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, 2023

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	36-3873352
(State of incorporation or organization)	(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)

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

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, 61,192,818 shares, as of April 28, 2023

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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, 2023**	December 31, 2022	(Unaudited) March 31, 2022
Assets			
Cash and due from banks	**$ 445,928**	$ 490,908	$ 462,516
Federal funds sold and securities purchased under resale agreements	**58**	58	700,056
Interest-bearing deposits with banks	**1,563,578**	1,988,719	4,013,597
Available-for-sale securities, at fair value	**3,259,845**	3,243,017	2,998,898
Held-to-maturity securities, at amortized cost, net of allowance for credit losses of $463, $488 and $159 at March 31, 2023, December 31, 2022 and March 31, 2022, respectively ($3.0 billion, $2.9 billion and $3.1 billion fair value at March 31, 2023, December 31, 2022 and March 31, 2022, respectively)	**3,606,391**	3,640,567	3,435,729
Trading account securities	**102**	1,127	852
Equity securities with readily determinable fair value	**111,943**	110,365	92,689
Federal Home Loan Bank and Federal Reserve Bank stock	**244,957**	224,759	136,163
Brokerage customer receivables	**16,042**	16,387	22,888
Mortgage loans held-for-sale, at fair value	**302,493**	299,935	606,545
Loans, net of unearned income	**39,565,471**	39,196,485	35,280,547
Allowance for loan losses	**(287,972)**	(270,173)	(250,539)
Net loans	**39,277,499**	38,926,312	35,030,008
Premises, software and equipment, net	**760,283**	764,798	761,213
Lease investments, net	**256,301**	253,928	240,656
Accrued interest receivable and other assets	**1,413,795**	1,391,342	1,066,750
Trade date securities receivable	**939,758**	921,717	—
Goodwill	**653,587**	653,524	655,402
Other acquisition-related intangible assets	**20,951**	22,186	26,699
Total assets	**$ 52,873,511**	$ 52,949,649	$ 50,250,661
Liabilities and Shareholders' Equity			
Deposits:			
Non-interest-bearing	**$ 11,236,083**	$ 12,668,160	$ 13,748,918
Interest-bearing	**31,482,128**	30,234,384	28,470,404
Total deposits	**42,718,211**	42,902,544	42,219,322
Federal Home Loan Bank advances	**2,316,071**	2,316,071	1,241,071
Other borrowings	**583,548**	596,614	482,516
Subordinated notes	**437,493**	437,392	437,033
Junior subordinated debentures	**253,566**	253,566	253,566
Trade date securities payable	**—**	—	437
Accrued interest payable and other liabilities	**1,549,116**	1,646,624	1,124,460
Total liabilities	**47,858,005**	48,152,811	45,758,405
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, 2023, December 31, 2022 and March 31, 2022	**125,000**	125,000	125,000
Series E - $25,000 liquidation value; 11,500 shares issued and outstanding at March 31, 2023, December 31, 2022 and March 31, 2022	**287,500**	287,500	287,500
Common stock, no par value; $1.00 stated value; 100,000,000 shares authorized at March 31, 2023, December 31, 2022 and March 31, 2022; 61,197,979 shares issued at March 31, 2023, 60,797,270 shares issued at December 31, 2022 and 59,090,903 shares issued at March 31, 2022	**61,198**	60,797	59,091
Surplus	**1,913,947**	1,902,474	1,698,093
Treasury stock, at cost, 21,564 shares at March 31, 2023, 3,262 shares at December 31, 2022, and 1,837,689 shares at March 31, 2022	**(1,966)**	(304)	(109,903)
Retained earnings	**2,997,263**	2,849,007	2,548,474
Accumulated other comprehensive loss	**(367,436)**	(427,636)	(115,999)
Total shareholders' equity	**5,015,506**	4,796,838	4,492,256
Total liabilities and shareholders' equity	**$ 52,873,511**	$ 52,949,649	$ 50,250,661

See accompanying notes to unaudited consolidated financial statements.

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

(In thousands, except per share data)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Interest income		
Interest and fees on loans	**$ 558,692**	$ 285,698
Mortgage loans held-for-sale	**3,528**	6,087
Interest-bearing deposits with banks	**13,468**	1,687
Federal funds sold and securities purchased under resale agreements	**70**	431
Investment securities	**59,943**	32,398
Trading account securities	**14**	5
Federal Home Loan Bank and Federal Reserve Bank stock	**3,680**	1,772
Brokerage customer receivables	**295**	174
Total interest income	**639,690**	328,252
Interest expense		
Interest on deposits	**144,802**	14,854
Interest on Federal Home Loan Bank advances	**19,135**	4,816
Interest on other borrowings	**7,854**	2,239
Interest on subordinated notes	**5,488**	5,482
Interest on junior subordinated debentures	**4,416**	1,567
Total interest expense	**181,695**	28,958
Net interest income	**457,995**	299,294
Provision for credit losses	**23,045**	4,106
Net interest income after provision for credit losses	**434,950**	295,188
Non-interest income		
Wealth management	**29,945**	31,394
Mortgage banking	**18,264**	77,231
Service charges on deposit accounts	**12,903**	15,283
Gains (losses) on investment securities, net	**1,398**	(2,782)
Fees from covered call options	**10,391**	3,742
Trading gains, net	**813**	3,889
Operating lease income, net	**13,046**	15,475
Other	**21,009**	18,558
Total non-interest income	**107,769**	162,790
Non-interest expense		
Salaries and employee benefits	**176,781**	172,355
Software and equipment	**24,697**	22,810
Operating lease equipment	**9,833**	9,708
Occupancy, net	**18,486**	17,824
Data processing	**9,409**	7,505
Advertising and marketing	**11,946**	11,924
Professional fees	**8,163**	8,401
Amortization of other acquisition-related intangible assets	**1,235**	1,609
FDIC insurance	**8,669**	7,729
Other real estate owned expense, net	**(207)**	(1,032)
Other	**30,157**	25,465
Total non-interest expense	**299,169**	284,298
Income before taxes	**243,550**	173,680
Income tax expense	**63,352**	46,289
Net income	**$ 180,198**	$ 127,391
Preferred stock dividends	**6,991**	6,991
Net income applicable to common shares	**$ 173,207**	$ 120,400
Net income per common share—Basic	**$ 2.84**	$ 2.11
Net income per common share—Diluted	**$ 2.80**	$ 2.07
Cash dividends declared per common share	**$ 0.40**	$ 0.34
Weighted average common shares outstanding	**60,950**	57,196
Dilutive potential common shares	**873**	862
Average common shares and dilutive common shares	**61,823**	58,058

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended	
(In thousands)	**March 31, 2023**	March 31, 2022
Net income	**$ 180,198**	$ 127,391
Unrealized gains (losses) on available-for-sale securities		
Before tax	**47,040**	(206,017)
Tax effect	**(12,537)**	54,903
Net of tax	**34,503**	(151,114)
Reclassification of net gains on available-for-sale securities included in net income		
Before tax	**560**	250
Tax effect	**(151)**	(67)
Net of tax	**409**	183
Reclassification of amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale		
Before tax	**43**	42
Tax effect	**(11)**	(11)
Net of tax	**32**	31
Net unrealized gains (losses) on available-for-sale securities	**34,062**	(151,328)
Unrealized gains on derivative instruments		
Before tax	**34,666**	39,481
Tax effect	**(9,238)**	(10,532)
Net unrealized gains on derivative instruments	**25,428**	28,949
Foreign currency adjustment		
Before tax	**890**	2,842
Tax effect	**(180)**	(554)
Net foreign currency adjustment	**710**	2,288
Total other comprehensive income (loss)	**60,200**	(120,091)
Comprehensive income	**$ 240,398**	$ 7,300

See accompanying notes to unaudited consolidated financial statements.

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

(In thousands, except per share data)	Preferred stock	Common stock	Surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
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
Balance at January 1, 2023	$ 412,500	$ 60,797	$ 1,902,474	$ (304)	$ 2,849,007	$ (427,636)	$ 4,796,838
Cumulative effect adjustment from the adoption of ASU 2022-02	**—**	**—**	**—**	**—**	**(544)**	**—**	**(544)**
Net income	**—**	**—**	**—**	**—**	**180,198**	**—**	**180,198**
Other comprehensive income, net of tax	**—**	**—**	**—**	**—**	**—**	**60,200**	**60,200**
Cash dividends declared on common stock, $0.40 per share	**—**	**—**	**—**	**—**	**(24,407)**	**—**	**(24,407)**
Dividends on Series D preferred stock, $0.41 per share and Series E preferred stock, $429.69 per share	**—**	**—**	**—**	**—**	**(6,991)**	**—**	**(6,991)**
Stock-based compensation	**—**	**—**	**8,295**	**—**	**—**	**—**	**8,295**
Common stock issued for:							
Exercise of stock options and warrants	**—**	**54**	**2,162**	**—**	**—**	**—**	**2,216**
Restricted stock awards	**—**	**275**	**(275)**	**(1,662)**	**—**	**—**	**(1,662)**
Employee stock purchase plan	**—**	**9**	**685**	**—**	**—**	**—**	**694**
Director compensation plan	**—**	**63**	**606**	**—**	**—**	**—**	**669**
Balance at March 31, 2023	**$ 412,500**	**$ 61,198**	**$ 1,913,947**	**$ (1,966)**	**$ 2,997,263**	**$ (367,436)**	**$ 5,015,506**

See accompanying notes to unaudited consolidated financial statements.

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

(In thousands)	Three Months Ended March 31, 2023	March 31, 2022
Operating Activities:		
Net income	$ **180,198**	$ 127,391
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	**23,045**	4,106
Depreciation, amortization and accretion, net	**18,798**	24,526
Stock-based compensation expense	**8,295**	7,891
Amortization of premium on securities, net	**275**	893
Accretion of discount and deferred fees on loans, net	**(4,263)**	(7,540)
Mortgage servicing rights fair value changes, net of economic hedge	**10,863**	(37,349)
Non-designated derivatives fair value changes, net	**(2,805)**	(4,046)
Originations and purchases of mortgage loans held-for-sale	**(366,006)**	(887,393)
Early buy-out exercises of mortgage loans held-for-sale guaranteed by U.S. government agencies, net of subsequent paydowns or payoffs	**(6,334)**	(4,065)
Proceeds from sales of mortgage loans held-for-sale	**366,509**	1,085,471
Bank owned life insurance (“BOLI”) loss (income)	**1,351**	(48)
Decrease in trading securities, net	**1,025**	209
Decrease in brokerage customer receivables, net	**345**	3,180
Gains on mortgage loans sold	**(10,795)**	(20,690)
(Gains) losses on investment securities, net	**(1,398)**	2,782
Losses (gains) on sales of premises and equipment, net	**93**	(9)
Losses (gains) on sales and fair value adjustments of other real estate owned, net	**99**	(1,038)
(Increase) decrease in accrued interest receivable and other assets, net	**(97,024)**	110,691
(Decrease) increase in accrued interest payable and other liabilities, net	**(53,830)**	53,062
Net Cash Provided by Operating Activities	**68,441**	458,024
Investing Activities:		
Proceeds from maturities and calls of available-for-sale securities	**1,008,597**	119,041
Proceeds from maturities and calls of held-to-maturity securities	**40,342**	66,966
Proceeds from sales of available-for-sale securities	**—**	—
Proceeds from sales of equity securities with readily determinable fair value	**23,592**	18,753
Proceeds from sales and capital distributions of equity securities without readily determinable fair value	**67**	250
Purchases of available-for-sale securities	**(996,433)**	(996,293)
Purchases of held-to-maturity securities	**(6,443)**	(560,903)
Purchases of equity securities with readily determinable fair value	**(23,697)**	(23,255)
Purchases of equity securities without readily determinable fair value	**(4,850)**	(1,010)
Redemptions (purchases) of Federal Home Loan Bank and Federal Reserve Bank stock, net	**20,198**	(785)
Distributions from investments in partnerships, net	**2,794**	124
Proceeds from sales of other real estate owned	**435**	2,497
Decrease in interest-bearing deposits with banks, net	**424,842**	1,359,947
Increase in loans, net	**(365,885)**	(472,409)
Redemption of BOLI	**—**	960
Purchases of premises and equipment, net	**(9,139)**	(7,722)
Net Cash Provided by (Used for) Investing Activities	**114,420**	(493,839)
Financing Activities:		
(Decrease) increase in deposit accounts, net	**(184,335)**	123,733
Decrease in other borrowings, net	**(13,968)**	(14,928)
Increase in Federal Home Loan Bank advances, net	**—**	—
Cash payments to settle contingent consideration liabilities recognized in business combinations	**(57)**	—
Issuance of common shares resulting from the exercise of stock options and employee stock purchase plan	**3,579**	4,829
Common stock repurchases for tax withholdings related to stock-based compensation	**(1,662)**	—
Dividends paid	**(31,398)**	(26,452)
Net Cash (Used for) Provided by Financing Activities	**(227,841)**	87,182
Net (Decrease) Increase in Cash and Cash Equivalents	**(44,980)**	51,367
Cash and Cash Equivalents at Beginning of Period	**490,966**	411,205
Cash and Cash Equivalents at End of Period	$ **445,986**	$ 462,572

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, 2022 ("2022 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 2022 Form 10-K. In preparation of these financial statements, subsequent events were evaluated through the time the financial statements were issued. Financial statements are considered issued when they are widely distributed to all shareholders and other financial statement users or filed with the SEC.

