, industrial and other, by providing interim funding to unaffiliated mortgage bankers to finance residential mortgages originated by such bankers for sale into the secondary market. The Company's loans to the mortgage bankers are secured by the business assets of the mortgage companies as well as the specific mortgage loans funded by the Company, after they have been pre-approved for purchase by third party end lenders. The Company may also provide interim financing for packages of mortgage loans on a bulk basis in circumstances where the mortgage bankers desire to competitively bid on a number of mortgages for sale as a package in the secondary market. Amounts advanced with respect to any particular mortgage loan are usually required to be repaid within 21 days.

Home equity loans. Our home equity loans and lines of credit are originated by each of our banks in their local markets where we have a strong understanding of the underlying real estate value. Our banks monitor and manage these loans, and we conduct an automated review of all home equity loans and lines of credit at least twice per year. This review collects current credit performance for each home equity borrower and identifies situations where the credit strength of the borrower is declining, or where there are events that may influence repayment, such as tax liens or judgments. Our banks use this information to manage loans that may be higher risk and to determine whether to obtain additional credit information or updated property valuations.

The rates we offer on new home equity lending are based on several factors, including appraisals and valuation due diligence, in order to reflect inherent risk, and we place additional scrutiny on larger home equity requests. In a limited number of cases, we issue home equity credit together with first mortgage financing, and requests for such financing are evaluated on a combined basis. It is not our practice to advance more than 85% of the appraised value of the underlying asset, which ratio we refer to as the loan-to-value ratio, or LTV ratio, and a majority of the credit we previously extended, when issued, had an LTV ratio of less than 80%. Our home equity loan portfolio has performed well in light of the ongoing volatility in the overall residential real estate market.

Residential real estate. Our residential real estate portfolio includes one- to four-family adjustable rate mortgages, construction loans to individuals and bridge financing loans for qualifying customers as well as certain long-term fixed rate loans. As of March 31, 2022, our residential loan portfolio totaled \$1.8 billion, or 5% of our total outstanding loans.

Our adjustable rate mortgages are often non-agency conforming. Adjustable rate mortgage loans decrease the interest rate risk we face on our mortgage portfolio. However, this risk is not eliminated due to the fact that such loans generally provide for periodic and lifetime limits on the interest rate adjustments among other features. Additionally, adjustable rate mortgages may pose a higher risk of delinquency and default because they require borrowers to make larger payments when interest rates rise. As of March 31, 2022, \$11.9 million of our residential real estate portfolio, including early buyout loans guaranteed by U.S. government agencies, or 0.7%, were classified as nonaccrual, \$29.0 million in loans were 90 or more days past due and still accruing, \$19.3 million were 30 to 89 days past due, or 1.1%, and \$1.7 billion were current, or 96.7%. We believe that since our loan portfolio consists primarily of locally originated loans, and since the majority of our borrowers are longer-term customers with lower LTV ratios, we face a relatively low risk of borrower default and delinquency.

Due to interest rate risk considerations, we generally sell in the secondary market loans originated with long-term fixed rates, for which we receive fee income. We may also selectively retain certain of these loans within our banks' own portfolios where they are non-agency conforming, or where the terms of the loans make them favorable to retain. A portion of the loans we sold into the secondary market were sold with the servicing of those loans retained. The amount of loans serviced for others as of

March 31, 2022 and 2021 was \$13.4 billion and \$11.5 billion, respectively. All other mortgage loans sold into the secondary market were sold without the retention of servicing rights.

The Government National Mortgage Association ("GNMA") optional repurchase programs allow financial institutions acting as servicers to buyout individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution was the original transferor of such loans. At the option of the servicer and without prior authorization from GNMA, the servicer may repurchase such delinquent loans for an amount equal to the remaining principal balance of the loan. Under FASB ASC Topic 860, "Transfers and Servicing," this early buyout option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. When the Company is deemed to have regained effective control over these loans under the unconditional repurchase option and the expected benefit of the potential repurchase is more than trivial, the loans can no longer be reported as sold and must be brought back onto the balance sheet as loans at fair value, regardless of whether the Company intends to exercise the early buyout option. These rebooked loans are reported as loans held-for-investment, part of the residential real estate portfolio, with the offsetting liability being reported in accrued interest payable and other liabilities. When the early buyout option on these rebooked GNMA loans is exercised, the repurchased loans continue to be carried at fair value. Additionally, such loans typically transfer to mortgage loans held-for-sale at the time of early buyout as the Company's intent is to cure and resell such loans subsequent to repurchase from GNMA. If such intent to cure and resell changes subsequent to early buyout, the Company reclassifies such loans as held-for-investment. Early buyout loans classified as held-for-investment totaled \$50.1 million at March 31, 2022 compared to \$51.8 million at March 31, 2021. Such loans consist of both the rebooked GNMA loans and the early buyout exercised loans classified as held-for-investment discussed above. Rebooked GNMA loans held-for-investment amounted to \$13.5 million at March 31, 2022, compared to \$45.5 million balance at March 31, 2021. The decrease in balance from March 31, 2021 to March 31, 2022 was the result of declining delinquencies between periods. As of March 31, 2022, early buyout exercised loans held-for-investment totaled \$36.6 million compared to \$6.3 million as of March 31, 2021. As of March 31, 2022, early buyout exercised mortgage loans held-for-sale totaled \$310.0 million compared to \$369.4 million as of March 31, 2021.

It is not our current practice to underwrite, and we have no plans to underwrite, subprime, Alt A, no or little documentation loans, or option ARM loans.

Premium finance receivables – property and casualty. FIRST Insurance Funding and FIFC Canada originated approximately \$3.0 billion in property and casualty insurance premium finance receivables in the first quarter of 2022 as compared to \$2.4 billion of originations in the first quarter of 2021. FIRST Insurance Funding and FIFC Canada make loans to businesses to finance the insurance premiums they pay on their property and casualty insurance policies. The loans are originated by working through independent medium and large insurance agents and brokers located throughout the United States and Canada. 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 through third party agents and brokers and because the borrowers are located nationwide and in Canada, this segment is more susceptible to third party fraud than relationship lending. The Company performs ongoing credit and other reviews of the agents and brokers, and performs various internal audit steps to mitigate against the risk of any fraud. 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.

Premium finance receivables—life insurance. Wintrust Life Finance originated approximately \$374.0 million in life insurance premium finance receivables in the first quarter of 2022 as compared to \$330.3 million of originations in the first quarter of 2021. The Company continues to experience a high level of competition and pricing pressure within the current market. These loans are originated directly with the borrowers with assistance from life insurance carriers, independent insurance agents, financial advisors and legal counsel. The life insurance policy is the primary form of collateral. In addition, these loans often are secured with a letter of credit, marketable securities or certificates of deposit. In some cases, Wintrust Life Finance may make a loan that has a partially unsecured position.

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

Maturities and Sensitivities of Loans to Changes in Interest Rates

The following table classifies the loan portfolio at March 31, 2022 by date at which the loans reprice or mature, and the type of rate exposure:

As of March 31, 2022 (In thousands)	One year or less	From one to five years	From five to fifteen years	After fifteen years	Total
Commercial					
Fixed rate	\$ 459,243	\$ 2,128,103	\$ 1,317,788	\$ 11,690	\$ 3,916,824
Fixed rate - PPP	14,053	239,911	—	—	253,964
Variable rate	7,410,135	2,985	55	—	7,413,175
Total commercial	\$ 7,883,431	\$ 2,370,999	\$ 1,317,843	\$ 11,690	\$ 11,583,963
Commercial real estate					
Fixed rate	445,996	2,464,523	528,599	38,784	3,477,902
Variable rate	5,740,276	16,896	—	—	5,757,172
Total commercial real estate	\$ 6,186,272	\$ 2,481,419	\$ 528,599	\$ 38,784	\$ 9,235,074
Home equity					
Fixed rate	13,341	3,596	7	40	16,984
Variable rate	304,451	—	—	—	304,451
Total home equity	\$ 317,792	\$ 3,596	\$ 7	\$ 40	\$ 321,435
Residential real estate					
Fixed rate	15,634	5,566	29,696	925,814	976,710
Variable rate	61,274	215,288	546,713	—	823,275
Total residential real estate	\$ 76,908	\$ 220,854	\$ 576,409	\$ 925,814	\$ 1,799,985
Premium finance receivables - property & casualty					
Fixed rate	4,794,729	142,679	—	—	4,937,408
Variable rate	—	—	—	—	—
Total premium finance receivables - property & casualty	\$ 4,794,729	\$ 142,679	\$ —	\$ —	\$ 4,937,408
Premium finance receivables - life insurance					
Fixed rate	8,668	486,604	21,756	—	517,028
Variable rate	6,837,135	—	—	—	6,837,135
Total premium finance receivables - life insurance	\$ 6,845,803	\$ 486,604	\$ 21,756	\$ —	\$ 7,354,163
Consumer and other					
Fixed rate	19,937	5,204	90	494	25,725
Variable rate	22,794	—	—	—	22,794
Total consumer and other	\$ 42,731	\$ 5,204	\$ 90	\$ 494	\$ 48,519
Total per category					
Fixed rate	5,757,548	5,236,275	1,897,936	976,822	13,868,581
Fixed rate - PPP	14,053	239,911	—	—	253,964
Variable rate	20,376,065	235,169	546,768	—	21,158,002
Total loans, net of unearned income	\$ 26,147,666	\$ 5,711,355	\$ 2,444,704	\$ 976,822	\$ 35,280,547
Variable Rate Loan Pricing by Index:					
Prime					\$ 3,399,089
One- month LIBOR					7,944,718
Three- month LIBOR					299,324
Twelve- month LIBOR					6,803,367
U.S. Treasury tenors					115,188
SOFR tenors					1,758,787
Ameribor tenors					221,689
One-month BSBY					7,360
Other					608,480
Total variable rate					\$ 21,158,002

LIBOR - London Interbank Offered Rate.