(2) Recent Accounting Developments

Business Combinations

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers," which clarifies diversity in practice related to recognition and measurement of contract assets and liabilities related to revenue contracts with customers which are acquired in a business combination by aligning business combination accounting with the subsequent accounting for contract assets and liabilities by requiring entities to apply ASC Topic 606, Revenue from Contracts with Customers, in order to recognize and measure deferred revenue in a business combination. The guidance also creates an exception to the general recognition and measurement principle in ASC Topic 805, Business Combinations, under which such amounts are recognized by the acquirer at fair value on the acquisition date by providing two practical expedients for acquirers. The Company adopted ASU No. 2021-08 as of January 1, 2023. 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. The Company adopted ASU No. 2022-01 as of January 1, 2023. Adoption of this standard did not have a material impact 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. The Company adopted ASU No. 2022-02 as of January 1, 2023. Guidance was adopted under a modified retrospective approach and, at January 1, 2023, the Company recognized a cumulative-effect adjustment to the allowance for loan losses of $741,000 representing the change in methodology of estimating expected credit losses for loans previously classified as TDRs. This amount was a positive adjustment to the allowance for loan losses, presented separately on the Company's Consolidated Statements of Condition, with an offsetting negative adjustment recorded directly to retained earnings, net of taxes.

Fair Value Measurement - Equity Securities with Contractual Sale Restrictions

In June 2022, the FASB issued ASU No. 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" which clarifies the guidance in ASC 820 when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, and also requires specific disclosures related to these types of securities. This guidance is effective for fiscal years beginning after December 15, 2023, including interim periods therein, and is to be applied under a prospective approach. Early adoption is permitted. The Company does not expect this guidance to have a material impact on the Company's consolidated financial statements.

Legislation Issued Related to Stock Repurchases

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed by the President of the United States. Among other things, the IRA imposes a 1% excise tax on the fair market value of stock repurchased after December 31, 2022. With certain exceptions, the value of stock repurchased is determined net of stock issued in the year, including shares issued pursuant to compensatory arrangements. This new legislation did not have a material impact on the Company's consolidated financial statements.

Equity Method and Joint Ventures - Investments in Tax Credit Structures

In March 2023, the FASB issued ASU No. 2023-02, "Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method," which allows reporting entities the option to apply the proportional amortization method to other tax credit programs besides the Low-Income Housing Tax Credit ("LIHTC") structures. The guidance requires application of the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than electing the method at the reporting level entity level. This guidance is effective for fiscal years beginning after December 15, 2023, including interim periods therein, and is to be applied under either a modified retrospective or retrospective approach. Early adoption is permitted. The Company does not expect this guidance to have a material impact on the Company's consolidated financial statements.

(3) 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.

(4) Investment Securities

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

(In thousands)	March 31, 2023 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury	$ 4,947	$ 1	$ —	$ 4,948
U.S. government agencies	80,000	—	(5,138)	74,862
Municipal	164,110	439	(4,163)	160,386
Corporate notes:				
Financial issuers	93,995	—	(11,320)	82,675
Other	1,000	—	—	1,000
Mortgage-backed: [1]				
Mortgage-backed securities	3,300,048	1,787	(445,405)	2,856,430
Collateralized mortgage obligations	95,880	—	(16,336)	79,544
Total available-for-sale securities	$ 3,739,980	$ 2,227	$ (482,362)	$ 3,259,845
Held-to-maturity securities				
U.S. government agencies	$ 339,608	$ 24	$ (70,064)	$ 269,568
Municipal	174,720	1,117	(2,880)	172,957
Mortgage-backed: [1]				
Mortgage-backed securities	2,872,591	1,197	(533,415)	2,340,373
Collateralized mortgage obligations	161,874	—	(22,431)	139,443
Corporate notes	58,061	14	(4,218)	53,857
Total held-to-maturity securities	$ 3,606,854	$ 2,352	$ (633,008)	$ 2,976,198
Less: Allowance for credit losses	(463)			
Held-to-maturity securities, net of allowance for credit losses	$ 3,606,391			
Equity securities with readily determinable fair value	$ 116,296	$ 3,065	$ (7,418)	$ 111,943

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

(In thousands)	December 31, 2022 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury	$ 14,943	$ 5	$ —	$ 14,948
U.S. government agencies	80,000	36	(5,814)	74,222
Municipal	173,861	230	(5,436)	168,655
Corporate notes:				
Financial issuers	93,994	—	(9,291)	84,703
Other	1,000	2	—	1,002
Mortgage-backed: [1]				
Mortgage-backed securities	3,308,494	238	(488,795)	2,819,937
Collateralized mortgage obligations	97,342	—	(17,792)	79,550
Total available-for-sale securities	$ 3,769,634	$ 511	$ (527,128)	$ 3,243,017
Held-to-maturity securities				
U.S. government agencies	$ 339,614	$ —	$ (75,293)	$ 264,321
Municipal	179,027	477	(4,066)	175,438
Mortgage-backed: [1]				
Mortgage-backed securities	2,900,031	—	(583,682)	2,316,349
Collateralized mortgage obligations	164,151	—	(23,322)	140,829
Corporate notes	58,232	—	(5,348)	52,884
Total held-to-maturity securities	$ 3,641,055	$ 477	$ (691,711)	$ 2,949,821
Less: Allowance for credit losses	(488)			
Held-to-maturity securities, net of allowance for credit losses	$ 3,640,567			
Equity securities with readily determinable fair value	$ 115,552	$ 2,935	$ (8,122)	$ 110,365

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

(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.

Equity securities without readily determinable fair values totaled $52.5 million as of March 31, 2023. 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 or downward adjustments related to such observable price changes for the three months ended March 31, 2023 or 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. During the three months ended March 31, 2023, the Company recorded no impairment of equity securities without readily determinable fair values. During the three months ended March 31, 2022, the Company recorded $571,000 of impairment of equity securities without readily determinable fair values.

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, 2023:

	Continuous unrealized losses existing for less than 12 months		Continuous unrealized losses existing for greater than 12 months		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities						
U.S. government agencies	$ 29,945	$ (55)	$ 44,917	$ (5,083)	$ 74,862	$ (5,138)
Municipal	58,695	(624)	55,413	(3,539)	114,108	(4,163)
Corporate notes:						
Financial issuers	9,912	(87)	72,763	(11,233)	82,675	(11,320)
Mortgage-backed: (1)						
Mortgage-backed securities	219,643	(7,558)	2,297,025	(437,847)	2,516,668	(445,405)
Collateralized mortgage obligations	72	(1)	79,472	(16,335)	79,544	(16,336)
Total available-for-sale securities	$ 318,267	$ (8,325)	$ 2,549,590	$ (474,037)	$ 2,867,857	$ (482,362)

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

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, 2023 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 at March 31, 2023 were primarily mortgage-backed securities with unrealized losses due to increased market rates during such period.

See Note (6) “Allowance for Credit Losses” for further discussion regarding any credit losses associated with held-to-maturity securities at March 31, 2023.

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, 2023	2022
Realized gains on investment securities	**$ 605**	$ 258
Realized losses on investment securities	**(45)**	(8)
Net realized gains on investment securities	**560**	250
Unrealized gains on equity securities with readily determinable fair value	**2,290**	180
Unrealized losses on equity securities with readily determinable fair value	**(1,452)**	(2,641)
Net unrealized gains (losses) on equity securities with readily determinable fair value	**838**	(2,461)
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)
Adjustment and impairment, net, of equity securities without readily determinable fair values	**—**	(571)
Gains (losses) on investment securities, net	**$ 1,398**	$ (2,782)
Proceeds from sales of available-for-sale securities[(1)]	**$ —**	$ —
Proceeds from sales of equity securities with readily determinable fair value	**23,592**	18,753
Proceeds from sales and capital distributions of equity securities without readily determinable fair value	**67**	250

(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, 2023, December 31, 2022 and March 31, 2022, 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:

	March 31, 2023		December 31, 2022		March 31, 2022	
(In thousands)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities						
Due in one year or less	**$ 108,880**	**$ 108,429**	$ 119,830	$ 119,275	$ 48,130	$ 47,945
Due in one to five years	**131,959**	**122,172**	63,644	61,701	67,138	66,034
Due in five to ten years	**39,019**	**35,158**	115,734	105,076	110,960	105,670
Due after ten years	**64,194**	**58,112**	64,590	57,478	69,329	68,416
Mortgage-backed	**3,395,928**	**2,935,974**	3,405,836	2,899,487	2,898,184	2,710,833
Total available-for-sale securities	**$ 3,739,980**	**$ 3,259,845**	$ 3,769,634	$ 3,243,017	$ 3,193,741	$ 2,998,898
Held-to-maturity securities						
Due in one year or less	**$ 2,302**	**$ 2,300**	$ 1,340	$ 1,332	$ 1,208	$ 1,213
Due in one to five years	**98,207**	**93,717**	94,705	89,093	83,085	80,210
Due in five to ten years	**110,967**	**110,892**	115,318	113,758	101,410	102,940
Due after ten years	**360,913**	**289,473**	365,510	288,460	303,290	275,270
Mortgage-backed	**3,034,465**	**2,479,816**	3,064,182	2,457,178	2,946,895	2,686,794
Total held-to-maturity securities	**$ 3,606,854**	**$ 2,976,198**	$ 3,641,055	$ 2,949,821	$ 3,435,888	$ 3,146,427
Less: Allowance for credit losses	**(463)**		(488)		(159)	
Held-to-maturity securities, net of allowance for credit losses	**$ 3,606,391**		$ 3,640,567		$ 3,435,729	

Securities having a carrying value of $5.7 billion at March 31, 2023 as well as securities having a carrying value of $2.8 billion and $2.5 billion at December 31, 2022 and March 31, 2022, 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, 2023, there were no securities of a single issuer, other than U.S. government-sponsored agency securities, which exceeded 10% of shareholders' equity.

(5) Loans

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

(Dollars in thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Balance:			
Commercial	**$ 12,576,985**	$ 12,549,164	$ 11,583,963
Commercial real estate	**10,239,078**	9,950,947	9,235,074
Home equity	**337,016**	332,698	321,435
Residential real estate	**2,505,545**	2,372,383	1,799,985
Premium finance receivables			
Property and casualty insurance	**5,738,880**	5,849,459	4,937,408
Life insurance	**8,125,802**	8,090,998	7,354,163
Consumer and other	**42,165**	50,836	48,519
Total loans, net of unearned income	**$ 39,565,471**	$ 39,196,485	$ 35,280,547
Mix:			
Commercial	**32 %**	32 %	33 %
Commercial real estate	**26**	25	26
Home equity	**1**	1	1
Residential real estate	**6**	6	5
Premium finance receivables			
Property and casualty insurance	**14**	15	14
Life insurance	**21**	21	21
Consumer and other	**0**	0	0
Total loans, net of unearned income	**100 %**	100 %	100 %

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. 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 $244.0 million at March 31, 2023, $224.5 million at December 31, 2022 and $140.3 million at March 31, 2022.

Total loans, excluding purchased credit deteriorated ("PCD") loans, include net deferred loan fees and costs and fair value purchase accounting adjustments totaling $70.9 million at March 31, 2023, $71.8 million at December 31, 2022 and $59.3 million at March 31, 2022.

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.

(6) 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. Descriptions of the Company's loan portfolio segments and major debt security types are included in Note (5) "Allowance for Credit Losses" of the 2022 Form 10-K.

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 $245.1 million at March 31, 2023, $214.0 million at December 31, 2022, and $124.4 million at March 31, 2022.

The tables below show the aging of the Company's loan portfolio by the segmentation noted above at March 31, 2023, December 31, 2022 and March 31, 2022:

As of March 31, 2023 (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	**$ 47,950**	**$ —**	**$ 10,755**	**$ 95,593**	**$ 12,422,687**	**$ 12,576,985**
Commercial real estate						
Construction and development	**5,404**	**—**	**4,438**	**19,616**	**1,567,595**	**1,597,053**
Non-construction	**5,792**	**—**	**16,101**	**53,064**	**8,567,068**	**8,642,025**
Home equity	**1,190**	**—**	**116**	**1,118**	**334,592**	**337,016**
Residential real estate, excluding early buy-out loans	**11,333**	**104**	**74**	**19,183**	**2,278,699**	**2,309,393**
Premium finance receivables						
Property and casualty insurance loans	**18,543**	**9,215**	**14,287**	**32,545**	**5,664,290**	**5,738,880**
Life insurance loans	**—**	**1,066**	**21,552**	**52,975**	**8,050,209**	**8,125,802**
Consumer and other	**6**	**87**	**10**	**379**	**41,683**	**42,165**
Total loans, net of unearned income, excluding early buy-out loans	**$ 90,218**	**$ 10,472**	**$ 67,333**	**$ 274,473**	**$ 38,926,823**	**$ 39,369,319**
Early buy-out loans guaranteed by U.S. government agencies (1)	**29,245**	**36,920**	**—**	**1,485**	**128,502**	**196,152**
Total loans, net of unearned income	**$ 119,463**	**$ 47,392**	**$ 67,333**	**$ 275,958**	**$ 39,055,325**	**$ 39,565,471**

As of December 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	$ 35,579	$ 462	$ 21,128	$ 56,696	$ 12,435,299	$ 12,549,164
Commercial real estate						
Construction and development	416	—	361	14,390	1,471,763	1,486,930
Non-construction	5,971	—	1,883	16,285	8,439,878	8,464,017
Home equity	1,487	—	—	2,152	329,059	332,698
Residential real estate, excluding early buy-out loans	10,171	—	4,364	9,982	2,183,078	2,207,595
Premium finance receivables						
Property and casualty insurance loans	13,470	15,841	14,926	40,557	5,764,665	5,849,459
Life insurance loans	—	17,245	5,260	68,725	7,999,768	8,090,998
Consumer and other	6	49	18	224	50,539	50,836
Total loans, net of unearned income, excluding early buy-out loans	$ 67,100	$ 33,597	$ 47,940	$ 209,011	$ 38,674,049	$ 39,031,697
Early buy-out loans guaranteed by U.S. government agencies (1)	31,279	47,450	984	1,584	83,491	164,788
Total loans, net of unearned income	$ 98,379	$ 81,047	$ 48,924	$ 210,595	$ 38,757,540	$ 39,196,485

(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 (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	$ 16,878	$ —	$ 1,294	$ 31,889	$ 11,533,902	$ 11,583,963
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

(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. Descriptions of the Company’s credit quality indicators by financial asset are included in Note (5) “Allowance for Credit Losses” of the 2022 Form 10-K.

The table below shows the Company’s loan portfolio by credit quality indicator and year of origination at March 31, 2023:

	Year of Origination								
(In thousands)	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving**	**Revolving to Term**	**Total Loans**
Loan Balances:									
Commercial, industrial and other									
Pass	$ 752,119	$ 2,576,073	$ 2,081,628	$ 940,341	$ 603,016	$ 1,213,066	$ 3,872,419	$ 3,497	$ 12,042,159
Special mention	402	55,314	92,315	9,462	23,220	10,695	149,012	268	340,688
Substandard accrual	—	13,415	40,397	2,401	12,670	40,814	36,035	456	146,188
Substandard nonaccrual/doubtful	—	550	5,479	10,985	28,490	2,215	231	—	47,950
Total commercial, industrial and other	$ 752,521	$ 2,645,352	$ 2,219,819	$ 963,189	$ 667,396	$ 1,266,790	$ 4,057,697	$ 4,221	$ 12,576,985
Construction and development									
Pass	$ 42,635	$ 506,714	$ 512,801	$ 204,113	$ 111,497	$ 119,478	$ 12,626	$ 369	$ 1,510,233
Special mention	—	—	1,475	16,480	23,494	14,360	—	—	55,809
Substandard accrual	—	2,337	—	8,301	—	14,969	—	—	25,607
Substandard nonaccrual/doubtful	—	4,190	798	—	—	416	—	—	5,404
Total construction and development	$ 42,635	$ 513,241	$ 515,074	$ 228,894	$ 134,991	$ 149,223	$ 12,626	$ 369	$ 1,597,053
Non-construction									
Pass	$ 472,528	$ 1,862,370	$ 1,441,054	$ 1,002,397	$ 814,910	$ 2,637,342	$ 184,246	$ 649	$ 8,415,496
Special mention	—	4,351	11,872	2,140	29,868	74,174	1,439	—	123,844
Substandard accrual	—	—	3,163	22,041	16,827	54,862	—	—	96,893
Substandard nonaccrual/doubtful	—	—	—	—	—	5,792	—	—	5,792
Total non-construction	$ 472,528	$ 1,866,721	$ 1,456,089	$ 1,026,578	$ 861,605	$ 2,772,170	$ 185,685	$ 649	$ 8,642,025
Home equity									
Pass	$ —	$ —	$ —	$ —	$ 56	$ 5,633	$ 317,387	$ —	$ 323,076
Special mention	—	—	—	—	—	1,430	2,193	—	3,623
Substandard accrual	—	—	—	—	—	8,214	869	44	9,127
Substandard nonaccrual/doubtful	—	—	77	116	18	880	99	—	1,190
Total home equity	$ —	$ —	$ 77	$ 116	$ 74	$ 16,157	$ 320,548	$ 44	$ 337,016
Residential real estate									
Early buy-out loans guaranteed by U.S. government agencies	$ —	$ —	$ 769	$ 9,250	$ 19,430	$ 166,703	$ —	$ —	$ 196,152
Pass	95,403	815,003	825,881	225,297	118,840	196,150	—	—	2,276,574

Special mention	40	3,816	718	1,992	542	4,488	—	—	11,596
Substandard accrual	323	1,204	1,825	1,182	1,100	4,256	—	—	9,890
Substandard nonaccrual/doubtful	—	284	1,100	759	1,665	7,525	—	—	11,333
Total residential real estate	$ 95,766	$ 820,307	$ 830,293	$ 238,480	$ 141,577	$ 379,122	$ —	$ —	$ 2,505,545
Premium finance receivables - property and casualty									
Pass	$ 2,826,947	$ 2,757,313	$ 35,647	$ 5,270	$ 906	$ —	$ —	$ —	$ 5,626,083
Special mention	42,025	49,190	969	17	—	—	—	—	92,201
Substandard accrual	205	1,700	148	—	—	—	—	—	2,053
Substandard nonaccrual/doubtful	777	16,975	779	12	—	—	—	—	18,543
Total premium finance receivables - property and casualty	$ 2,869,954	$ 2,825,178	$ 37,543	$ 5,299	$ 906	$ —	$ —	$ —	$ 5,738,880
Premium finance receivables - life									
Pass	$ 49,164	$ 550,396	$ 830,917	$ 1,056,414	$ 936,674	$ 4,699,645	$ —	$ —	$ 8,123,210
Special mention	—	—	1,156	1,436	—	—	—	—	2,592
Substandard accrual	—	—	—	—	—	—	—	—	—
Substandard nonaccrual/doubtful	—	—	—	—	—	—	—	—	—
Total premium finance receivables - life	$ 49,164	$ 550,396	$ 832,073	$ 1,057,850	$ 936,674	$ 4,699,645	$ —	$ —	$ 8,125,802
Consumer and other									
Pass	$ 750	$ 2,469	$ 1,414	$ 200	$ 433	$ 5,306	$ 31,392	$ —	$ 41,964
Special mention	—	6	1	—	2	133	3	—	145
Substandard accrual	—	2	—	—	—	40	8	—	50
Substandard nonaccrual/doubtful	—	—	6	—	—	—	—	—	6
Total consumer and other	$ 750	$ 2,477	$ 1,421	$ 200	$ 435	$ 5,479	$ 31,403	$ —	$ 42,165
Total loans									
Early buy-out loans guaranteed by U.S. government agencies	$ —	$ —	$ 769	$ 9,250	$ 19,430	$ 166,703	$ —	$ —	$ 196,152
Pass	4,239,546	9,070,338	5,729,342	3,434,032	2,586,332	8,876,620	4,418,070	4,515	38,358,795
Special mention	42,467	112,677	108,506	31,527	77,126	105,280	152,647	268	630,498
Substandard accrual	528	18,658	45,533	33,925	30,597	123,155	36,912	500	289,808
Substandard nonaccrual/doubtful	777	21,999	8,239	11,872	30,173	16,828	330	—	90,218
Total loans	$ 4,283,318	$ 9,223,672	$ 5,892,389	$ 3,520,606	$ 2,743,658	$ 9,288,586	$ 4,607,959	$ 5,283	$ 39,565,471
Current period gross write offs	$ 478	$ 4,893	$ 1,194	$ 337	$ 318	$ 131	$ —	$ —	$ 7,351

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, 2023	Year of Origination						Total
(In thousands)	2023	2022	2021	2020	2019	Prior	Balance
Amortized Cost Balances:							
U.S. government agencies							
1-4 internal grade	$ —	$ 160,000	$ 147,804	$ 25,000	$ 4,000	$ 2,804	$ 339,608
5-7 internal grade							—
8-10 internal grade							—
Total U.S. government agencies	$ —	$ 160,000	$ 147,804	$ 25,000	$ 4,000	$ 2,804	$ 339,608
Municipal							
1-4 internal grade	$ —	$ 1,042	$ 6,978	$ 264	$ 618	$ 165,818	$ 174,720
5-7 internal grade	—	—	—	—	—	—	—
8-10 internal grade	—	—	—	—	—	—	—
Total municipal	$ —	$ 1,042	$ 6,978	$ 264	$ 618	$ 165,818	$ 174,720
Mortgage-backed securities							
1-4 internal grade	$ 5,065	$ 606,922	$ 2,422,478	$ —	$ —	$ —	$ 3,034,465
5-7 internal grade	—	—	—	—	—	—	—
8-10 internal grade	—	—	—	—	—	—	—
Total mortgage-backed securities	$ 5,065	$ 606,922	$ 2,422,478	$ —	$ —	$ —	$ 3,034,465
Corporate notes							
1-4 internal grade	$ —	$ 14,964	$ —	$ 6,009	$ 7,291	$ 29,797	$ 58,061
5-7 internal grade	—	—	—	—	—	—	—
8-10 internal grade	—	—	—	—	—	—	—
Total corporate notes	$ —	$ 14,964	$ —	$ 6,009	$ 7,291	$ 29,797	$ 58,061
Total held-to-maturity securities							$ 3,606,854
Less: Allowance for credit losses							(463)
Held-to-maturity securities, net of allowance for credit losses							$ 3,606,391

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, 2023**	December 31, 2022	March 31, 2022
Allowance for loan losses	**$ 287,972**	$ 270,173	$ 250,539
Allowance for unfunded lending-related commitments losses	**87,826**	87,275	50,629
Allowance for loan losses and unfunded lending-related commitments losses	**375,798**	357,448	301,168
Allowance for held-to-maturity securities losses	**463**	488	159
Allowance for credit losses	**$ 376,261**	$ 357,936	$ 301,327

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 considered when the expected extension, renewal or modification is contained within the existing agreement and is not unconditionally cancelable. 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. 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, 2023, excluding loans carried at fair value, substandard nonaccrual loans totaling $23.3 million in carrying balance had no related allowance for credit losses.

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 and three months ended March 31, 2023 and 2022 is as follows.

Three months ended March 31, 2023 (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	$ 142,769	$ 184,352	$ 7,573	$ 11,585	$ 10,671	$ 498	$ 357,448
Cumulative effect adjustment from the adoption of ASU 2022-02	111	1,356	(33)	(692)	—	(1)	741
Other adjustments	—	—	—	—	4	—	4
Charge-offs	(2,543)	(5)	—	—	(4,650)	(153)	(7,351)
Recoveries	392	100	35	4	1,323	32	1,886
Provision for credit losses	8,772	8,977	153	537	4,607	24	23,070
Allowance for credit losses at period end	$ 149,501	$ 194,780	$ 7,728	$ 11,434	$ 11,955	$ 400	$ 375,798
By measurement method:							
Individually measured	$ 11,281	$ 1,621	$ —	$ —	$ —	$ 1	$ 12,903
Collectively measured	138,220	193,159	7,728	11,434	11,955	399	362,895
Loans at period end							
Individually measured	$ 47,950	$ 11,196	$ 1,190	$ 11,280	$ —	$ 6	$ 71,622
Collectively measured	12,529,035	10,227,882	335,826	2,286,733	13,864,682	42,159	39,286,317
Loans held at fair value	—	—	—	207,532	—	—	207,532

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

For the three months ended March 31, 2023, and 2022, the Company recognized approximately $23.1 million and $4.0 million of provision for credit losses, respectively, related to loans and lending agreements. The provision for each period was primarily the result of loan growth as well as the Company's macroeconomic forecasts of key model inputs (most notably, Baa corporate credit spreads). Uncertainties remain regarding expected economic performance and macroeconomic forecasts utilized in the measurement of the allowance for credit losses as of March 31, 2023. Other key drivers of provision for credit losses in these portfolios include, but are not limited to, stable loan risk rating migration. Net charge-offs in the three month periods ending March 31, 2023 and 2022, totaled $5.5 million and $2.5 million, respectively.

Held-to-maturity debt securities

The allowance for credit losses on the Company’s 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, 2023 and 2022, the Company recognized approximately $(25,000) and $81,000, respectively, of provision for credit losses related to held-to-maturity securities. At March 31, 2023, 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.

Loan Modifications to Borrowers Experiencing Financial Difficulties

The Company’s approach to restructuring or modifying 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. 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.

Restructurings 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, 2023, 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 $53.4 million and $7.7 million at March 31, 2023 and 2022, respectively.

The table below presents a summary of the balance immediately following the modification of loans to borrowers experiencing financial difficulties during the three months ended March 31, 2023:

Three months ended March 31, 2023 (Dollars in thousands)	Total [1]	Percentage of Total Class of Loan	Extension of Term [1]	Reduction of Interest Rate [1]	Delay in Contractual Payments [1]	Extension of Term and Reduction of Interest Rate [1]
Commercial						
Commercial, industrial and other	$ 37,474	0.3 %	$ 1,938	$ 221	$ 35,265	$ 50
Commercial real estate						
Non-construction	1,333	—	467	827	39	—
Home equity	203	0.1	203	—	—	—
Residential real estate	1,708	0.1	1,253	271	—	184
Premium finance receivables						
Property and casualty insurance loans	11	0.0	3	—	—	8
Total loans	$ 40,729	0.1 %	$ 3,864	$ 1,319	$ 35,304	$ 242
Weighted average magnitude of modifications:						
Duration of extension and delayed payment terms			27 months		17 months	
Reduction of interest rate				275 bps		

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

The following table presents a summary of all loans for borrowers experiencing financial difficulties modified during the three months ended March 31, 2023, and such loans that were in payment default under the restructured terms during the respective periods below:

	As of March 31, 2023	Three Months Ended March 31, 2023
(Dollars in thousands)	Total [2]	Payments in Default [1][2]
Commercial		
Commercial, industrial and other	$ 37,474	$ 2
Commercial real estate		
Non-construction	1,333	828
Home equity	203	104
Residential real estate	1,708	—
Premium finance receivables		
Property and casualty insurance loans	11	11
Total loans	$ 40,729	$ 945

(1) Modified loans considered to be in payment default are over 30 days past due subsequent to the restructuring.
(2) Balances represent the recorded investment in the loan at the time of the restructuring.

TDRs

Reporting periods prior to the adoption of ASU 2022-02 as of January 1, 2023 present information on loan modifications representing TDRs under the prior accounting standards and related disclosure requirements.

The table below presents a summary of the balance immediately following the modification of loans restructured during the three months ended March 31, 2022 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	—	$ —

(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. Of these loans extended at below market terms, the weighted average extension had a term of 71 months for the quarter ended March 31, 2022. 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 during the three months ended March 31, 2022. Additionally, no principal balances were forgiven during the quarter ended March 31, 2022.