SOFR - Secured Overnight Financing Rate.

Ameribor - American Interbank Offered Rate.

BSBY - Bloomberg Short Term Bank Yield Index.

With its ongoing transition from LIBOR, the Company increased the portion of its loan portfolio with interest rate indices that are an alternative to LIBOR during that period, including emerging indices such as SOFR, Ameribor and BSBY. As shown above, at March 31, 2022, variable rate loans with loans priced at SOFR, Ameribor and one-month BSBY totaled \$1.8 billion, \$221.7 million and \$7.4 million, respectively. Additionally, the percentage of the Company's variable rate loans indexed to LIBOR decreased to 71% at March 31, 2022 compared to 86% at March 31, 2021. The Company continues its transition of its loan portfolio from LIBOR for both loans existing at March 31, 2022 and future new originations.

Past Due Loans and Non-Performing Assets

Our ability to manage credit risk depends in large part on our ability to properly identify and manage problem loans. To do so, the Company operates a credit risk rating system under which our credit management personnel assigns a credit risk rating to each loan at the time of origination and review loans on a regular basis to determine each loan's credit risk rating on a scale of 1 through 10 with higher scores indicating higher risk. The credit risk rating structure used is shown below:

1 Rating —	Minimal Risk (Loss Potential – none or extremely low) (Superior asset quality, excellent liquidity, minimal leverage)
2 Rating —	Modest Risk (Loss Potential demonstrably low) (Very good asset quality and liquidity, strong leverage capacity)
3 Rating —	Average Risk (Loss Potential low but no longer refutable) (Mostly satisfactory asset quality and liquidity, good leverage capacity)
4 Rating —	Above Average Risk (Loss Potential variable, but some potential for deterioration) (Acceptable asset quality, little excess liquidity, modest leverage capacity)
5 Rating —	Management Attention Risk (Loss Potential moderate if corrective action not taken) (Generally acceptable asset quality, somewhat strained liquidity, minimal leverage capacity)
6 Rating —	Special Mention (Loss Potential moderate if corrective action not taken) (Assets in this category are currently protected, potentially weak, but not to the point of substandard classification)
7 Rating —	Substandard Accrual (Loss Potential distinct possibility that the bank may sustain some loss, but no discernible impairment) (Must have well defined weaknesses that jeopardize the liquidation of the debt)
8 Rating —	Substandard Non-accrual (Loss Potential well documented probability of loss, including potential impairment) (Must have well defined weaknesses that jeopardize the liquidation of the debt)
9 Rating —	Doubtful (Loss Potential extremely high) (These assets have all the weaknesses in those classified "substandard" with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current existing facts, conditions, and values, highly improbable)
10 Rating —	Loss (fully charged-off) (Loans in this category are considered fully uncollectible.)

Each loan officer is responsible for monitoring his or her loan portfolio, recommending a credit risk rating for each loan in their portfolio and ensuring the credit risk ratings are appropriate. These credit risk ratings are then ratified by the bank's chief credit officer and/or concurrence credit officer. Credit risk ratings are determined by evaluating a number of factors including a borrower's financial strength, cash flow coverage, collateral protection and guarantees. The Company maintains an internal loan review function to independently review a portion of the loan portfolio to evaluate the appropriateness of management-assigned credit risk ratings. These ratings are subject to further review at each of our bank subsidiaries by the applicable regulatory authority, including the FRB of Chicago and the Office of the Comptroller of the Currency ("OCC"), and are also reviewed by our internal audit staff.

The Company's Problem Loan Reporting system includes all loans with credit risk ratings of 6 through 9. This system is designed to provide an on-going detailed tracking mechanism for each problem loan. Once management determines that a loan has deteriorated to a point where it has a credit risk rating of 6 or worse, the Company's Managed Asset Division performs an overall credit and collateral review. As part of this review, all underlying collateral is identified and the valuation methodology is analyzed and tracked. As a result of this initial review by the Company's Managed Asset Division, the credit risk rating is reviewed and a portion of the outstanding loan balance may be deemed uncollectible and, as a result, no longer share similar risk characteristics as its related pool. If that is the case, the individual loan is considered collateral dependent and individually assessed for an allowance for credit loss. The Company's individual assessment utilizes an independent re-appraisal of the collateral (unless such a third-party evaluation is not possible due to the unique nature of the collateral, such as a closely-held business or thinly traded securities). In the case of commercial real estate collateral, an independent third party appraisal is

ordered by the Company's Real Estate Services Group to determine if there has been any change in the underlying collateral value. These independent appraisals are reviewed by the Real Estate Services Group and sometimes by independent third party valuation experts and may be adjusted depending upon market conditions.

Through the credit risk rating process, loans are reviewed to determine if they are performing in accordance with the original contractual terms. If the borrower has failed to comply with the original contractual terms, further action may be required by the Company, including a downgrade in the credit risk rating, movement to non-accrual status or a charge-off. If the Company determines that a loan amount or portion thereof is uncollectible, the loan's credit risk rating is immediately downgraded to an 8 or 9 and the uncollectible amount is charged-off. Any loan that has a partial charge-off continues to be assigned a credit risk rating of an 8 or 9 for the duration of time that a balance remains outstanding. The Company undertakes a thorough and ongoing analysis to determine if additional impairment and/or charge-offs are appropriate and to begin a workout plan for the credit to minimize actual losses. In determining the appropriate charge-off for collateral-dependent loans, the Company considers the results of appraisals for the associated collateral.

The Company's approach to workout plans and restructuring loans is built on the credit-risk rating process. A modification of a loan with an existing credit risk rating of 6 or worse or a modification of any other credit, which will result in a restructured credit risk rating of 6 or worse must be reviewed for TDR classification. In that event, our Managed Assets Division conducts an overall credit and collateral review. A modification of a loan is considered to be a TDR if both (1) the borrower is experiencing financial difficulty and (2) for economic or legal reasons, the bank grants a concession to a borrower that it would not otherwise consider. The modification of a loan where the credit risk rating is 5 or better both before and after such modification is not considered to be a TDR. Based on the Company's credit risk rating system, it considers that borrowers whose credit risk rating is 5 or better are not experiencing financial difficulties and therefore, are not considered TDRs.

TDRs are individually assessed at the time of the modification and on a quarterly basis to measure an allowance for credit loss. The carrying amount of the loan is compared to the expected payments to be received, discounted at the loan's original rate, or for collateral dependent loans, to the fair value of the collateral. Any shortfall is recorded as a reserve.

For non-TDR loans, if based on current information and events, it is probable that the Company will be unable to collect all amounts due to it according to the contractual terms of the loan agreement, a loan is individually assessed for measuring the allowance for credit losses and if necessary, a reserve is established. In determining the appropriate reserve for collateral-dependent loans, the Company considers the results of appraisals for the associated collateral.

Non-performing Assets ⁽¹⁾

The following table sets forth the Company's non-performing assets and TDRs performing under the contractual terms of the loan agreement as of the dates shown.