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

	As of March 31, 2022		Three Months Ended March 31, 2022	
	Total (1)(3)		Payments in Default (2)(3)	
(Dollars in thousands)	Count	Balance	Count	Balance
Commercial				
Commercial, industrial and other	17	$ 5,205	11	$ 4,526
Commercial real estate				
Non-construction	5	4,613	2	2,163
Residential real estate and other	35	5,021	1	104
Total loans	57	$ 14,839	14	$ 6,793

(1) *Total TDRs represent all loans restructured om 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.*

(7) Goodwill and Other Acquisition-Related Intangible Assets

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

(In thousands)	December 31, 2022	Goodwill Acquired	Impairment Loss	Goodwill Adjustments	March 31, 2023
Community banking	$ 545,671	$ —	$ —	$ —	**$ 545,671**
Specialty finance	38,480	—	—	63	**38,543**
Wealth management	69,373	—	—	—	**69,373**
Total	$ 653,524	$ —	$ —	$ 63	**$ 653,587**

The specialty finance unit's goodwill increased $63,000 in the first three months of 2023 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, 2022, the Company utilized a qualitative 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. The Company assessed whether 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, 2023, 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, 2023 is as follows:

(In thousands)	**March 31, 2023**	December 31, 2022	March 31, 2022
Community banking segment:			
Core deposit intangibles with finite lives:			
Gross carrying amount	**$ 55,206**	$ 55,206	$ 55,206
Accumulated amortization	**(43,473)**	(42,501)	(39,243)
Net carrying amount	**$ 11,733**	$ 12,705	$ 15,963
Trademark with indefinite lives:			
Carrying amount	**5,800**	5,800	5,800
Total net carrying amount	**$ 17,533**	$ 18,505	$ 21,763
Specialty finance segment:			
Customer list intangibles with finite lives:			
Gross carrying amount	**$ 1,962**	$ 1,962	$ 1,968
Accumulated amortization	**(1,799)**	(1,785)	(1,738)
Net carrying amount	**$ 163**	$ 177	$ 230
Wealth management segment:			
Customer list and other intangibles with finite lives:			
Gross carrying amount	**$ 20,430**	$ 20,430	$ 20,430
Accumulated amortization	**(17,175)**	(16,926)	(15,724)
Net carrying amount	**$ 3,255**	$ 3,504	$ 4,706
Total acquisition-related intangible assets:			
Gross carrying amount	**$ 83,398**	$ 83,398	$ 83,404
Accumulated amortization	**(62,447)**	(61,212)	(56,705)
Total other acquisition-related intangible assets, net	**$ 20,951**	$ 22,186	$ 26,699

Estimated amortization	
Actual in three months ended March 31, 2023	**$ 1,235**
Estimated remaining in 2023	**3,422**
Estimated—2024	**3,259**
Estimated—2025	**2,552**
Estimated—2026	**1,954**
Estimated—2027	**1,450**

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 $1.2 million and $1.6 million for the three months ended March 31, 2023 and 2022, respectively.

(8) 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:

	Three Months Ended	
(In thousands)	**March 31, 2023**	March 31, 2022
Fair value at beginning of the period	**$ 230,225**	$ 147,571
Additions from loans sold with servicing retained	**5,107**	14,401
Estimate of changes in fair value due to:		
Early buyout options ("EBO") exercised	**—**	(175)
Payoffs and paydowns	**(3,909)**	(6,016)
Changes in valuation inputs or assumptions	**(6,953)**	43,365
Fair value at end of the period	**$ 224,470**	$ 199,146
Unpaid principal balance of mortgage loans serviced for others	**$ 14,080,461**	$ 13,426,535

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. MSRs are included in other assets in the Consolidated Statements of Condition. 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 not to 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 is included in mortgage banking revenue. For more information regarding these hedges outstanding as of March 31, 2023, see Note (13) "Derivative Financial Instruments" in Item 1 of this report. There were no such options or swaps outstanding as of March 31, 2022.

(9) Deposits

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

(Dollars in thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Balance:			
Non-interest-bearing	**$ 11,236,083**	$ 12,668,160	$ 13,748,918
NOW and interest-bearing demand deposits	**5,576,558**	5,591,986	5,089,724
Wealth management deposits	**1,809,933**	2,463,833	2,542,995
Money market	**13,552,277**	12,886,795	13,012,460
Savings	**5,192,108**	4,556,635	4,089,230
Time certificates of deposit	**5,351,252**	4,735,135	3,735,995
Total deposits	**$ 42,718,211**	$ 42,902,544	$ 42,219,322
Mix:			
Non-interest-bearing	**26 %**	30 %	32 %
NOW and interest-bearing demand deposits	**13**	13	12
Wealth management deposits	**4**	5	6
Money market	**32**	30	31
Savings	**12**	11	10
Time certificates of deposit	**13**	11	9
Total deposits	**100 %**	100 %	100 %

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") and trust and asset management customers of the Company.

(10) 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, 2023	December 31, 2022	March 31, 2022
FHLB advances	**$ 2,316,071**	$ 2,316,071	$ 1,241,071
Other borrowings:			
Notes payable	**192,666**	199,793	74,969
Short-term borrowings	**10,124**	17,612	15,872
Secured borrowings	**320,007**	317,942	328,889
Other	**60,751**	61,267	62,786
Total other borrowings	**583,548**	596,614	482,516
Subordinated notes	**437,493**	437,392	437,033
Total FHLB advances, other borrowings and subordinated notes	**$ 3,337,112**	$ 3,350,077	$ 2,160,620

Descriptions of the Company's FHLB advances, other borrowings, and subordinated notes are included in Note (11) "Federal Home Loan Bank Advances", Note (12) "Subordinated Notes" and Note (13) "Other Borrowings" of the 2022 Form 10-K.

Notes Payable

At March 31, 2023, the outstanding principal balance under the term loan facility was $192.7 million and there was no outstanding balance under the revolving credit facility. Borrowings under notes payable 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, 2023, the Company was in compliance with all such covenants.

Short-term Borrowings

As of March 31, 2023, the Company had pledged securities related to its customer balances in sweep accounts of $18.3 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, 2023 disaggregated by investment category and maturity of the related customer sweep account, and reconciled to the outstanding balance of securities sold under repurchase agreements:

(In thousands)	Overnight Sweep Collateral
Available-for-sale securities pledged	
Mortgage-backed securities	**$ 18,348**
Excess collateral	**8,224**
Securities sold under repurchase agreements	**$ 10,124**

Secured Borrowings

At March 31, 2023, the translated balance of the secured borrowings totaled $310.6 million compared to $309.7 million at December 31, 2022 and $319.8 million at March 31, 2022. The interest rate under the receivables purchase agreement is the Canadian Commercial Paper Rate plus 78 basis points.

The remaining $9.4 million within secured borrowings at March 31, 2023 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.

Other Borrowings

Other borrowings contain 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, 2023, the Company was in compliance with all such covenants.

(11) Junior Subordinated Debentures

The following table provides a summary of the Company's junior subordinated debentures as of March 31, 2023. 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 3/31/2023	Issue Date	Maturity Date	Earliest Redemption Date
Wintrust Capital Trust III	$ 774	$ 25,000	**$ 25,774**	L+3.25	8.08 %	04/2003	04/2033	04/2008
Wintrust Statutory Trust IV	619	20,000	**20,619**	L+2.80	7.96 %	12/2003	12/2033	12/2008
Wintrust Statutory Trust V	1,238	40,000	**41,238**	L+2.60	7.76 %	05/2004	05/2034	06/2009
Wintrust Capital Trust VII	1,550	50,000	**51,550**	L+1.95	6.82 %	12/2004	03/2035	03/2010
Wintrust Capital Trust VIII	1,238	25,000	**26,238**	L+1.45	6.61 %	08/2005	09/2035	09/2010
Wintrust Capital Trust IX	1,547	50,000	**51,547**	L+1.63	6.50 %	09/2006	09/2036	09/2011
Northview Capital Trust I	186	6,000	**6,186**	L+3.00	7.81 %	08/2003	11/2033	08/2008
Town Bankshares Capital Trust I	186	6,000	**6,186**	L+3.00	7.81 %	08/2003	11/2033	08/2008
First Northwest Capital Trust I	155	5,000	**5,155**	L+3.00	8.16 %	05/2004	05/2034	05/2009
Suburban Illinois Capital Trust II	464	15,000	**15,464**	L+1.75	6.62 %	12/2006	12/2036	12/2011
Community Financial Shares Statutory Trust II	109	3,500	**3,609**	L+1.62	6.49 %	06/2007	09/2037	06/2012
Total			**$ 253,566**		7.16 %			

The junior subordinated debentures totaled $253.6 million at March 31, 2023, December 31, 2022 and March 31, 2022.

The interest rates on the variable rate junior subordinated debentures are based on the three-month London Interbank Offered Rate (“LIBOR”) and reset on a quarterly basis. At March 31, 2023, the weighted average contractual interest rate on the junior subordinated debentures was 7.16%.

Under the Adjustable Interest Rate (LIBOR) Act (“AIRLA”) and Part 253 of Regulation ZZ (Rule 253), after June 30, 2023, the interest rate on the junior subordinated debentures will, by operation of law, change their base rate from USD LIBOR to Chicago Mercantile Exchange (“CME”) Term Secured Overnight Financing Rate (“SOFR”) of the same tenor, plus an applicable tenor spread adjustment. CME Term SOFR is an indicative, forward-looking measurement of daily overnight SOFR. CME Term SOFR is published by CME Group Inc., as administrator of that rate. The calculation agent for any series of the junior subordinated debentures may also make additional administrative conforming changes to the terms of that series of the junior subordinated debentures under AIRLA and Rule 253.

(12) 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 (9) “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 Note (1) “Summary of Significant Accounting Policies” of the 2022 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:

(Dollars in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	$ Change in Contribution	% Change in Contribution
Net interest income:				
Community Banking	**$ 369,848**	$ 228,615	$ 141,233	62 %
Specialty Finance	**70,351**	55,370	14,981	27
Wealth Management	**8,955**	8,376	579	7
Total Operating Segments	**449,154**	292,361	156,793	54
Intersegment Eliminations	**8,841**	6,933	1,908	28
Consolidated net interest income	**$ 457,995**	$ 299,294	$ 158,701	53 %
Provision for credit losses:				
Community Banking	**$ 21,099**	$ 4,118	$ 16,981	NM
Specialty Finance	**1,946**	(12)	1,958	NM
Wealth Management	**—**	—	—	—
Total Operating Segments	**23,045**	4,106	18,939	NM
Intersegment Eliminations	**—**	—	—	—
Consolidated provision for credit losses	**$ 23,045**	$ 4,106	$ 18,939	NM
Non-interest income:				
Community Banking	**$ 68,733**	$ 121,888	$ (53,155)	(44)%
Specialty Finance	**25,790**	24,122	1,668	7
Wealth Management	**30,297**	30,578	(281)	(1)
Total Operating Segments	**124,820**	176,588	(51,768)	(29)
Intersegment Eliminations	**(17,051)**	(13,798)	(3,253)	24
Consolidated non-interest income	**$ 107,769**	$ 162,790	$ (55,021)	(34)%
Net revenue:				
Community Banking	**$ 438,581**	$ 350,503	$ 88,078	25 %
Specialty Finance	**96,141**	79,492	16,649	21
Wealth Management	**39,252**	38,954	298	1
Total Operating Segments	**573,974**	468,949	105,025	22
Intersegment Eliminations	**(8,210)**	(6,865)	(1,345)	20
Consolidated net revenue	**$ 565,764**	$ 462,084	$ 103,680	22 %
Segment profit:				
Community Banking	**$ 134,232**	$ 90,099	$ 44,133	49 %
Specialty Finance	**36,737**	29,604	7,133	24
Wealth Management	**9,229**	7,688	1,541	20
Consolidated net income	**$ 180,198**	$ 127,391	$ 52,807	41 %
Segment assets:				
Community Banking	**$ 41,611,980**	$ 40,050,015	$ 1,561,965	4 %
Specialty Finance	**9,841,044**	8,624,501	1,216,543	14
Wealth Management	**1,420,487**	1,576,145	(155,658)	(10)
Consolidated total assets	**$ 52,873,511**	$ 50,250,661	$ 2,622,850	5 %

NM - Not meaningful

(13) 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 or commodity price) 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 and commodity forward contracts) 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. Commodity derivative fair values are computed based on changes in the price per unit 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, 2023, December 31, 2022 and March 31, 2022:

	Derivative Assets			Derivative Liabilities		
(In thousands)	**March 31, 2023**	December 31, 2022	March 31, 2022	**March 31, 2023**	December 31, 2022	March 31, 2022
Derivatives designated as hedging instruments under ASC 815:						
Interest rate derivatives designated as Cash Flow Hedges	**$ 25,730**	$ —	$ 13,257	**$ 43,412**	$ 58,198	$ 3,361
Interest rate derivatives designated as Fair Value Hedges	**13,732**	16,768	7,388	**—**	—	1,716
Total derivatives designated as hedging instruments under ASC 815	**$ 39,462**	$ 16,768	$ 20,645	**$ 43,412**	$ 58,198	$ 5,077
Derivatives not designated as hedging instruments under ASC 815:						
Interest rate derivatives	**$ 219,869**	$ 269,670	$ 119,056	**$ 219,053**	$ 271,109	$ 115,002
Interest rate lock commitments	**5,356**	1,711	3,447	**67**	58	1,558
Forward commitments to sell mortgage loans	**121**	220	10,063	**2,953**	414	147
Commodity forward contracts	**491**	257	—	**315**	162	—
Foreign exchange contracts	**8,705**	8,222	323	**8,632**	8,137	323
Total derivatives not designated as hedging instruments under ASC 815	**$ 234,542**	$ 280,080	$ 132,889	**$ 231,020**	$ 279,880	$ 117,030
Total Derivatives	**$ 274,004**	$ 296,848	$ 153,534	**$ 274,432**	$ 338,078	$ 122,107

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 and interest rate collars as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts to or from a counterparty in exchange for the Company receiving or paying 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 settlement of amounts in which the interest rate index specified in the contract exceeds the agreed upon cap strike price or in which the interest rate index specified in the contract is below the agreed upon floor strike price at the end of each period.

As of March 31, 2023, the Company had various interest rate collar and swap derivatives designated as cash flow hedges of variable rate loans and various interest rate swap derivatives designated as cash flow hedges of variable rate deposits. 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 income as interest payments are made on such variable rate loans or 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, 2023:

	March 31, 2023	
(In thousands)	Notional Amount	Fair Value Asset (Liability)
Interest Rate Collars at 1-month CME term SOFR:		
Buy 2.250% floor, sell 3.743% cap; matures September 2025	$ 1,250,000	$ (16,675)
Buy 2.750% floor, sell 4.320% cap; matures October 2026	500,000	(126)
Buy 2.000% floor, sell 3.450% cap; matures September 2027	1,250,000	(26,069)
Interest Rate Swaps at 1-month CME term SOFR:		
Fixed 3.748%; matures December 2025	250,000	26
Fixed 3.759%; matures December 2025	250,000	99
Fixed 3.680%; matures February 2026	250,000	(251)
Fixed 4.176%; matures March 2026	250,000	3,342
Fixed 3.915%; matures March 2026	250,000	1,531
Fixed 4.450%; matures July 2026	250,000	6,502
Fixed 3.515%, matures December 2026	250,000	123
Fixed 3.512%; matures December 2026	250,000	97
Fixed 3.453%; matures February 2027	250,000	(291)
Fixed 4.150%; matures July 2027	250,000	7,238
Fixed 3.748%; matures March 2028	250,000	4,649
Fixed 3.526%; matures March 2028	250,000	2,123
Total Cash Flow Hedges	$ 6,000,000	$ (17,682)

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. In the second quarter of 2022, the Company terminated two 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 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. In the fourth quarter of 2022, the Company terminated one additional interest rate collar derivative contract designated as a cash flow hedge of the term facility with a total notional value of $64.3 million effective since September 2018. The remaining term of such derivative contract was through September 2023 and, at the time of termination, the fair value of the derivative contract totaled an asset of $875,000, 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 and the term facility) 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, 2023	Three Months Ended March 31, 2022
Unrealized gain at beginning of period	**$ 10,026**	$ 36,908
Amount reclassified from accumulated other comprehensive income or loss to interest income or expense on deposits, loans, and other borrowings	**3,572**	5,353
Amount of gain recognized in other comprehensive income or loss	**31,094**	34,128
Unrealized gain at end of period	**$ 44,692**	$ 76,389

As of March 31, 2023, the Company estimated that during the next 12 months $85.8 million will be reclassified from accumulated other comprehensive income or loss as an increase to net interest income. Such estimate consists of $19.2 million reclassified as a reduction to interest expense on the terminated cash flow hedges discussed above and $66.6 million reclassified as an addition to interest income related to the interest rate collars and swaps noted above that remain outstanding.

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, 2023, the Company had 14 interest rate swaps with an aggregate notional amount of $206.0 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.

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, 2023:

(In thousands) Derivatives in Fair Value Hedging Relationships	Location in the Statement of Condition	March 31, 2023 Carrying Amount of the Hedged Assets/(Liabilities)	March 31, 2023 Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	March 31, 2023 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	$ 138,254	$ (13,682)	$ (100)
	Available-for-sale debt securities	898	(15)	—

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

(In thousands) Derivatives in Fair Value Hedging Relationships	Location of (Loss)/Gain Recognized in Income on Derivative	Three Months Ended March 31, 2023
Interest rate swaps	Interest and fees on loans	$ (9)
	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 recently related to the LIBOR index. As of March 31, 2023, there were no interest rate caps outstanding that were designed to act as an economic hedge. During 2022, the Company terminated an interest rate cap derivative contract related to LIBOR that was not designated as an accounting hedge with a total 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, 2023 and December 31, 2022, the Company had interest rate derivative transactions with an aggregate notional amount of approximately $9.9 billion and $9.6 billion, respectively, (all interest rate swaps and caps with customers and third parties) related to this program. At March 31, 2023 these interest rate derivatives had maturity dates ranging from April 2023 to January 2037.

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 its 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, 2023 and December 31, 2022, the Company had interest rate lock commitments with an aggregate notional amount of approximately $208.2 million and $121.6 million, and forward commitments to sell mortgage loans with an aggregate notional amount of approximately $498.0 million and $321.0 million, respectively. 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.

Commodity Derivatives—The Company has commodity forward contracts resulting from a service the Company provides to certain qualified borrowers. The Company's banking subsidiaries execute certain derivative products directly with qualified commercial borrowers to facilitate their respective risk management strategies. For example, these arrangements allow the Company's commercial borrowers to effectively purchase or sell a given commodity at an agreed-upon price on an agreed-upon settlement date. 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, 2023 and December 31, 2022, the Company had commodity derivative transactions with an aggregate notional amount of approximately $5.6 million and $3.6 million, respectively, (all forward contracts with customers and third parties) related to this program. At March 31, 2023, these commodity derivatives had maturity dates ranging from April 2023 to October 2024.

Foreign Currency Derivatives—The Company has foreign currency derivative contracts resulting from a service the Company provides to certain qualified customers. The Company's banking subsidiaries execute certain derivative products directly with qualified customers to facilitate their respective risk management strategies related to foreign currency fluctuations. For example, these arrangements allow the Company's customers to effectively exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. 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. As of March 31, 2023 and December 31, 2022, the Company held foreign currency derivatives with an aggregate notional amount of approximately $225.2 million and $226.2 million, respectively.

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 the fair value of these contracts are recognized as other non-interest income. There were no covered call options outstanding as of March 31, 2023, December 31, 2022 or March 31, 2022.

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. As of March 31, 2023 and December 31, 2022, the Company held three interest rate derivatives with an aggregate notional value of $245.0 million and $190.0 million, respectively, for such purpose of economically hedging a portion of the fair value adjustment related to its mortgage servicing rights portfolio.

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, 2023**	March 31, 2022
Interest rate swaps and caps	Trading gains, net	**$ 800**	$ 4,024
Mortgage banking derivatives	Mortgage banking revenue	**3,640**	(7,369)
Commodity contracts	Trading gains (losses), net	**177**	—
Foreign exchange contracts	Trading gains, net	**—**	—
Covered call options	Fees from covered call options	**10,391**	3,742
Derivative contract held as economic hedge on MSRs	Mortgage banking revenue	**946**	—

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, 2023, there were no interest rate derivatives in a net liability position that were subject to such agreements. The fair value of such derivatives includes accrued interest related to these agreements.

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 table below summarizes the Company's interest rate derivatives and offsetting positions as of the dates shown.

(In thousands)	Derivative Assets Fair Value March 31, 2023	Derivative Assets Fair Value December 31, 2022	Derivative Assets Fair Value March 31, 2022	Derivative Liabilities Fair Value March 31, 2023	Derivative Liabilities Fair Value December 31, 2022	Derivative Liabilities Fair Value March 31, 2022
Gross Amounts Recognized	**$ 259,331**	$ 286,438	$ 139,701	**$ 262,465**	$ 329,307	$ 120,079
Less: Amounts offset in the Statements of Condition	**—**	—	—	**—**	—	—
Net amount presented in the Statements of Condition	**$ 259,331**	$ 286,438	$ 139,701	**$ 262,465**	$ 329,307	$ 120,079
Gross amounts not offset in the Statements of Condition						
Offsetting Derivative Positions	**(55,838)**	(64,100)	(19,557)	**(55,838)**	(64,100)	(19,557)
Collateral Posted	**(181,884)**	(194,666)	(70,807)	**—**	—	(257)
Net Credit Exposure	**$ 21,609**	$ 27,672	$ 49,337	**$ 206,627**	$ 265,207	$ 100,265

(14) 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 determine the fair value of 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, 2023, the Company classified $112.3 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 2023, 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, 2023 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 typically determined by reference to investor price sheets for loan products with similar characteristics. Loans measured with this valuation technique are classified as Level 2 in the fair value hierarchy.

At March 31, 2023, the Company classified $44.3 million of certain delinquent mortgage loans held-for-sale as Level 3. For such delinquent loans in which investor interest may be limited, the Company estimates fair value by discounting future scheduled cash flows for the specific loan through its life, adjusted for estimated credit losses. The Company uses a discount rate based on prevailing market coupon rates on loans with similar characteristics. The assumed weighted average discount rate used as an input to value these loans at March 31, 2023 was 5.96%. The higher the rate utilized to discount estimated future cash flows, the lower the fair value measurement. Additionally, the weighted average credit discount used as an input to value the specific loans was 0.22% with credit loss discount ranging from 0%-10% at March 31, 2023.

Loans held-for-investment—The fair value for certain loans in which the Company previously 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 prepayment or life assumptions. These loans primarily consist of early buyout loans guaranteed by U.S. government agencies that are delinquent and, as a result, investor interest may be limited. The Company uses a discount rate based on the actual coupon rate of the underlying loan. At March 31, 2023, the Company classified $69.5 million of loans held-for-investment carried at fair value as Level 3. The assumed weighted average discount rate used as an input to value these loans at March 31, 2023 was 5.98%. 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 average life as well as credit losses. The weighted average prepayments speed used as an input to value current loans was 6.92% at March 31, 2023. Prepayment speeds are inversely related to the fair value of these loans as an increase in prepayment speeds results in a decreased valuation. For delinquent loans in which performance is not assumed and there is a higher probability of resolution of the loan ending in foreclosure, the weighted average life of such loans was 5.4 years. Average life is inversely related to the fair value of these loans as an increase in estimated life results in a decreased valuation. Additionally, the weighted average credit discount used as an input to value the specific loans was 0.86% with credit loss discounts ranging from 0%-13% at March 31, 2023.

MSRs—Fair value for MSRs is determined utilizing a valuation model which calculates the fair value of each servicing right based on the present value of estimated future cash flows. The Company uses a discount rate commensurate with the risk associated with each servicing right, given current market conditions. At March 31, 2023, the Company classified $224.5 million of MSRs as Level 3. The weighted average discount rate used as an input to value the pool of MSRs at March 31, 2023 was 10.33% with discount rates applied ranging from 3%-33%. 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 6.92%. Further, for current and delinquent loans, the Company assumed a weighted average cost of servicing of $76 and $403, 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 (8) "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, commodity future contracts and foreign currency contracts. Interest rate swaps, caps and collars and commodity future contracts are valued by a third party, using models that primarily use market observable inputs, such as yield curves and commodity prices prevailing at the measurement date, 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, 2023, the Company classified $5.4 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, 2023 was 82.06% with pull-through rates applied ranging from 31% 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:

	March 31, 2023			
(In thousands)	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	$ 4,948	$ 4,948	$ —	$ —
U.S. government agencies	74,862	—	74,862	—
Municipal	160,386	—	48,129	112,257
Corporate notes	83,675	—	83,675	—
Mortgage-backed	2,935,974	—	2,935,974	—
Trading account securities	102	—	102	—
Equity securities with readily determinable fair value	111,943	103,877	8,066	—
Mortgage loans held-for-sale	302,493	—	258,243	44,250
Loans held-for-investment	202,143	—	132,650	69,493
MSRs	224,470	—	—	224,470
Nonqualified deferred compensation assets	14,379	—	14,379	—
Derivative assets	274,004	—	268,648	5,356
Total	$ 4,389,379	$ 108,825	$ 3,824,728	$ 455,826
Derivative liabilities	$ 274,432	$ —	$ 274,432	$ —

	December 31, 2022			
(In thousands)	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	$ 14,948	$ 14,948	$ —	$ —
U.S. government agencies	74,222	—	74,222	—
Municipal	168,655	—	51,118	117,537
Corporate notes	85,705	—	85,705	—
Mortgage-backed	2,899,487	—	2,899,487	—
Trading account securities	1,127	—	1,127	—
Equity securities with readily determinable fair value	110,365	102,299	8,066	—
Mortgage loans held-for-sale	299,935	—	251,280	48,655
Loans held-for-investment	179,932	—	95,767	84,165
MSRs	230,225	—	—	230,225
Nonqualified deferred compensation assets	13,899	—	13,899	—
Derivative assets	296,848	—	295,137	1,711
Total	$ 4,375,348	$ 117,247	$ 3,775,808	$ 482,293
Derivative liabilities	$ 338,078	$ —	$ 338,078	$ —

(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	$ —

The aggregate remaining contractual principal balance outstanding as of March 31, 2023, December 31, 2022 and March 31, 2022 for mortgage loans held-for-sale measured at fair value under ASC 825 was $307.3 million, $308.9 million and $606.7 million, respectively, while the aggregate fair value of mortgage loans held-for-sale was $302.5 million, $299.9 million and $606.5 million, for the same respective periods, as shown in the above tables. At March 31, 2023, $3.3 million of mortgage loans held-for-sale were classified as nonaccrual as compared to $5.8 million as of December 31, 2022 and none as of March 31, 2022. Additionally, there were $41.4 million of loans past due greater than 90 days and still accruing in the mortgage loans held-for-sale portfolio as of March 31, 2023 compared to $44.0 million as of December 31, 2022 and $113.0 million as of March 31, 2022. All of the nonaccrual loans and loans past due greater than 90 days and still accruing within the mortgage loans held-for-sale portfolio at March 31, 2023, December 31, 2022, and 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 aggregate remaining contractual principal balance outstanding as of March 31, 2023, December 31, 2022 and March 31, 2022 for mortgage loans held-for-investment measured at fair value under ASC 825 was $204.5 million, $184.0 million and $58.7 million, respectively, while the aggregate fair value of mortgage loans held-for-investment was $202.1 million, $179.9 million and $58.0 million, respectively, as shown in the above tables.