	March 31, 2022	December 31, 2021	March 31, 2021
(Dollars in thousands)			
Loans past due greater than 90 days and still accruing ⁽¹⁾:			
Commercial	\$ —	\$ 15	\$ —
Commercial real estate	—	—	—
Home equity	—	—	—
Residential real estate	—	—	—
Premium finance receivables—property and casualty	12,363	7,210	4,592
Premium finance receivables—life insurance	—	7	191
Consumer and other	43	137	161
Total loans past due greater than 90 days and still accruing	12,406	7,369	4,944
Non-accrual loans:			
Commercial	16,878	20,399	22,459
Commercial real estate	12,301	21,746	34,380
Home equity	1,747	2,574	5,536
Residential real estate	7,262	16,440	21,553
Premium finance receivables—property and casualty	6,707	5,433	9,690
Premium finance receivables—life insurance	—	—	—
Consumer and other	4	477	497
Total non-accrual loans	44,899	67,069	94,115
Total non-performing loans:			
Commercial	16,878	20,414	22,459
Commercial real estate	12,301	21,746	34,380
Home equity	1,747	2,574	5,536
Residential real estate	7,262	16,440	21,553
Premium finance receivables—property and casualty	19,070	12,643	14,282
Premium finance receivables—life insurance	—	7	191
Consumer and other	47	614	658
Total non-performing loans	\$ 57,305	\$ 74,438	\$ 99,059
Other real estate owned	4,978	1,959	8,679
Other real estate owned—from acquisitions	1,225	2,312	7,134
Other repossessed assets	—	—	—
Total non-performing assets	63,508	78,709	114,872
Accruing TDRs not included within non-performing assets	\$ 35,922	\$ 37,486	\$ 46,151
Total non-performing loans by category as a percent of its own respective category's period-end balance:			
Commercial	0.15 %	0.17 %	0.18 %
Commercial real estate	0.13	0.24	0.40
Home equity	0.54	0.77	1.42
Residential real estate	0.40	1.00	1.52
Premium finance receivables—property and casualty	0.39	0.26	0.36
Premium finance receivables—life insurance	—	0.00	0.00
Consumer and other	0.10	2.54	1.83
Total non-performing loans	0.16 %	0.21 %	0.30 %
Total non-performing assets, as a percentage of total assets	0.13 %	0.16 %	0.25 %
Total non-accrual loans as a percentage of total loans	0.13 %	0.19 %	0.28 %
Allowance for credit losses as a percentage of nonaccrual loans	670.77 %	446.78 %	341.29 %

(1) Excludes early buy-out loans guaranteed by U.S. government agencies. Early buy-out loans are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

(2) As of March 31, 2022, and December 31, 2021, approximately \$320,000 of TDRs were past due greater than 90 days and still accruing interest. No TDRs were past due greater than 90 days and still accruing interest as of March 31, 2021.

At this time, management believes reserves are appropriate to absorb losses that are expected upon the ultimate resolution of these credits. While the ultimate effect of the COVID-19 pandemic on non-performing assets still remains unknown, significant increases may occur in subsequent periods. Management will continue to actively review and monitor its loan portfolios, in an effort to identify problem credits in a timely manner. Please refer to Management's Discussion and Analysis of Financial

Condition and Results of Operation - Overview section of this report for additional discussion of the impact of the COVID-19 pandemic.

Loan Portfolio Aging

The tables below show the aging of the Company's loan portfolio at March 31, 2022 and December 31, 2021:

As of March 31, 2022 (Dollars in thousands)		Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans					
Loan Balances:												
Commercial												
Commercial, industrial and other, excluding PPP loans	\$	16,878	\$	—	\$	1,294	\$	31,873	\$	11,279,954	\$	11,329,999
Commercial PPP loans		—		—		16		253,948		253,964		
Commercial real estate												
Construction and development		1,054		—		1,409		1,393,943		1,396,406		
Non-construction		11,247		—		2,648		28,732		7,796,041		7,838,668
Home equity		1,747		—		199		545		318,944		321,435
Residential real estate, excluding early buy-out loans		7,262		—		293		18,808		1,723,526		1,749,889
Premium finance receivables												
Property and casualty insurance loans		6,707		12,363		8,890		21,278		4,888,170		4,937,408
Life insurance loans		—		—		22,401		15,522		7,316,240		7,354,163
Consumer and other		4		43		5		221		48,246		48,519
Total loans, net of unearned income, excluding early buy-out loans	\$	44,899	\$	12,406	\$	35,730	\$	118,404	\$	35,019,012	\$	35,230,451
Early buy-out loans guaranteed by U.S. government agencies ⁽¹⁾		4,661		28,958		—		185		16,292		50,096
Total loans, net of unearned income	\$	49,560	\$	41,364	\$	35,730	\$	118,589	\$	35,035,304	\$	35,280,547

As of December 31, 2021 (Dollars in thousands)		Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans					
Loan Balances:												
Commercial												
Commercial, industrial and other, excluding PPP loans	\$	20,399	\$	—	\$	23,492	\$	42,933	\$	11,258,961	\$	11,345,785
Commercial PPP loans		—		15		770		928		556,570		558,283
Commercial real estate												
Construction and development		1,377		—		2,809		1,352,018		1,356,204		
Non-construction		20,369		—		284		37,634		7,575,795		7,634,082
Home equity		2,574		—		—		1,120		331,461		335,155
Residential real estate, excluding early buy-out loans		16,440		—		982		12,145		1,576,704		1,606,271
Premium finance receivables												
Property and casualty insurance loans		5,433		7,210		15,490		22,419		4,804,935		4,855,487
Life insurance loans		—		7		12,614		66,651		6,963,538		7,042,810
Consumer and other		477		137		34		509		23,042		24,199
Total loans, net of unearned income, excluding early buy-out loans	\$	67,069	\$	7,369	\$	53,666	\$	187,148	\$	34,443,024	\$	34,758,276
Early buy-out loans guaranteed by U.S. government agencies ⁽¹⁾		—		—		—		275		30,553		30,828
Total loans, net of unearned income	\$	67,069	\$	7,369	\$	53,666	\$	187,423	\$	34,473,577	\$	34,789,104

(1) Early buy-out loans are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs, subject to indemnifications and insurance limits for certain loans.

As of March 31, 2022, \$35.7 million of all loans, or 0.1% were 60 to 89 days (or two payments) past due and \$118.6 million of all loans or 0.3% were 30 to 59 days (or one payment) past due. As of December 31, 2021, \$53.7 million of all loans or 0.2%, were 60 to 89 days (or two payments) past due and \$187.4 million, or 0.5%, were 30 to 59 days (or one payment) past due. Many of the commercial and commercial real estate loans shown as 60 to 89 days and 30 to 59 days past due are included on the Company's internal problem loan reporting system. Loans on this system are closely monitored by management on a monthly basis.

The Company's home equity and residential loan portfolios continue to exhibit low delinquency ratios. Home equity loans at March 31, 2022 that were current with regard to the contractual terms of the loan agreement represent 99.2% of the total home equity portfolio. Residential real estate loans, excluding early buy-out loans guaranteed by U.S. government agencies, at March 31, 2022 that were current with regards to the contractual terms of the loan agreements comprise 98.5% of total residential real estate loans outstanding.

Non-performing Loans Rollforward, excluding early buy-out loans guaranteed by U.S. government agencies

The table below presents a summary of non-performing loans for the periods presented:

	Three Months Ended	
	March 31, 2022	March 31, 2021
(In thousands)		
Balance at beginning of period	\$ 74,438	\$ 127,513
Additions from becoming non-performing in the respective period	4,141	9,894
Return to performing status	(729)	(654)
Payments received	(20,139)	(22,731)
Transfer to OREO and other repossessed assets	(4,377)	(1,372)
Charge-offs	(2,354)	(2,952)
Net change for niche loans ⁽¹⁾	6,325	(10,639)
Balance at end of period	\$ 57,305	\$ 99,059

(1) This includes activity for premium finance receivables and indirect consumer loans.

Allowance for Credit Losses

The allowance for credit losses, specifically the allowance for loans losses and the allowance for unfunded commitment losses, represents management's estimate of lifetime expected credit losses in the loan portfolio. The allowance for credit losses is determined quarterly using a methodology that incorporates important risk characteristics of each loan, as described below under "How We Determine the Allowance for Credit Losses" in this Item 2.

Management determined that the allowance for credit losses was appropriate at March 31, 2022, and that the loan portfolio is well diversified and well secured, without undue concentration in any specific risk area. While this process involves a high degree of management judgment, the allowance for credit losses is based on a comprehensive, well documented, and consistently applied analysis of the Company's loan portfolio. This analysis takes into consideration all available information existing as of the financial statement date, including environmental factors such as economic, industry, geographical and political factors, when considered applicable. The relative level of allowance for credit losses is reviewed and compared to industry peers. This review encompasses levels of total non-performing loans, portfolio mix, portfolio concentrations and overall levels of net charge-off. Historical trending of both the Company's results and the industry peers is also reviewed to analyze comparative significance.

Allowance for Credit Losses

The following table summarizes the activity in our allowance for credit losses, specifically related to loans and unfunded lending-related commitments, during the periods indicated.