The changes in Level 3 assets measured at fair value on a recurring basis during the three months ended March 31, 2023 and 2022 are summarized as follows:

(In thousands)	Municipal	Mortgage loans held-for-sale	U.S. Government agencies	Loans held-for-investment	Mortgage servicing rights	Derivative assets
Balance at January 1, 2023	**$ 117,537**	**$ 48,655**	**$ —**	**$ 84,165**	**$ 230,225**	**$ 1,711**
Total net (losses) gains included in:						
Net income [(1)]	**—**	**466**	**—**	**364**	**(5,755)**	**3,645**
Other comprehensive income or loss	**(1,662)**	**—**	**—**	**—**	**—**	**—**
Purchases	**4,418**	**—**	**—**	**—**	**—**	**—**
Issuances	**—**	**—**	**—**	**—**	**—**	**—**
Sales	**—**	**—**	**—**	**—**	**—**	**—**
Settlements	**(8,036)**	**(18,619)**	**—**	**(20,322)**	**—**	**—**
Net transfers into Level 3	**—**	**13,748**	**—**	**5,286**	**—**	**—**
Balance at March 31, 2023	**$ 112,257**	**$ 44,250**	**$ —**	**$ 69,493**	**$ 224,470**	**$ 5,356**

(1) Changes in the balance of mortgage loans held-for-sale, 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.

n thousands)	Municipal	Mortgage loans held-for-sale	U.S. Government agencies	Loans held-for-investment	Mortgage servicing rights	Derivative assets
alance 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 or loss	(5,449)	—	—	—	—	—
urchases	1,246	—	—	—	—	—
suances	—	—	—	—	—	—
ales	—	—	—	—	—	—
ettlements	(1,083)	—	—	(1,667)	—	—
let transfers into Level 3	—	—	—	31,012	—	—
alance at March 31, 2022	$ 100,401	$ —	$ —	$ 44,464	$ 199,146	$ 3,447

(1) Changes in the balance of mortgage loans held-for-sale, 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, 2023:

	March 31, 2023				Three Months Ended March 31, 2023 Fair Value Losses Recognized, net
(In thousands)	Total	Level 1	Level 2	Level 3	
Individually assessed loans - foreclosure probable and collateral-dependent	$ 71,622	$ —	$ —	$ 71,622	$ 2,501
Other real estate owned (1)	9,361	—	—	9,361	104
Total	$ 80,983	$ —	$ —	$ 80,983	$ 2,605

(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 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 (6) "Allowance for Credit Losses". At March 31, 2023, the Company had $71.6 million of individually assessed loans classified as Level 3. All of the $71.6 million of individually assessed loans were measured at fair value based on the underlying collateral of the loan as shown in the table above. None 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, 2023, the Company had $9.4 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, 2023 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
Measured at fair value on a recurring basis:						
Municipal securities	$ 112,257	Bond pricing	Equivalent rating	BBB-AA+	N/A	Increase
Mortgage loans held-for-sale	44,250	Discounted cash flows	Discount rate	5.96%	5.96%	Decrease
			Credit discount	0% - 10%	0.22%	Decrease
Loans held-for-investment	69,493	Discounted cash flows	Discount rate	5.96% - 6.25%	5.98%	Decrease
			Credit discount	0% - 13%	0.86%	Decrease
			Constant prepayment rate (CPR) - current loans	6.92%	6.92%	Decrease
			Average life - delinquent loans (in years)	1.2 years - 10.2 years	5.4 years	Decrease
MSRs	224,470	Discounted cash flows	Discount rate	3% - 33%	10.33%	Decrease
			Constant prepayment rate (CPR)	0% - 100%	6.92%	Decrease
			Cost of servicing	$70 - $200	$ 76	Decrease
			Cost of servicing - delinquent	$200 - 1,000	$ 403	Decrease
Derivatives	5,356	Discounted cash flows	Pull-through rate	31% - 100%	82.06 %	Increase
Measured at fair value on a non-recurring basis:						
Individually assessed loans - foreclosure probable and collateral-dependent	71,622	Appraisal value	Appraisal adjustment - cost of sale	10%	10.00%	Decrease
Other real estate owned	9,361	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:

	At March 31, 2023		At December 31, 2022		At March 31, 2022	
(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:						
Cash and cash equivalents	**$ 445,986**	**$ 445,986**	$ 490,966	$ 490,966	$ 462,572	$ 462,572
Securities sold under agreements to repurchase with original maturities exceeding three months	**—**	**—**	—	—	700,000	700,000
Interest-bearing deposits with banks	**1,563,578**	**1,563,578**	1,988,719	1,988,719	4,013,597	4,013,597
Available-for-sale securities	**3,259,845**	**3,259,845**	3,243,017	3,243,017	2,998,898	2,998,898
Held-to-maturity securities	**3,606,391**	**2,976,198**	3,640,567	2,949,821	3,435,729	3,146,427
Trading account securities	**102**	**102**	1,127	1,127	852	852
Equity securities with readily determinable fair value	**111,943**	**111,943**	110,365	110,365	92,689	92,689
FHLB and FRB stock, at cost	**244,957**	**244,957**	224,759	224,759	136,163	136,163
Brokerage customer receivables	**16,042**	**16,042**	16,387	16,387	22,888	22,888
Mortgage loans held-for-sale, at fair value	**302,493**	**302,493**	299,935	299,935	606,545	606,545
Loans held-for-investment, at fair value	**202,143**	**202,143**	179,932	179,932	57,984	57,984
Loans held-for-investment, at amortized cost	**39,363,328**	**38,577,761**	39,016,553	38,018,678	35,222,563	35,989,840
Nonqualified deferred compensation assets	**14,379**	**14,379**	13,899	13,899	15,447	15,447
Derivative assets	**274,004**	**274,004**	296,848	296,848	153,534	153,534
Accrued interest receivable and other	**417,066**	**417,066**	379,719	379,719	278,873	278,873
Total financial assets	**$ 49,822,257**	**$ 48,406,497**	$ 49,902,793	$ 48,214,172	$ 48,198,334	$ 48,676,309
Financial Liabilities						
Non-maturity deposits	**$ 37,366,959**	**$ 37,366,959**	$ 38,167,409	$ 38,167,409	$ 38,483,327	$ 38,483,327
Deposits with stated maturities	**5,351,252**	**4,970,556**	4,735,135	4,085,058	3,735,995	3,735,750
FHLB advances	**2,316,071**	**2,255,580**	2,316,071	2,219,983	1,241,071	1,193,080
Other borrowings	**583,548**	**555,615**	596,614	569,342	482,516	483,202
Subordinated notes	**437,493**	**410,827**	437,392	409,395	437,033	446,711
Junior subordinated debentures	**253,566**	**252,663**	253,566	253,405	253,566	268,913
Derivative liabilities	**274,432**	**274,432**	338,078	338,078	122,107	122,107
Accrued interest payable	**42,015**	**42,015**	22,176	22,176	14,269	14,269
Total financial liabilities	**$ 46,625,336**	**$ 46,128,647**	$ 46,866,441	$ 46,064,846	$ 44,769,884	$ 44,747,359

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.

(15) Stock-Based Compensation Plans

As of March 31, 2023, approximately 1.2 million shares were available for future grants, assuming the maximum number of shares are issued for the performance awards outstanding, approved under the Company Stock Incentive Plans ("the Plans"). Descriptions of the Plans are included in Note (18) "Stock Compensation Plans and Other Employee Benefit Plans" of the 2022 Form 10-K.

Stock-based compensation expense recognized in the Consolidated Statements of Income was $8.3 million in the first quarter of 2023 and $7.9 million in the first quarter of 2022.

A summary of the Plans' stock option activity for the three months ended March 31, 2023 and March 31, 2022 is presented below:

Stock Options	**Common Shares**	**Weighted Average Strike Price**	**Remaining Contractual Term (1)**	**Intrinsic Value (2) (in thousands)**
Outstanding at January 1, 2023	**68,093**	**$ 41.14**		
Granted	—	—		
Exercised	**(54,218)**	**40.87**		
Forfeited or canceled	—	—		
Outstanding at March 31, 2023	**13,875**	**$ 42.18**	**4.7**	**$ 427**
Exercisable at March 31, 2023	**13,875**	**$ 42.18**	**4.7**	**$ 427**

Stock Options	**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

(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, 2023 and March 31, 2022, was $2.5 million and $4.5 million, respectively. Cash received from option exercises under the Plans for the three months ended March 31, 2023 and March 31, 2022 was $2.2 million and $3.4 million, respectively.

A summary of the Plans' restricted share activity for the three months ended March 31, 2023 and March 31, 2022 is presented below:

	Three months ended March 31, 2023		Three months ended March 31, 2022	
Restricted Shares	**Common Shares**	**Weighted Average Grant-Date Fair Value**	Common Shares	Weighted Average Grant-Date Fair Value
Outstanding at January 1	**610,155**	**$ 73.21**	476,813	$ 61.33
Granted	**242,576**	**89.82**	194,849	97.30
Vested and issued	**(96,649)**	**64.14**	(52,465)	65.42
Forfeited or canceled	**(1,968)**	**77.37**	(3,615)	66.37
Outstanding at March 31	**754,114**	**$ 79.70**	615,582	$ 72.34
Vested, but deferred, at March 31	**97,888**	**$ 53.30**	95,806	$ 52.67

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, 2023 and March 31, 2022 is presented below:

	Three months ended March 31, 2023		Three months ended March 31, 2022	
Performance-based Stock	**Common Shares**	**Weighted Average Grant-Date Fair Value**	Common Shares	Weighted Average Grant-Date Fair Value
Outstanding at January 1	**545,379**	**$ 70.30**	557,255	$ 62.94
Granted	**185,514**	**92.48**	159,202	97.21
Added by performance factor at vesting	**23,161**	**63.64**	—	—
Vested and issued	**(178,203)**	**63.64**	—	—
Forfeited or canceled	**(2,301)**	**78.20**	(159,952)	71.56
Outstanding at March 31	**573,550**	**$ 79.24**	556,505	$ 70.27
Vested, but deferred, at March 31	**35,852**	**$ 44.59**	35,285	$ 43.88

(16) Accumulated Other Comprehensive Income or Loss and Earnings Per Share

Accumulated Other Comprehensive Income or Loss

The following tables summarize the components of other comprehensive income or loss, including the related income tax effects, and the related amount reclassified to net income for the periods presented:

(In thousands)	Accumulated Unrealized (Losses) Gains on Securities	Accumulated Unrealized Gains (Losses) on Derivative Instruments	Accumulated Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive (Loss) Income
Balance at January 1, 2023	**$ (386,057)**	**$ 7,381**	**$ (48,960)**	**$ (427,636)**
Other comprehensive income during the period, net of tax, before reclassifications	**34,503**	**22,808**	**710**	**58,021**
Amount reclassified from accumulated other comprehensive loss into net income, net of tax	**(409)**	**2,620**	**—**	**2,211**
Amount reclassified from accumulated other comprehensive income or loss related to amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale, net of tax	**(32)**	**—**	**—**	**(32)**
Net other comprehensive income during the period, net of tax	**$ 34,062**	**$ 25,428**	**$ 710**	**$ 60,200**
Balance at March 31, 2023	**$ (351,995)**	**$ 32,809**	**$ (48,250)**	**$ (367,436)**
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 or loss into net income, net of tax	(183)	3,926	—	3,743
Amount reclassified from accumulated other comprehensive 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)

(In thousands) Details Regarding the Component of Accumulated Other Comprehensive Income (Loss)	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) for the Three Months Ended March 31, 2023	2022	Impacted Line on the Consolidated Statements of Income
Accumulated unrealized gains on securities			
Gains included in net income	**$ 560**	$ 250	Gains (losses) on investment securities, net
	560	250	Income before taxes
Tax effect	**(151)**	(67)	Income tax expense
Net of tax	**$ 409**	$ 183	Net income
Accumulated unrealized gains on derivative instruments			
Amount reclassified to interest income on loans	**$ 9,072**	$ —	Interest on Loans
Amount reclassified to interest expense on deposits	**$ (5,588)**	$ 4,819	Interest on deposits
Amount reclassified to interest expense on other borrowings	**88**	534	Interest on other borrowings
	(3,572)	(5,353)	Income before taxes
Tax effect	**952**	1,427	Income tax expense
Net of tax	**$ (2,620)**	$ (3,926)	Net income

Earnings per Share

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

(In thousands, except per share data)		Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net income		**$ 180,198**	$ 127,391
Less: Preferred stock dividends		**6,991**	6,991
Net income applicable to common shares	**(A)**	**$ 173,207**	$ 120,400
Weighted average common shares outstanding	**(B)**	**60,950**	57,196
Effect of dilutive potential common shares			
Common stock equivalents		**873**	862
Weighted average common shares and effect of dilutive potential common shares	**(C)**	**61,823**	58,058
Net income per common share:			
Basic	**(A/B)**	**$ 2.84**	$ 2.11
Diluted	**(A/C)**	**$ 2.80**	$ 2.07

Potentially dilutive common shares can result from stock options, restricted stock unit awards 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.

At the January 2023 meeting of the board of directors of the Company (the “Board of Directors”), a quarterly cash dividend of $0.40 per share ($1.60 on an annualized basis) was declared. It was paid on February 23, 2023 to shareholders of record as of February 9, 2023.

(17) Subsequent Events

On April 3, 2023, the Company completed its acquisition of Rothschild & Co Asset Management US Inc. and Rothschild & Co Risk Based Investments LLC (collectively, “Rothschild & Co Asset Management U.S.”), from Rothschild & Co North America Inc. The acquired entities were merged into the Company’s subsidiary, Great Lakes Advisors, LLC.

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, 2023 compared with December 31, 2022 and March 31, 2022, and the results of operations for the three month periods ended March 31, 2023 and March 31, 2022, 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, 2022 (“2022 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 and offers a full array of wealth management services, primarily to customers 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.

Overview

First Quarter Highlights

The Company recorded net income of $180.2 million for the first quarter of 2023 compared to $127.4 million in the first quarter of 2022. The results for the first quarter of 2023 demonstrate the Company’s ability to navigate industry disruptions during the period with stable deposits due to the Company’s strong deposit franchise and balanced business model. Other key drivers included continued expansion of net interest income as a result of benefiting from the recent rise in interest rates contributing to record net income and continued good credit quality metrics. 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. Comprehensive income totaled $240.4 million for the first quarter of 2023 compared to $7.3 million for the first quarter of 2022.

The Company increased its loan portfolio from $35.3 billion at March 31, 2022 and $39.2 billion at December 31, 2022 to $39.6 billion at March 31, 2023. 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, commercial real estate, residential real estate loans held for investment 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 (5) “Loans” of the Consolidated Financial Statements in Item 1 of this report.