(Dollars in thousands)	Three Months Ended	
	March 31, 2022	March 31, 2021
Allowance for credit losses at beginning of period	\$ 299,653	\$ 379,910
Provision for credit losses	4,025	(45,386)
Other adjustments	22	30
Charge-offs:		
Commercial	1,414	11,781
Commercial real estate	777	980
Home equity	197	—
Residential real estate	466	2
Premium finance receivables	1,678	3,239
Consumer and other	193	114
Total charge-offs	4,725	16,116
Recoveries:		
Commercial	538	452
Commercial real estate	32	200
Home equity	93	101
Residential real estate	5	204
Premium finance receivables	1,476	1,782
Consumer and other	49	32
Total recoveries	2,193	2,771
Net charge-offs	(2,532)	(13,345)
Allowance for credit losses at period end	\$ 301,168	\$ 321,209
Annualized net charge-offs by category as a percentage of its own respective category's average:		
Commercial	0.03 %	0.37 %
Commercial real estate	0.03	0.04
Home equity	0.13	(0.10)
Residential real estate	0.11	(0.06)
Premium finance receivables	0.01	0.06
Consumer and other	1.19	0.57
Total loans, net of unearned income	0.03 %	0.17 %
Loans at period-end	\$ 35,280,547	\$ 33,171,233
Allowance for loan losses as a percentage of loans at period end	0.71 %	0.84 %
Allowance for loan and unfunded loan-related commitment losses as a percentage of loans at period end	0.85	0.97
Allowance for loan and unfunded loan-related commitment losses as a percentage of loans at period end, excluding PPP loans	0.86	1.08

The allowance for credit losses, as related to loans and lending-related commitments, is comprised of an allowance for loan losses, which is determined with respect to loans that we have originated, and an allowance for unfunded commitment losses. A separate allowance for held-to-maturity securities losses is measured related to such debt securities portfolio. Our allowance for unfunded commitment losses is determined with respect to funds that we have committed to lend but for which funds have not yet been disbursed and is computed using a methodology similar to that used to determine the allowance for loan losses. The allowance for unfunded lending-related commitments totaled \$50.6 million and \$43.5 million as of March 31, 2022 and March 31, 2021, respectively.

Additions to the allowance for credit losses are charged to earnings through the provision for credit losses. Charge-offs represent the amount of loans that have been determined to be uncollectible during a given period, and are deducted from the allowance for credit losses, and recoveries represent the amount of collections received from loans that had previously been charged off, and are credited to the allowance for credit losses. See Note 7 of the Consolidated Financial Statements presented

under Item 1 of this report for further discussion of activity within the allowance for credit losses during the period and the relationship with respective loan balances for each loan category and the total loan portfolio.

How We Determine the Allowance for Credit Losses

The allowance for credit losses is measured on a collective or pooled basis by loans that share similar risk characteristics. If the loan no longer exhibits risk characteristics similar to that of a pool, typically due to credit deterioration of the related borrower, the Company analyzes the loan for purposes of individually assessing a specific allowance for credit loss as part of the Problem Loan Reporting system review. A separate reserve is collectively measured for loans continuing to share risk characteristics and, as a result, remaining in the pools. See Note 7 of the Consolidated Financial Statements presented under Item 1 of this report for further discussion of the allowance for credit losses measurement process.

Collective Measurement

The allowance for credit losses is measured on a collective or pooled basis when similar risk characteristics exist, based upon the segmentation discussed above. The Company utilizes modeling methodologies that estimate lifetime credit loss rates on each pool, including methodologies estimating the probability of default and loss given default on specific segments. Historical credit loss history is adjusted for reasonable and supportable forecasts developed by the Company on a quantitative or qualitative basis and incorporates third party economic forecasts. Reasonable and supportable forecasts consider the macroeconomic factors that are most relevant to evaluating and predicting expected credit losses in the Company's financial assets. Currently, the Company utilizes an eight quarter forecast period using a single macroeconomic scenario provided by a third party and reviewed within the Company's governance structure. For periods beyond the ability to develop reasonable and supportable forecasts, the Company reverts to historical loss rates at an input level, straight-line over a four quarter reversion period. Expected credit losses are measured over the contractual term of the financial asset with consideration of expected prepayments. Expected extensions, renewals or modifications of the financial asset are only considered when either 1) the expected extension, renewal or modification is contained within the existing agreement and is not unconditionally cancelable, or 2) the expected extension, renewal or modification is reasonably expected to result in a TDR. The methodologies discussed above are applied to both current asset balances on the Company's Consolidated Statements of Condition and off-balance sheet commitments (i.e. unfunded lending-related commitments).

Individual Assessment

Loans with a credit risk rating of a 6 through 9 are reviewed on a monthly basis to determine if (a) an amount is deemed uncollectible (a charge-off) or (b) it is probable that the Company will be unable to collect amounts due in accordance with the original contractual terms of the loan. In cases in which collectability is not probable, the loan is considered to no longer exhibit shared risk characteristics of a pool and as a result, is individually assessed for allowance for credit losses measurement purposes. If a loan is individually assessed, the carrying amount of the loan is compared to the expected payments to be received, discounted at the loan's original rate, or for foreclosure-probable and collateral dependent loans, to the fair value of the collateral less the estimated cost to sell, when appropriate under accounting rules. Any shortfall is recorded as a specific reserve within the allowance for credit losses.

Home Equity, Residential Real Estate and Consumer Loans

The determination of the appropriate allowance for credit losses for home equity, residential real estate and consumer loans differs from the process used for commercial and commercial real estate loans. These portfolios utilize the weighted-average remaining maturity ("WARM") methodology. The WARM methodology is an assumption-based approach that utilizes historical loss and prepayment information as the basis to estimate prepayment and credit adjusted contractual cash flows. The Company considers a qualitative factor to adjust historical information for current conditions and reasonable and supportable forecasts. The same credit risk rating system and Problem Loan Reporting systems are used. The only significant difference is in how the credit risk ratings are assigned to these loans.

The home equity loan portfolio is reviewed on a loan by loan basis by analyzing current FICO scores of the borrowers, line availability, recent line usage, an approaching maturity and the aging status of the loan. Certain of these factors, or combination of these factors, may cause a portion of the credit risk ratings of home equity loans across all banks to be downgraded. Similar to commercial and commercial real estate loans, once a home equity loan's credit risk rating is downgraded to a 6 through 9, the Company's Managed Asset Division reviews and advises the subsidiary banks as to collateral valuations and as to the ultimate resolution of the credits that deteriorate to a non-accrual status to minimize losses.

Residential real estate loans that are downgraded to a credit risk rating of 6 through 9 also enter the problem loan reporting system and have the underlying collateral evaluated by the Managed Assets Division.

Premium Finance Receivables

The determination of the appropriate allowance for credit losses for premium finance receivables is an assumption-based approach focusing on historical loss rates in the portfolio, adjusted qualitatively for current macroeconomic conditions and reasonable and supportable forecasts.

Methodology in Assessing Impairment and Charge-off Amounts

In determining the amount of reserves or charge-offs associated with collateral dependent loans, the Company values the loan generally by starting with a valuation obtained from an appraisal of the underlying collateral and then deducting estimated selling costs, if appropriate, to arrive at a net appraised value. We obtain the appraisals of the underlying collateral typically on an annual basis from one of a pre-approved list of independent, third party appraisal firms. Types of appraisal valuations include “as-is,” “as-complete,” “as-stabilized,” bulk, fair market, liquidation and “retail sellout” values.

In many cases, the Company simultaneously values the underlying collateral by marketing the property to market participants interested in purchasing properties of the same type. If the Company receives offers or indications of interest, we will analyze the price and review market conditions to assess whether in light of such information the appraised value overstates the likely price and that a lower price would be a better assessment of the market value of the property and would enable us to liquidate the collateral. Additionally, the Company takes into account the strength of any guarantees or other credit enhancements, and the ability of the borrower to provide value related to those guarantees in determining the ultimate charge-off or reserve associated with any individually assessed loans. Accordingly, the Company may charge-off a loan to a value below the net appraised value if it believes that an expeditious liquidation is desirable in the circumstance and it has legitimate offers or other indications of interest to support a value that is less than the net appraised value. Alternatively, the Company may carry a loan at a value that is in excess of the appraised value if the Company has a guarantee from a borrower or other credit enhancements that the Company believes has realizable value. In evaluating the strength of any guarantee, the Company evaluates the financial wherewithal of the guarantor, the guarantor’s reputation, and the guarantor’s willingness and desire to work with the Company. The Company then conducts a review of the strength of a guarantee on a frequency established as the circumstances and conditions of the borrower warrant.

In circumstances where the Company has received an appraisal but has no third party offers or indications of interest, the Company may enlist the input of realtors in the local market as to the highest valuation that the realtor believes would result in a liquidation of the property given a reasonable marketing period of approximately 90 days. To the extent that the realtors’ indication of market clearing price under such scenario is less than the net appraised valuation, the Company may take a charge-off on the loan to a valuation that is less than the net appraised valuation.

The Company may also charge-off a loan below the net appraised valuation if the Company holds a junior mortgage position in a piece of collateral whereby the risk to acquiring control of the property through the purchase of the senior mortgage position is deemed to potentially increase the risk of loss upon liquidation due to the amount of time to ultimately market the property and the volatile market conditions. In such cases, the Company may abandon its junior mortgage and charge-off the loan balance in full.

In other cases, the Company may allow the borrower to conduct a “short sale,” which is a sale where the Company allows the borrower to sell the property at a value less than the amount of the loan. Many times, it is possible for the current owner to receive a better price than if the property is marketed by a financial institution which the market place perceives to have a greater desire to liquidate the property at a lower price. To the extent that we allow a short sale at a price below the value indicated by an appraisal, we may take a charge-off beyond the value that an appraisal would have indicated.

Other market conditions may require a reserve to bring the carrying value of the loan below the net appraised valuation such as litigation surrounding the borrower and/or property securing our loan or other market conditions impacting the value of the collateral.

Having determined the net value based on the factors such as those noted above and compared that value to the book value of the loan, the Company arrives at a charge-off amount or a specific reserve included in the allowance for credit losses. In summary, for collateral dependent loans, appraisals are used as the fair value starting point in the estimate of net value. Estimated costs to sell are deducted from the appraised value, when appropriate under current accounting rules, to arrive at the net appraised value. Although an external appraisal is the primary source of valuation utilized for charge-offs on collateral

dependent loans, alternative sources of valuation may become available between appraisal dates. As a result, we may utilize values obtained through these alternative sources, which include purchase and sale agreements, legitimate indications of interest, negotiated short sales, realtor price opinions, sale of the note or support from guarantors, as the basis for charge-offs. These alternative sources of value are used only if deemed to be more representative of value based on updated information regarding collateral resolution. In addition, if an appraisal is not deemed current, a discount to appraised value may be utilized. Any adjustments from appraised value to net value are detailed and justified in an impairment analysis, which is reviewed and approved by the Company's Managed Assets Division.

TDRs

At March 31, 2022, the Company had \$44.9 million in loans modified in TDRs. The \$44.9 million in TDRs represents 227 credits in which economic concessions were granted to certain borrowers to better align the terms of their loans with their current ability to pay. The balance decreased from \$49.3 million representing 247 credits at December 31, 2021 and decreased from \$56.6 million representing 273 credits at March 31, 2021.

Concessions were granted on a case-by-case basis working with these borrowers to find modified terms that would assist them in retaining their businesses or their homes and attempt to keep these loans in an accruing status for the Company. Typical concessions include reduction of the interest rate on the loan to a rate considered lower than market and other modification of terms including forgiveness of a portion of the loan balance, extension of the maturity date, and/or modifications from principal and interest payments to interest-only payments for a certain period. See Note 7 of the Consolidated Financial Statements in Item 1 of this report for further discussion regarding the effectiveness of these modifications in keeping the modified loans current based upon contractual terms.

Subsequent to its restructuring, any TDR that becomes nonaccrual or more than 90 days past-due and still accruing interest will be included in the Company's non-performing loans. Each TDR was individually assessed when measuring the allowance for credit losses at March 31, 2022 and approximately \$2.6 million was appropriately reserved for through the Company's normal reserving methodology in the Company's allowance for credit losses. Additionally, at March 31, 2022, the Company was committed to lend an additional \$16,000 of funds to borrowers under the contractual terms of TDRs.

The table below presents a summary of TDRs for the respective periods, presented by loan category and accrual status:

<i>(In thousands)</i>	March 31, 2022	December 31, 2021	March 31, 2021
Accruing TDRs:			
Commercial	\$ 2,773	\$ 4,131	\$ 7,536
Commercial real estate	10,068	8,421	9,478
Residential real estate and other	23,081	24,934	29,137
Total accruing TDRs	<u>\$ 35,922</u>	<u>\$ 37,486</u>	<u>\$ 46,151</u>
Non-accrual TDRs: ⁽¹⁾			
Commercial	\$ 4,935	\$ 6,746	\$ 5,583
Commercial real estate	2,050	2,050	1,309
Residential real estate and other	1,964	3,027	3,540
Total non-accrual TDRs	<u>\$ 8,949</u>	<u>\$ 11,823</u>	<u>\$ 10,432</u>
Total TDRs:			
Commercial	\$ 7,708	\$ 10,877	\$ 13,119
Commercial real estate	12,118	10,471	10,787
Residential real estate and other	25,045	27,961	32,677
Total TDRs	<u>\$ 44,871</u>	<u>\$ 49,309</u>	<u>\$ 56,583</u>

(1) Included in total non-performing loans.

TDR Rollforward

The tables below present a summary of TDRs as of March 31, 2022 and March 31, 2021, and show the change in the balance during those periods:

Three months ended March 31, 2022 (In thousands)	Commercial	Commercial Real Estate	Residential Real Estate and Other	Total
Balance at beginning of period	\$ 10,877	\$ 10,471	\$ 27,961	\$ 49,309
Additions during the period	282	1,907	908	3,097
Reductions:				
Charge-offs	(10)	(3)	(217)	(230)
Transferred to OREO and other repossessed assets	—	—	—	—
Removal of TDR loan status ⁽¹⁾	(1,120)	—	(287)	(1,407)
Payments received	(2,321)	(257)	(3,320)	(5,898)
Balance at period end	\$ 7,708	\$ 12,118	\$ 25,045	\$ 44,871

Three months ended March 31, 2021 (In thousands)	Commercial	Commercial Real Estate	Residential Real Estate and Other	Total
Balance at beginning of period	\$ 18,190	\$ 16,726	\$ 33,276	\$ 68,192
Additions during the period	151	237	1,738	2,126
Reductions:				
Charge-offs	(1,409)	—	—	(1,409)
Transferred to OREO and other repossessed assets	(99)	—	(459)	(558)
Removal of TDR loan status ⁽¹⁾	—	(800)	(424)	(1,224)
Payments received	(3,714)	(5,376)	(1,454)	(10,544)
Balance at period end	\$ 13,119	\$ 10,787	\$ 32,677	\$ 56,583

(1) Loan was previously classified as a TDR and subsequently performed in compliance with the loan's modified terms for a period of six months (including over a calendar year-end) at a modified interest rate which represented a market rate at the time of restructuring. Per our TDR policy, the TDR classification is removed.

Other Real Estate Owned

In certain circumstances, the Company is required to take action against the real estate collateral of specific loans. The Company uses foreclosure only as a last resort for dealing with borrowers experiencing financial hardships. The Company employs extensive contact and restructuring procedures to attempt to find other solutions for our borrowers. The tables below present a summary of other real estate owned and shows the activity for the respective periods and the balance for each property type:

(In thousands)	Three Months Ended	
	March 31, 2022	March 31, 2021
Balance at beginning of period	\$ 4,271	\$ 16,558
Disposal/resolved	(2,497)	(2,162)
Transfers in at fair value, less costs to sell	4,429	1,587
Fair value adjustments	—	(170)
Balance at end of period	\$ 6,203	\$ 15,813

(In thousands)	Period End		
	March 31, 2022	December 31, 2021	March 31, 2021
Residential real estate	\$ 1,127	\$ 1,310	\$ 2,713
Residential real estate development	—	—	1,287
Commercial real estate	5,076	2,961	11,813
Total	\$ 6,203	\$ 4,271	\$ 15,813

Deposits

Total deposits at March 31, 2022 were \$42.2 billion, an increase of \$4.3 billion, or 11%, compared to total deposits at March 31, 2021. See Note 10 to the Consolidated Financial Statements in Item 1 of this report for a summary of period end deposit balances.

The following table sets forth, by category, the maturity of time certificates of deposit as of March 31, 2022:

Time Certificates of Deposit Maturity/Re-pricing Analysis As of March 31, 2022

(Dollars in thousands)	Total Time Certificates of Deposits	Weighted-Average Rate of Maturing Time Certificates of Deposit ⁽¹⁾
1-3 months	\$ 777,783	0.35 %
4-6 months	730,262	0.38
7-9 months	686,898	0.39
10-12 months	564,328	0.40
13-18 months	521,500	0.38
19-24 months	297,563	0.48
24+ months	157,661	0.53
Total	\$ 3,735,995	0.39 %

(1) Weighted-average rate excludes the impact of purchase accounting fair value adjustments.