The Company recorded net interest income of $458.0 million in the first quarter of 2023 compared to $299.3 million in the first quarter of 2022. This increase in net interest income recorded in the first quarter of 2023 compared to the first quarter of 2022 resulted primarily from growth in earning assets, specifically a $4.3 billion increase in average loans, and a significant increase in net interest margin, partially offset by the impact of two fewer days in the quarter. Net interest margin of 3.81% (3.83% on a fully taxable-equivalent basis, non-GAAP) in the first quarter of 2023 compared favorably to 2.60% (2.61% on a fully taxable-equivalent basis, non-GAAP) in the first quarter of 2022, primarily due to higher yields on earning assets, most notably loans held-for-investment, as market interest rates increased (see “Net Interest Income” for further detail).

Non-interest income totaled $107.8 million in the first quarter of 2023 compared to $162.8 million in the first quarter of 2022. This decrease was primarily due to lower mortgage banking revenues related to declining origination volumes as a result of rising interest rates reducing refinance incentives for borrowers (see “Non-Interest Income” for further detail).

Non-interest expense totaled $299.2 million in the first quarter of 2023, an increase of $14.9 million, or 5%, compared to the first quarter of 2022. This increase compared to the first quarter of 2022 was primarily attributable to increased salaries, and higher miscellaneous expense including interest payments made on collateral received for swaps and call options totaling $2.0 million and a $2.1 million increase in postage, partially offset by decreased commissions and incentive compensation and reduced loan expenses in line with declining mortgage production in the first quarter of 2023 (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 2023, 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. See "Deposits" and "Other Funding Sources" for additional information regarding liquidity sources.

RESULTS OF OPERATIONS

Earnings Summary

The Company's key operating measures and growth rates for the three months ended March 31, 2023, as compared to the same period last year, are shown below:

	Three months ended		
(Dollars in thousands, except per share data)	**March 31, 2023**	March 31, 2022	Percentage (%) or Basis Point (bp) Change
Net income	**$ 180,198**	$ 127,391	41 %
Pre-tax income, excluding provision for credit losses (non-GAAP) (1)	**266,595**	177,786	50
Net income per common share—Diluted	**2.80**	2.07	35
Net revenue (2)	**565,764**	462,084	22
Net interest income	**457,995**	299,294	53
Net interest margin	**3.81 %**	2.60 %	121 bps
Net interest margin - fully taxable-equivalent (non-GAAP) (1)	**3.83**	2.61	122
Net overhead ratio (3)	**1.49**	1.00	49
Return on average assets	**1.40**	1.04	36
Return on average common equity	**15.67**	11.94	373
Return on average tangible common equity (non-GAAP) (1)	**18.55**	14.48	407
At end of period			
Total assets	**$ 52,873,511**	$ 50,250,661	5 %
Total loans, excluding loans held-for-sale	**39,565,471**	35,280,547	12
Total loans, including loans held-for-sale	**39,867,964**	35,887,092	11
Total deposits	**42,718,211**	42,219,322	1
Total shareholders' equity	**5,015,506**	4,492,256	12
Book value per common share (1)	**$ 75.24**	$ 71.26	6
Tangible common book value per share (1)	**64.22**	59.34	8
Market price per common share	**72.95**	92.93	(22)
Allowance for loan and unfunded lending-related commitment losses to total loans	**0.95 %**	0.85 %	10 bps

(1) See following section titled, "Supplemental Non-GAAP Financial Measures/Ratios" for additional information on this performance measure/ratio.
(2) Net revenue is net interest income plus non-interest income.
(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:

(Dollars and shares in thousands)	Three Months Ended March 31, 2023	December 31, 2022	March 31, 2022
Reconciliation of Non-GAAP Net Interest Margin and Efficiency Ratio:			
(A) Interest Income (GAAP)	**$ 639,690**	$ 580,745	$ 328,252
Taxable-equivalent adjustment:			
- Loans	**1,872**	1,594	427
- Liquidity management assets	**551**	538	465
- Other earning assets	**4**	1	2
(B) Interest Income (non-GAAP)	**$ 642,117**	$ 582,878	$ 329,146
(C) Interest Expense (GAAP)	**181,695**	123,929	28,958
(D) Net Interest Income (GAAP) (A minus C)	**$ 457,995**	$ 456,816	$ 299,294
(E) Net Interest Income, fully taxable-equivalent (non-GAAP) (B minus C)	**$ 460,422**	$ 458,949	$ 300,188
Net interest margin (GAAP)	**3.81 %**	3.71 %	2.60 %
Net interest margin, fully taxable-equivalent (non-GAAP)	**3.83**	3.73	2.61
(F) Non-interest income	**$ 107,769**	$ 93,839	$ 162,790
(G) (Losses) gains on investment securities, net	**1,398**	(6,745)	(2,782)
(H) Non-interest expense	**299,169**	307,836	284,298
Efficiency ratio (H/(D+F-G))	**53.01 %**	55.23 %	61.16 %
Efficiency ratio (non-GAAP) (H/(E+F-G))	**52.78**	55.02	61.04
Reconciliation of Non-GAAP Tangible Common Equity Ratio:			
Total shareholders' equity (GAAP)	**$ 5,015,506**	$ 4,796,838	$ 4,492,256
Less: Non-convertible preferred stock (GAAP)	**(412,500)**	(412,500)	(412,500)
Less: Acquisition-related intangible assets (GAAP)	**(674,538)**	(675,710)	(682,101)
(I) Total tangible common shareholders' equity (non-GAAP)	**$ 3,928,468**	$ 3,708,628	$ 3,397,655
(J) Total assets (GAAP)	**$ 52,873,511**	$ 52,949,649	$ 50,250,661
Less: Acquisition-related intangible assets (GAAP)	**(674,538)**	(675,710)	(682,101)
(K) Total tangible assets (non-GAAP)	**$ 52,198,973**	$ 52,273,939	$ 49,568,560
Common equity to assets ratio (GAAP) (L/J)	**8.7 %**	8.3 %	8.1 %
Tangible common equity ratio (non-GAAP) (I/K)	**7.5**	7.1	6.9
Reconciliation of Non-GAAP Tangible Book Value per Common Share:			
Total shareholders' equity	**$ 5,015,506**	$ 4,796,838	$ 4,492,256
Less: Preferred stock	**(412,500)**	(412,500)	(412,500)
(L) Total common equity	**$ 4,603,006**	$ 4,384,338	$ 4,079,756
(M) Actual common shares outstanding	**61,176**	60,794	57,253
Book value per common share (L/M)	**$ 75.24**	$ 72.12	$ 71.26
Tangible book value per common share (non-GAAP) (I/M)	**64.22**	61.00	59.34

(Dollars in thousands)	Three Months Ended March 31, 2023	December 31, 2022	March 31, 2022
Reconciliation of Non-GAAP Return on Average Tangible Common Equity:			
(N) Net income applicable to common shares	**$ 173,207**	$ 137,826	$ 120,400
Add: Acquisition-related intangible asset amortization	**1,235**	1,436	1,609
Less: Tax effect of acquisition-related intangible asset amortization	**(321)**	(370)	(430)
After-tax acquisition-related intangible asset amortization	**$ 914**	$ 1,066	$ 1,179
(O) Tangible net income applicable to common shares (non-GAAP)	**$ 174,121**	$ 138,892	$ 121,579
Total average shareholders' equity	**$ 4,895,271**	$ 4,710,856	$ 4,500,460
Less: Average preferred stock	**(412,500)**	(412,500)	(412,500)
(P) Total average common shareholders' equity	**$ 4,482,771**	$ 4,298,356	$ 4,087,960
Less: Average acquisition-related intangible assets	**(675,247)**	(676,371)	(682,603)
(Q) Total average tangible common shareholders' equity (non-GAAP)	**$ 3,807,524**	$ 3,621,985	$ 3,405,357
Return on average common equity, annualized (N/P)	**15.67 %**	12.72 %	11.94 %
Return on average tangible common equity, annualized (non-GAAP) (O/Q)	**18.55**	15.21	14.48

Reconciliation of Non-GAAP Pre-Tax, Pre-Provision Income:			
Income before taxes	**$ 243,550**	$ 195,173	$ 173,680
Add: Provision for credit losses	**23,045**	47,646	4,106
Pre-tax income, excluding provision for credit losses (non-GAAP)	**$ 266,595**	$ 242,819	$ 177,786

Critical Accounting Estimates

The Company's Consolidated Financial Statements are prepared in accordance with GAAP in the United States, prevailing practices of the banking industry, and the application of accounting policies of which are described in Note (1) "Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8 of the Company's 2022 Form 10-K. These policies require numerous estimates and strategic or economic assumptions, which may prove inaccurate or subject to variations. Changes in underlying factors, assumptions or estimates could have a material impact on the Company's future financial condition and results of operations. At March 31, 2023, management views critical accounting estimates to include the determination of the allowance for credit 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 most subject to revision as new information becomes available. These estimates were reviewed with the Audit Committee of the Company's Board of Directors.

Allowance for Credit Losses, including the Allowance for Loan Losses, Allowance for Losses on Lending-Related Commitments and Allowance for Held-to-Maturity Debt Securities

The allowance for credit losses represents management's estimate of expected credit losses over the life of a financial asset carried at amortized cost. Determining the amount of the allowance for credit losses is considered a critical accounting estimate because it requires significant judgment and the use of estimates related to the fair value of the underlying collateral and amount and timing of expected future cash flows on individually assessed financial assets, estimated credit losses on pools of loans with similar risk characteristics, and consideration of reasonable and supportable forecasts of macroeconomic conditions, all of which are susceptible to significant change. At March 31, 2023, the loan and held-to-maturity debt securities portfolios represent 82% of the total assets on the Company's consolidated balance sheet. The Company also maintains an allowance for lending-related commitments, specifically unfunded loan commitments and letters of credit, which relates to certain amounts the Company is committed to lend (not unconditionally cancelable) but for which funds have not yet been disbursed.

Key macroeconomic variable data points that are significant inputs into our credit loss models for the commercial and commercial real estate portfolios are the Baa corporate credit spread as well as the Commercial Real Estate Pricing Index ("CREPI") specifically related to the commercial real estate portfolio. Holding all other inputs constant, the table below shows the impact of changes in these key macroeconomic variable data points on the estimate of allowance for credit losses.

	Impact to estimated allowance for credit losses from an increased or higher input value
Baa Credit Spread	Increases
CRE Price Index	Decreases

Holding all other inputs constant, the following table provides a sensitivity analysis for the commercial and commercial real estate portfolios based on a 20 basis point change in Baa credit spreads from the assumption utilized in the estimate of that portfolio's allowance for credit losses at March 31, 2023:

Baa Credit Spread		
	Narrows	Widens
Commercial	Decreases estimate by 10%-15%	Increases estimate by 10%-15%
Commercial Real Estate:		
Construction	Decreases estimate by 15%-20%	Increases estimate by 15%-20%
Non-Construction	Decreases estimate by 4%-5%	Increases estimate by 4%-5%

Holding all other inputs constant, the following table provides a sensitivity analysis for the commercial real estate construction and non-construction portfolios based on a 10% change in CREPI from the assumption utilized in the estimate of that portfolio's allowance for credit losses at March 31, 2023:

CRE Price Index		
	Increases	Decreases
Commercial Real Estate:		
Construction	Decreases estimate by 30%-35%	Increases estimate by 130%-135%
Non-Construction	Decreases estimate by 25%-30%	Increases estimate by 40%-45%

See Note (6) "Allowance for Credit Losses" to the Consolidated Financial Statements in Item 1 of this report and the section titled "Credit Quality" in Item 2 of this report for a description of the methodology used to determine the allowance for credit losses.

For a more detailed discussion on these critical accounting estimates, see "Summary of Critical Accounting Estimates" beginning on page 54 of the 2022 Form 10-K.

Net Income

Net income for the quarter ended March 31, 2023 totaled $180.2 million, an increase of $52.8 million, or 41%, compared to the quarter ended March 31, 2022. On a per share basis, net income for the first quarter of 2023 totaled $2.80 per diluted common share compared to $2.07 for the first quarter of 2022.

The increase in net income for the first quarter of 2023 as compared to the same period in the prior year is primarily attributable to increased net interest income, partially offset by lower mortgage banking revenue. See "Net Interest Income", "Non-interest Income", "Non-interest Expense" and "Credit 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, 2023 compared to the Quarters Ended December 31, 2022 and March 31, 2022

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 2023 as compared to the fourth quarter of 2022 (sequential quarters) and first quarter of 2022 (linked quarters):