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					
	March 31, 2022		December 31, 2021		March 31, 2021	
	Balance	Percent	Balance	Percent	Balance	Percent
Non-interest-bearing	\$ 13,734,064	34 %	\$ 13,640,270	33 %	\$ 11,811,194	32 %
NOW and interest-bearing demand deposits	4,287,228	10	3,962,739	10	3,493,451	9
Wealth management deposits	4,427,301	11	4,514,319	11	4,156,398	11
Money market	11,353,348	27	11,274,230	27	9,335,920	25
Savings	3,904,299	9	3,766,037	9	3,587,566	10
Time certificates of deposit	3,861,371	9	4,058,282	10	4,875,392	13
Total average deposits	\$ 41,567,611	100 %	\$ 41,215,877	100 %	\$ 37,259,921	100 %

Total average deposits for the first quarter of 2022 were \$41.6 billion, an increase of \$4.3 billion, or 12%, from the first quarter of 2021. The increase in average deposits is primarily attributable to organic growth of retail deposits.

Wealth management deposits are funds from the brokerage customers of Wintrust Investments, CDEC, trust and asset management customers of the Company and brokerage customers from unaffiliated companies which have been placed into deposit accounts of the banks ("wealth management deposits" in the table above). Wealth Management deposits consist primarily of money market accounts. Consistent with reasonable interest rate risk parameters, these funds have generally been invested in loan production of the banks as well as other investments suitable for banks.

Brokered Deposits

While the Company obtains a portion of its total deposits through brokered deposits, the Company does so primarily as an asset-liability management tool to assist in the management of interest rate risk, and the Company does not consider brokered deposits to be a vital component of its current liquidity resources. Historically, brokered deposits have represented a small component of the Company's total deposits outstanding, as set forth in the table below:

(Dollars in thousands)	March 31,		December 31,		
	2022	2021	2021	2020	2019
Total deposits	\$ 42,219,322	\$ 37,872,652	\$ 42,095,585	\$ 37,092,651	\$ 30,107,138
Brokered deposits	2,541,159	2,142,257	1,591,083	1,843,227	1,011,404
Brokered deposits as a percentage of total deposits	6.0 %	5.7 %	3.8 %	5.0 %	3.4 %

Brokered deposits include certificates of deposit obtained through deposit brokers, deposits received through the Certificate of Deposit Account Registry Program ("CDARs"), and wealth management deposits of brokerage customers from unaffiliated companies which have been placed into deposit accounts of the 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, in addition to deposits and the issuance of equity securities and the retention of earnings, the Company uses several other funding sources to support its growth. These sources include short-term borrowings, notes payable, FHLB advances, subordinated debt, secured borrowings and junior subordinated debentures. The Company evaluates the terms and unique characteristics of each source, as well as its asset-liability management position, in determining the use of such funding sources.

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

(In thousands)	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
FHLB advances	\$ 1,241,071	\$ 1,241,073	\$ 1,228,433
Other borrowings:			
Notes payable	80,261	85,612	101,653
Short-term borrowings	13,456	15,675	11,796
Secured borrowings	337,590	337,192	339,923
Other	62,960	63,454	64,816
Total other borrowings	\$ 494,267	\$ 501,933	\$ 518,188
Subordinated notes	436,966	436,861	436,532
Junior subordinated debentures	253,566	253,566	253,566
Total other funding sources	\$ 2,425,870	\$ 2,433,433	\$ 2,436,719

FHLB advances provide the banks with access to fixed-rate funds that are useful in mitigating interest rate risk and achieving an acceptable interest rate spread on fixed-rate loans or securities. Additionally, the banks have the ability to borrow shorter-term, overnight funding from the FHLB for other general purposes. FHLB advances to the banks totaled \$1.2 billion at each of March 31, 2022, December 31, 2021 and March 31, 2021.

Notes payable balances represent the balances on a loan agreement ("Credit Agreement") with unaffiliated banks consisting of a \$100.0 million revolving credit facility ("Revolving Credit Facility") and a \$150.0 million term facility ("Term Facility"). Both the Revolving Credit Facility and the Term Facility are available for corporate purposes such as to provide capital to fund continued growth at existing bank subsidiaries, possible future acquisitions and for other general corporate matters. In December of 2021, the Revolving Credit Facility was amended to increase the commitment amount by \$50.0 million for a total commitment of \$100.0 million. At March 31, 2022 and 2021, the Company had a balance under the Term Facility of \$75.0 million and \$96.4 million, respectively. The Company was contractually required to borrow the entire amount of the Term

Facility on September 18, 2018 and all such borrowings must be repaid by September 18, 2023. At March 31, 2022, the Company had no outstanding balance under the Revolving Credit Facility.

Short-term borrowings include securities sold under repurchase agreements of customer sweep accounts in connection with master repurchase agreements at the banks. These borrowings totaled \$15.9 million at March 31, 2022 compared to \$9.2 million at December 31, 2021 and \$12.4 million at March 31, 2021. This funding category typically fluctuates based on customer preferences and daily liquidity needs of the banks, their customers and the banks' operating subsidiaries.

The balance of secured borrowings primarily represents a third party Canadian transaction ("Canadian Secured Borrowing"). Under the Canadian Secured Borrowing, the Company, through its subsidiary, FIFC Canada, sells an undivided co-ownership interest in all receivables owed to FIFC Canada to an unrelated third party in exchange for cash payments pursuant to a receivables purchase agreement ("Receivables Purchase Agreement").

Other borrowings at March 31, 2022 include a fixed-rate promissory note issued by the Company in June 2017 and amended in March 2020 and in October 2021 ("Fixed-Rate Promissory Note") related to and secured by three office buildings owned by the Company. At March 31, 2022, the Fixed-Rate Promissory Note had a balance of \$62.8 million compared to \$63.3 million at December 31, 2021 and \$64.7 million at March 31, 2021. An amendment to the Fixed-Rate Promissory Note was executed on and became effective as of March 31, 2020. The amendment increased the principal amount to \$66.4 million, reduced the interest rate to 3.00% and extended the maturity date to March 31, 2025. Another amendment to the Fixed-Rate Promissory Note was executed and effective as of October 6, 2021. The amendment reduced the interest rate from 3.00% to 1.70%. Under the Fixed-Rate Promissory Note, during the three months ended March 31, 2022, the Company made monthly principal payments and paid interest at a fixed rate of 1.70%.

At March 31, 2022, the Company had outstanding subordinated notes totaling \$437.0 million compared to \$436.9 million and \$436.6 million outstanding at December 31, 2021 and March 31, 2021, respectively. During the second quarter of 2019, the Company issued \$300.0 million of subordinated notes, receiving \$296.7 million in net proceeds. The notes have a stated interest rate of 4.85% and mature in June 2029. During 2014, the Company issued \$140.0 million of subordinated notes receiving \$139.1 million in net proceeds. These notes have a stated interest rate of 5.00% and mature in June 2024. Subordinated notes are stated at par adjusted for unamortized costs paid related to the different issuances of such debt.

The Company had \$253.6 million of junior subordinated debentures outstanding as of March 31, 2022, December 31, 2021 and March 31, 2021. The amounts reflected on the balance sheet represent the junior subordinated debentures issued to eleven trusts by the Company and equal the amount of the preferred and common securities issued by the trusts. At March 31, 2022, the Company included \$245.5 million of the junior subordinated debentures, net of common securities, in Tier 2 regulatory capital.

In response to the COVID-19 pandemic, the Company will continue to manage funding sources discussed above, including the utilization of availability with the FHLB and FRB and the Revolving Credit Facility with unaffiliated banks, to access needed liquidity in a timely manner. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operation - Overview and - Liquidity sections of this report for additional discussion of the impact of the COVID-19 pandemic.

See Notes 11 and 12 of the Consolidated Financial Statements presented under Item 1 of this report for details of period end balances and other information for these various funding sources.

Shareholders' Equity

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

	March 31, 2022	December 31, 2021	March 31, 2021
Tier 1 leverage ratio	8.1 %	8.0 %	8.2 %
<u>Risk-based capital ratios:</u>			
Tier 1 capital ratio	9.6	9.6	10.2
Common equity tier 1 capital ratio	8.6	8.6	9.0
Total capital ratio	11.6	11.6	12.6
<u>Other ratio:</u>			
Total average equity-to-total average assets ⁽¹⁾	9.1	9.0	9.3

(1) Based on quarterly average balances.

	Minimum Capital Requirements	Minimum Ratio + Capital Conservation Buffer ⁽¹⁾	Minimum Well Capitalized ⁽²⁾
Leverage ratio	4.0 %	NA	N/A
Tier 1 capital to risk-weighted assets	6.0	8.5	6.0
Common equity Tier 1 capital to risk-weighted assets	4.5	7.0	N/A
Total capital to risk-weighted assets	8.0	10.5	10.0

(1) Reflects the Capital Conservation Buffer of 2.5%.

(2) Reflects the well-capitalized standard applicable to the Company for purposes of the Federal Reserve's Regulation Y. The Federal Reserve has not yet revised the well-capitalized standard for bank holding companies ("BHCs") to reflect the higher capital requirements imposed under the U.S. Basel III Rule or to add Common Equity Tier 1 capital ratio and Tier 1 leverage ratio requirements to this standard. As a result, the Common Equity Tier 1 capital ratio and Tier 1 leverage ratio are denoted as "N/A" in this column. If the Federal Reserve were to apply the same or a very similar well-capitalized standard to BHCs as the standard applicable to our subsidiary banks, we believe the Company's capital ratios as of March 31, 2022 would exceed such revised well-capitalized standard.

In February 2019, the OCC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation ("FDIC") issued a final rule to address the changes to the measurement of the allowance for credit losses, including banking organizations' implementation of CECL. The final rule provides banking organizations the option to phase in over a three-year period the adverse effects on regulatory capital that may result from the adoption of the new accounting standard as of its date of adoption, or January 1, 2020. In March 2020, the OCC, the Board of Governors of the Federal Reserve System, and the FDIC published an interim final rule to delay the estimated impact on regulatory capital stemming from the implementation of CECL. The interim final rule maintains the three-year transition option in the previous rule and provides banks the option to delay for two years an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period (five-year transition option). The Company adopted the capital transition relief over the permissible five-year period.

The Company's principal sources of funds at the holding company level are dividends from its subsidiaries, borrowings under its loan agreement with unaffiliated banks and proceeds from the issuances of subordinated debt and additional equity. Refer to Notes 11, 12 and 18 of the Consolidated Financial Statements in Item 1 for further information on these various funding sources. Management is committed to maintaining the Company's capital levels above the "Well Capitalized" levels established by the FRB for bank holding companies.

The Company's Board of Directors approves dividends from time to time, however, the ability to declare a dividend is limited by the Company's financial condition, the terms of the Company's Series D and Series E Preferred Stock, the terms of the Company's Trust Preferred Securities offerings and under certain financial covenants in the Company's revolving and term facilities. In January of 2022, the Company declared a quarterly cash dividend of \$0.34 per common share. In January, April, July and October of 2021, the Company declared a quarterly cash dividend of \$0.31 per common share.

In response to the COVID-19 pandemic, the Company continues to leverage its capital management framework to assess and monitor risk when making capital decisions. The Company will continuously evaluate the adequacy of capital as a result of the uncertainty from the COVID-19 pandemic. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operation - Overview section of this report for additional discussion of the impact of the COVID-19 pandemic.

See Note 18 of the Consolidated Financial Statements presented under Item 1 of this report for details on the Company's issuance of Series D Preferred Stock in June 2015 and Series E Preferred Stock and associated Depositary Shares in May 2020. The Company hereby incorporates by reference Note 18 of the Consolidated Financial Statements presented under Item 1 of this report in its entirety.

LIQUIDITY

The Company 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 management process includes the utilization of stress testing processes and other aspects of the Company's liquidity management framework to assess and monitor risk, and inform decision making. The liquidity to meet the demands of customers is provided by maturing assets, liquid assets that can be converted to cash and the ability to attract funds from external sources. Liquid assets refer to money market assets such as Federal funds sold and interest-bearing deposits with banks, as well as available-for-sale debt securities and equity securities with readily determinable fair values which are not pledged to secure public funds. In addition, trade date receivables represent certain sales or calls of available-for-sale securities that await cash settlement, typically in the month following the trade date.

In accordance with the liquidity management noted above, deposit growth and increases in borrowings from various sources have resulted in accumulating liquidity assets in recent periods. In the first quarter of 2021, we maintained our liquid assets to ensure that we have the balance sheet strength to serve our clients through the COVID-19 pandemic. As a result, the Company believes that it has sufficient funds and access to funds to effectively manage through the COVID-19 pandemic as well as meet its working capital and other needs. The Company will continue to prudently evaluate liquidity sources, including the management of availability with the FHLB and FRB and utilization of the revolving credit facility with unaffiliated banks. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operation -Interest-Earning Assets, -Deposits, -Other Funding Sources and -Shareholders' Equity sections of this report for additional information regarding the Company's liquidity position. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operation -Overview section of this report for additional discussion of the impact of the COVID-19 pandemic.

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 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 Disclosures About Market Risk" section of this report for additional information.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of federal securities laws. Forward-looking information can be identified through the use of words such as "intend," "plan," "project," "expect," "anticipate," "believe," "estimate," "contemplate," "possible," "will," "may," "should," "would" and "could." Forward-looking statements and information are not historical facts, are premised on many factors and assumptions, and represent only management's expectations, estimates and projections regarding future events. Similarly, these statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, such as the impacts of the COVID-19 pandemic (including the continued emergence of variant strains), and which may include, but are not limited to, those listed below and the Risk Factors discussed under Item 1A of the Company's 2021 Annual Report on Form 10-K and in any of the Company's subsequent SEC filings. 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 future financial performance, the performance of its loan portfolio, the expected amount of future credit reserves and charge-offs, delinquency trends, growth plans, regulatory developments, securities that the Company may offer from time to time, and management's long-term performance goals, as well as statements relating to the anticipated effects on financial condition and results of operations from expected developments or events, the Company's business and growth strategies, including future acquisitions of banks, specialty finance or wealth management businesses, internal growth and plans to form additional de novo banks or branch offices. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- the severity, magnitude and duration of the COVID-19 pandemic, including the emergence of variant strains, and the direct and indirect impact of such pandemic, as well as responses to the pandemic by the government, businesses and consumers, on our operations and personnel, commercial activity and demand across our business and our customers' businesses;
- the disruption of global, national, state and local economies associated with the COVID-19 pandemic, which could affect the Company's liquidity and capital positions, impair the ability of our borrowers to repay outstanding loans, impair collateral values and further increase our allowance for credit losses;

- the impact of the COVID-19 pandemic on our financial results, including possible lost revenue and increased expenses (including the cost of capital), as well as possible goodwill impairment charges;
- economic conditions and events that affect the economy, housing prices, the job market and other factors that may adversely affect the Company's liquidity and the performance of its loan portfolios, particularly in the markets in which it operates;
- negative effects suffered by us or our customers resulting from changes in U.S. trade policies;
- the extent of defaults and losses on the Company's loan portfolio, which may require further increases in its allowance for credit losses;
- estimates of fair value of certain of the Company's assets and liabilities, which could change in value significantly from period to period;
- the financial success and economic viability of the borrowers of our commercial loans;
- commercial real estate market conditions in the Chicago metropolitan area and southern Wisconsin;
- the extent of commercial and consumer delinquencies and declines in real estate values, which may require further increases in the Company's allowance for credit losses;
- inaccurate assumptions in our analytical and forecasting models used to manage our loan portfolio;
- changes in the level and volatility of interest rates, the capital markets and other market indices (including developments and volatility arising from or related to the COVID-19 pandemic) that may affect, among other things, the Company's liquidity and the value of its assets and liabilities;
- the interest rate environment, including a prolonged period of low interest rates or rising interest rates, either broadly or for some types of instruments, which may affect the Company's net interest income and net interest margin, and which could materially adversely affect the Company's profitability;
- 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), which may result in loss of market share and reduced income from deposits, loans, advisory fees and income from other products;
- failure to identify and complete favorable acquisitions in the future or unexpected difficulties or developments related to the integration of the Company's recent or future acquisitions;
- unexpected difficulties and losses related to FDIC-assisted acquisitions;
- harm to the Company's reputation;
- any negative perception of the Company's financial strength;
- ability of the Company to raise additional capital on acceptable terms when needed;
- disruption in capital markets, which may lower fair values for the Company's investment portfolio;
- ability of the Company to use technology to provide products and services that will satisfy customer demands and create efficiencies in operations and to manage risks associated therewith;
- failure or breaches of our security systems or infrastructure, or those of third parties;
- security breaches, including denial of service attacks, hacking, social engineering attacks, malware intrusion or data corruption attempts and identity theft;
- adverse effects on our information technology systems resulting from failures, human error or cyberattacks (including ransomware);
- adverse effects of failures by our vendors to provide agreed upon services in the manner and at the cost agreed, particularly our information technology vendors;
- increased costs as a result of protecting our customers from the impact of stolen debit card information;
- accuracy and completeness of information the Company receives about customers and counterparties to make credit decisions;
- ability of the Company to attract and retain senior management experienced in the banking and financial services industries;
- environmental liability risk associated with lending activities;
- the impact of any claims or legal actions to which the Company is subject, including any effect on our reputation;
- losses incurred in connection with repurchases and indemnification payments related to mortgages and increases in reserves associated therewith;
- the loss of customers as a result of technological changes allowing consumers to complete their financial transactions without the use of a bank;
- the soundness of other financial institutions;
- the expenses and delayed returns inherent in opening new branches and de novo banks;
- liabilities, potential customer loss or reputational harm related to closings of existing branches;
- examinations and challenges by tax authorities, and any unanticipated impact of the Tax Act;
- changes in accounting standards, rules and interpretations, and the impact on the Company's financial statements;
- the ability of the Company to receive dividends from its subsidiaries;
- uncertainty about the discontinued use of LIBOR and transition to an alternative rate;
- a decrease in the Company's capital ratios, including as a result of declines in the value of its loan portfolios, or otherwise;

- legislative or regulatory changes, particularly changes in regulation of financial services companies and/or the products and services offered by financial services companies, including those changes that are in response to the COVID-19 pandemic, including without limitation the Coronavirus Aid, Relief, and Economic Security Act, the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act, and the rules and regulations that may be promulgated thereunder;
- a lowering of our credit rating;
- changes in U.S. monetary policy and changes to the Federal Reserve's balance sheet, including changes in response to the COVID-19 pandemic, persistent inflation or otherwise;
- regulatory restrictions upon our ability to market our products to consumers and limitations on our ability to profitably operate our mortgage business;
- increased costs of compliance, heightened regulatory capital requirements and other risks associated with changes in regulation and the regulatory environment;
- the impact of heightened capital requirements;
- increases in the Company's FDIC insurance premiums, or the collection of special assessments by the FDIC;
- delinquencies or fraud with respect to the Company's premium finance business;
- credit downgrades among commercial and life insurance providers that could negatively affect the value of collateral securing the Company's premium finance loans;
- the Company's ability to comply with covenants under its credit facility;
- fluctuations in the stock market, which may have an adverse impact on the Company's wealth management business and brokerage operation; and
- widespread outages of operational, communication, or other systems, whether internal or provided by third parties, natural or other disasters (including acts of terrorism, armed hostilities and pandemics), and the effects of climate change.

Therefore, there can be no assurances that future actual results will correspond to these forward-looking statements. The reader is cautioned not to place undue reliance on any forward-looking statement made by the Company. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. The Company undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events after the date of this report. Persons are advised, however, to consult further disclosures management makes on related subjects in its reports filed with the Securities and Exchange Commission and in its press releases.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As an ongoing 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 re-pricing 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 of interest rate 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.

Since the Company's primary source of interest-bearing liabilities is from customer deposits, the Company's ability to manage the types and terms of such deposits is 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 of the review is to measure the effect on net income and to adjust balance sheet and derivative financial instruments to minimize the inherent risk while at the same time maximizing net interest income.

The following interest rate scenarios display the percentage change in net interest income over a one-year time horizon assuming increases of 100 and 200 basis points and decreases of 100 basis points. The Static Shock Scenario results incorporate actual cash flows and repricing characteristics for balance sheet instruments following an instantaneous, parallel change in market rates based upon a static (i.e. no growth or constant) balance sheet. Conversely, the Ramp Scenario results incorporate management's projections of future volume and pricing of each of the product lines following a gradual, parallel change in market rates over twelve months. Actual results may differ from these simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies. The interest rate sensitivity for both the Static Shock and Ramp Scenarios at March 31, 2022, December 31, 2021 and March 31, 2021 is as follows:

	+200 Basis Points	+100 Basis Points	-100 Basis Points
<u>Static Shock Scenarios</u>			
March 31, 2022	21.4 %	11.0 %	(11.3)%
December 31, 2021	25.3	12.4	(8.5)
March 31, 2021	22.0	10.2	(7.2)
 <u>Ramp Scenarios</u>			
March 31, 2022	11.2 %	5.8 %	(7.1)%
December 31, 2021	13.9	6.9	(5.6)
March 31, 2021	10.7	5.4	(3.6)

One method utilized by financial institutions, including the Company, to manage interest rate risk is to enter into derivative financial instruments. Derivative financial instruments include interest rate swaps, interest rate caps, floors and collars, futures,

forwards, option contracts and other financial instruments with similar characteristics. Additionally, the Company enters into commitments to fund certain mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of mortgage loans to third party investors. See Note 15 of the Consolidated Financial Statements in Item 1 of this report for further information on the Company's derivative financial instruments.

Periodically, the Company enters into certain covered call option transactions related to certain securities held by the Company. The Company uses these option transactions (rather than entering into other derivative interest rate contracts, such as interest rate floors) to economically hedge positions and compensate for net interest margin compression by increasing the total return associated with the related securities through fees generated from these options. Although the revenue received from these options is recorded as non-interest income rather than interest income, the increased return attributable to the related securities from these options contributes to the Company's overall profitability. The Company's exposure to interest rate risk may be impacted by these transactions. To further 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 March 31, 2022 and March 31, 2021. See Note 15 of the Consolidated Financial Statements in Item 1 of this report for further information on the Company's fees from covered call options for the three months ended March 31, 2022 and March 31, 2021.

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 (as defined in Exchange Act Rule 13a-15(f)) during the period that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II —

Item 1: Legal Proceedings

In accordance with applicable accounting principles, the Company establishes an accrued liability for litigation and threatened litigation actions and proceedings when those actions present loss contingencies, which are both probable and estimable. In actions for which a loss is reasonably possible in future periods, the Company determines whether it can estimate a loss or range of possible loss. To determine whether a possible loss is estimable, the Company reviews and evaluates its material litigation on an ongoing basis, in conjunction with any outside counsel handling the matter, in light of potentially relevant factual and legal developments. This review may include information learned through the discovery process, rulings on substantive or dispositive motions, and settlement discussions.

Wintrust Mortgage Matter

On October 17, 2018, a former Wintrust Mortgage employee filed a lawsuit in the Superior Court of Los Angeles County, California against Wintrust Mortgage alleging violation of California wage payment statutes on behalf of herself and all other hourly, non-exempt employees of Wintrust Mortgage in California. Wintrust Mortgage received service of the complaint on November 4, 2018. Wintrust Mortgage filed its response to the complaint on February 25, 2019. On November 1, 2019, the plaintiff's counsel filed a letter with the California Department of Labor advising that it was initiating an action under California's Private Attorney General Act statute based on the same alleged violations. In November 2019, the parties reached a settlement agreement. The parties executed a settlement agreement and on February 26, 2020, plaintiff moved the court for approval. A hearing on the motion to approve settlement was originally set for June 16, 2020, but the court continued the motion to September 8, 2020. On September 8, 2020, the court requested the parties make certain changes to the settlement agreement that were immaterial to the parties' settlement terms. The parties revised the settlement agreement consistent with the court's recommendations and submitted the revised settlement agreement to the court for its approval. On January 27, 2021, the court entered its preliminary approval of the settlement. After no class members opted out or objected to the settlement, the court issued its final approval of the settlement on June 17, 2021 and on June 18, 2021, Wintrust Mortgage tendered the settlement amount to the class claims administrator and payments to class members have been completed. The Company had reserved an amount for this settlement that is immaterial to its results of operations or financial condition.

Other Matters

In addition, the Company and its subsidiaries, from time to time, are subject to pending and threatened legal action and proceedings arising in the ordinary course of business.

Based on information currently available and upon consultation with counsel, management believes that the eventual outcome of any pending or threatened legal actions and proceedings described above, including our ordinary course litigation, will not have a material adverse effect on the operations or financial condition of the Company. However, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to the results of operations or financial condition for a particular period.

Item 1A: Risk Factors

There have been no material changes from the risk factors set forth under Part I, Item 1A “Risk Factors” in the 2021 Form 10-K.

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

Our previously authorized share repurchase program permitted the repurchase of up to \$125 million of our common stock. On October 28, 2021, the Board of Directors of the Company authorized the repurchase of up to \$200 million of the Company’s outstanding shares of common stock. This authorization is incremental to the remaining authorization of approximately \$23 million under the previous program, which the Board approved in 2019. The repurchase authorization does not have an expiration date. No purchases of the Company’s common shares were made by or on behalf of the Company or any “affiliated purchaser” as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended, during the three months ended March 31, 2022.

Item 6: Exhibits:

(a) Exhibits

- [3.1 Amended and Restated By-laws of the Company, as amended \(incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 31, 2022\).](#)
- [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 Chief Executive Officer 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.](#)
- 101.INS The XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document ⁽¹⁾
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
- (1) Includes the following financial information included in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements

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: May 6, 2022

/s/ DAVID L. STOEHR

David L. Stoehr

Executive Vice President and

Chief Financial Officer

(Principal Financial and Accounting Officer and duly authorized officer)

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 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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: May 6, 2022

/s/ EDWARD J. WEHMER

Name: Edward J. Wehmer

Title: Founder and Chief Executive Officer

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 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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: May 6, 2022

/s/ DAVID L. STOEHR

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

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 March 31, 2022, as filed with the Securities and Exchange Commission on May 6, 2022 (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: Founder and Chief Executive Officer

Date: May 6, 2022

/s/ DAVID L. STOEHR

Name: David L. Stoehr

Title: Executive Vice President and
Chief Financial Officer

Date: May 6, 2022

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.