	Average Balance for three months ended,			**Interest for three months ended,**			**Yield/Rate for three months ended,**		
(Dollars in thousands)	**Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022	**Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022	**Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Interest-bearing deposits with banks, securities purchased under resale agreements and cash equivalents[1]	**$ 1,235,748**	$ 2,449,889	$ 4,563,726	**$ 13,538**	$ 21,612	$ 2,118	**4.44 %**	3.50 %	0.19 %
Investment securities[2]	**7,956,722**	7,310,383	6,378,022	**60,494**	53,630	32,863	**3.08**	2.91	2.09
FHLB and FRB stock	**233,615**	185,290	135,912	**3,680**	2,918	1,772	**6.39**	6.25	5.29
Liquidity management assets[3][8]	**$ 9,426,085**	$ 9,945,562	$ 11,077,660	**$ 77,712**	$ 78,160	$ 36,753	**3.34 %**	3.12 %	1.35 %
Other earning assets[3][4][8]	**18,445**	18,585	25,192	**313**	289	181	**6.87**	6.17	2.91
Mortgage loans held-for-sale	**270,966**	308,639	664,019	**3,528**	3,997	6,087	**5.28**	5.14	3.72
Loans, net of unearned income[3][5][8]	**39,093,368**	38,566,871	34,830,520	**560,564**	500,432	286,125	**5.82**	5.15	3.33
Total earning assets[8]	**$ 48,808,864**	$ 48,839,657	$ 46,597,391	**$ 642,117**	$ 582,878	$ 329,146	**5.34 %**	4.73 %	2.86 %
Allowance for loan and investment security losses	**(282,704)**	(252,827)	(253,080)						
Cash and due from banks	**488,457**	475,691	481,634						
Other assets	**3,060,701**	3,025,097	2,675,899						
Total assets	**$ 52,075,318**	$ 52,087,618	$ 49,501,844						
NOW and interest-bearing demand deposits	**$ 5,271,740**	$ 5,598,291	$ 4,788,272	**$ 18,772**	$ 14,982	$ 1,990	**1.44 %**	1.06 %	0.17 %
Wealth management deposits	**2,167,081**	2,883,247	2,505,800	**12,258**	14,079	918	**2.29**	1.94	0.15
Money market accounts	**12,533,468**	12,319,842	12,773,805	**68,276**	45,468	7,648	**2.21**	1.46	0.24
Savings accounts	**4,830,322**	4,403,113	3,904,299	**15,816**	8,421	336	**1.33**	0.76	0.03
Time deposits	**5,041,638**	4,023,232	3,861,371	**29,680**	12,497	3,962	**2.39**	1.23	0.42
Interest-bearing deposits	**$ 29,844,249**	$ 29,227,725	$ 27,833,547	**$ 144,802**	$ 95,447	$ 14,854	**1.97 %**	1.30 %	0.22 %
Federal Home Loan Bank advances	**2,474,882**	2,088,201	1,241,071	**19,135**	13,823	4,816	**3.14**	2.63	1.57
Other borrowings	**602,937**	480,553	494,267	**7,854**	5,313	2,239	**5.28**	4.39	1.84
Subordinated notes	**437,422**	437,312	436,966	**5,488**	5,520	5,482	**5.02**	5.05	5.02
Junior subordinated debentures	**253,566**	253,566	253,566	**4,416**	3,826	1,567	**6.97**	5.90	2.47
Total interest-bearing liabilities	**$ 33,613,056**	$ 32,487,357	$ 30,259,417	**$ 181,695**	$ 123,929	$ 28,958	**2.19 %**	1.51 %	0.39 %
Non-interest-bearing deposits	**12,171,631**	13,404,036	13,734,064						
Other liabilities	**1,395,360**	1,485,369	1,007,903						
Equity	**4,895,271**	4,710,856	4,500,460						
Total liabilities and shareholders' equity	**$ 52,075,318**	$ 52,087,618	$ 49,501,844						
Interest rate spread[6][8]							**3.15 %**	3.22 %	2.47 %
Less: Fully taxable-equivalent adjustment				**(2,427)**	(2,133)	(894)	**(0.02)**	(0.02)	(0.01)
Net free funds/contribution[7]	**$ 15,195,808**	$ 16,352,300	$ 16,337,974				**0.68**	0.51	0.14
Net interest income/margin (GAAP)[8]				**$ 457,995**	$ 456,816	$ 299,294	**3.81 %**	3.71 %	2.60 %
Fully taxable-equivalent adjustment				**2,427**	2,133	894	**0.02**	0.02	0.01
Net interest income/margin, fully taxable-equivalent (non-GAAP)[8]				**$ 460,422**	$ 458,949	$ 300,188	**3.83 %**	3.73 %	2.61 %

(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, 2023, December 31, 2022 and March 31, 2022 were $2.4 million, $2.1 million and $894,000, respectively.

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

(5) Loans, net of unearned income, include nonaccrual 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 2023, net interest income totaled $458.0 million, an increase of $1.2 million as compared to the fourth quarter of 2022, and an increase of $158.7 million as compared to the first quarter of 2022. Net interest margin was 3.81% (3.83% on a FTE basis, non-GAAP) during the first quarter of 2023 compared to 3.71% (3.73% on a FTE basis, non-GAAP) during the fourth quarter of 2022, and 2.60% (2.61% on a FTE basis, non-GAAP) during the first quarter of 2022.

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, 2023 to each of the three month periods ended December 31, 2022 and March 31, 2022. 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 2023 Compared to Fourth Quarter of 2022	First Quarter of 2023 Compared to First Quarter of 2022
Net interest income, FTE basis (non-GAAP)[1] for comparative period	$ 458,949	$ 300,188
Change due to mix and growth of earning assets and interest-bearing liabilities (volume)	(4,478)	17,377
Change due to interest rate fluctuations (rate)	16,149	142,857
Change due to number of days in each period	(10,198)	—
Less: FTE adjustment	(2,427)	(2,427)
Net interest income (GAAP)[1] for the period ended March 31, 2023	$ 457,995	$ 457,995
FTE adjustment	2,427	2,427
Net interest income, FTE basis (non-GAAP)[1]	$ 460,422	$ 460,422

(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:

	Three Months Ended			
(Dollars in thousands)	**March 31, 2023**	March 31, 2022	$ Change	% Change
Brokerage	**$ 4,533**	$ 4,632	$ (99)	(2)%
Trust and asset management	**25,412**	26,762	(1,350)	(5)
Total wealth management [1]	**29,945**	31,394	(1,449)	(5)
Mortgage banking	**18,264**	77,231	(58,967)	(76)
Service charges on deposit accounts	**12,903**	15,283	(2,380)	(16)
Gains (losses) on investment securities, net	**1,398**	(2,782)	4,180	NM
Fees from covered call options	**10,391**	3,742	6,649	NM
Trading gains, net	**813**	3,889	(3,076)	(79)
Operating lease income, net	**13,046**	15,475	(2,429)	(16)
Other:				
Interest rate swap fees	**2,606**	4,569	(1,963)	(43)
BOLI	**1,351**	48	1,303	NM
Administrative services	**1,615**	1,853	(238)	(13)
Foreign currency remeasurement (losses) gains	**(188)**	11	(199)	NM
Early pay-offs of capital leases	**365**	265	100	38
Miscellaneous	**15,260**	11,812	3,448	29
Total Other	**21,009**	18,558	2,451	13
Total Non-interest Income	**$ 107,769**	$ 162,790	$ (55,021)	(34)%

(1) Wealth management revenue is comprised of the trust and asset management revenue of the CTC and Great Lakes Advisors, the brokerage commissions, managed money fees and insurance product commissions at Wintrust Investments and fees from tax-deferred like-kind exchange services provided by CDEC.

NM—Not Meaningful.

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

Mortgage banking revenue decreased for the three months ended March 31, 2023 as compared to the same period in 2022 as a result of a decrease in loans originated for sale and lower production margins. 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 loans originated for sale totaled $372.3 million in the first quarter of 2023 as compared to $895.5 million in the first quarter of 2022. The decrease in originations was primarily due to rising interest rates reducing refinance incentives for borrowers. The percentage of origination volume from refinancing activities was 20% for the three months ended March 31, 2023 as compared to 47% for the same period in 2022.

The Company records MSRs at fair value on a recurring basis. For the three months ended March 31, 2023, the fair value of the MSRs portfolio decreased due to an unfavorable fair value adjustment of $7.0 million as well as retained servicing rights led to capitalization of $5.1 million, partially offset by a reduction in value of $3.9 million due to payoffs and paydowns of the existing portfolio. See Note (8) “Mortgage Servicing Rights (“MSRs”)” to the Consolidated Financial Statements in Item 1 of this report for a summary of the changes in the carrying value of MSRs.

Mortgage banking revenue is also impacted by changes in the fair value of derivative contracts held to economically hedge a portion of the fair value adjustments related to the Company’s MSRs portfolio. The change in fair value of the derivative contracts held as an economic hedge for the three months ended March 31, 2023 was a $0.9 million positive valuation adjustment.

Service charges on deposits decreased for the three months ended March 31, 2023 as compared to the same period in 2022 as a result of lower account analysis fees on commercial deposit accounts and lower fees as a result of the Company’s elimination of the overdraft and item return fees for consumer 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.

Net gains on investment securities for the three months ended March 31, 2023 were primarily the result of unrealized gains on equity investments. The Company did not recognize any credit-related write-down or other-than-temporary impairment charges within its available-for-sale or held-to-maturity investment securities portfolio for the three months ended March 31, 2023 and the same period in 2022.

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 effectively entered into these transactions with the goal of economically hedging security positions and enhancing its overall return on its investment portfolio. These option transactions are designed to increase the total return associated with holding certain investment securities and do not qualify as hedges pursuant to accounting guidance. There were no outstanding call option contracts at March 31, 2023 and 2022.

Trading gains for the three months ended March 31, 2023 primarily resulted from fair value adjustments related to interest rate derivatives not designated as hedges.

Miscellaneous non-interest income includes loan servicing fees, income from other investments, service charges and other fees. The increase in miscellaneous other income for the three months ended March 31, 2023 compared to 2022 was primarily due to favorable fair value adjustments for EBO loans of $1.1 million in 2023 compared to unfavorable fair value adjustments of $900,000 in the first three months of 2022.

Non-interest Expense

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

(Dollars in thousands)	Three months ended March 31, 2023	Three months ended March 31, 2022	$ Change	% Change
Salaries and employee benefits:				
Salaries	**$ 108,354**	$ 92,116	$ 16,238	18 %
Commissions and incentive compensation	**39,799**	51,793	(11,994)	(23)
Benefits	**28,628**	28,446	182	1
Total salaries and employee benefits	**176,781**	172,355	4,426	3
Software and equipment	**24,697**	22,810	1,887	8
Operating lease equipment	**9,833**	9,708	125	1
Occupancy, net	**18,486**	17,824	662	4
Data processing	**9,409**	7,505	1,904	25
Advertising and marketing	**11,946**	11,924	22	0
Professional fees	**8,163**	8,401	(238)	(3)
Amortization of other acquisition-related intangible assets	**1,235**	1,609	(374)	(23)
FDIC insurance	**8,669**	7,729	940	12
OREO expense, net	**(207)**	(1,032)	825	(80)
Other:				
Lending expenses, net of deferred originations costs	**1,764**	6,821	(5,057)	(74)
Travel and entertainment	**4,590**	2,676	1,914	72
Miscellaneous	**23,803**	15,968	7,835	49
Total other	**30,157**	25,465	4,692	18
Total Non-interest Expense	**$ 299,169**	$ 284,298	$ 14,871	5 %

NM - Not meaningful.

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

Salaries and employee benefits expense increased for the three months ended March 31, 2023 as compared to the same period in 2022 primarily due to increased salaries, partially offset by decreased commissions and incentive compensation as a result of lower commission expense related to declining mortgage production.

Lending expenses, net of deferred origination costs decreased for the three months ended March 31, 2023 as compared to the same period in 2022 primarily due to lower loan originations in the first quarter of 2023.

Miscellaneous expense includes ATM expenses, correspondent bank charges, directors' fees, telephone, postage, corporate insurance, dues and subscriptions, problem loan expenses and other miscellaneous operational losses and costs. Miscellaneous expense increased for the three months ended March 31, 2023 as compared to the same period in 2022 as a result of interest payments made on collateral received for swaps and call options totaling $2.0 million and a $2.1 million increase in postage.

Income Taxes

The Company recorded income tax expense of $63.4 million in the first quarter of 2023 compared to $46.3 million in the first quarter of 2022. The effective tax rates were 26.01% in the first quarter of 2023 compared to 26.65% in the first quarter of 2022.

The effective tax rates were partially impacted by 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 net excess tax benefits of $2.8 million in the first quarter of 2023, compared to net excess tax benefits of $2.2 million in the first quarter of 2022 related to share-based compensation.

Operating Segment Results

The Company's operations consist of three primary segments: community banking, specialty finance and wealth management. Refer to Note (12) "Segment Information" to the Consolidated Financial Statements in Item 1 of this report for further information on the Company's primary segments. 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.

The community banking segment's net interest income for the quarter ended March 31, 2023 totaled $369.8 million as compared to $228.6 million for the same period in 2022, an increase of $141.2 million, or 62%. The increase in the three month period was primarily attributable to increased interest and fees on loans due to of loan growth and increased interest rates, partially offset by increased interest expense on deposits. The community banking segment's non-interest income totaled $68.7 million in the first quarter of 2023, a decrease of $53.2 million, or 44%, when compared to the first quarter of 2022 total of $121.9 million. The decrease in the three month period was primarily the result of reduced mortgage banking revenue due to lower originations for sale and lower gain on sale margin as well as a decrease in the fair value of MSRs related to changes in fair value model assumptions. The community banking segment recorded provision for credit losses of $21.1 million for the three months ended March 31, 2023, compared to $4.1 million for the same period in 2022. The increase in provision for credit losses for the three month period was primarily due to deterioration in the macroeconomic forecasts and loan growth. The community banking segment's net income for the quarter ended March 31, 2023 totaled $134.2 million, an increase of $44.1 million as compared to net income in the first quarter of 2022 of $90.1 million.

The specialty finance segment's net interest income totaled $70.4 million for the quarter ended March 31, 2023, compared to $55.4 million for the same period in 2022, an increase of $15.0 million, or 27%. The increase for the three month period was primarily due to loan growth and increased interest rates on the premium finance receivables portfolios. The specialty finance segment's non-interest income increased to $25.8 million from $24.1 million for the three months ended March 31, 2023 and 2022, respectively. Our property and casualty insurance premium finance operations, life insurance finance operations, lease financing operations and accounts receivable finance operations accounted for 43%, 33%, 21% and 3%, respectively, of the total revenues of our specialty finance business for the three month period ended March 31, 2023. The net income of the specialty finance segment for the quarter ended March 31, 2023 totaled $36.7 million as compared to $29.6 million for the quarter ended March 31, 2022.

The wealth management segment reported net interest income of $9.0 million for the first quarter of 2023 compared to $8.4 million in the same quarter of 2022, an increase of $579,000, or 7%. 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 $2.2 billion and $2.5 billion in the first three months of 2023 and 2022, respectively. This segment recorded non-interest income of $30.3 million for the first quarter of 2023 compared to $30.6 million for the first quarter of 2022. 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 $9.2 million for the first quarter of 2023 compared to $7.7 million for the first quarter of 2022.

Financial Condition

Total assets were $52.9 billion at March 31, 2023, representing an increase of $2.6 billion, or 5%, when compared to March 31, 2022 and a decrease of approximately $76.1 million, or 1% on an annualized basis, when compared to December 31, 2022. Total funding, which includes deposits, all notes and advances, including secured borrowings and the junior subordinated debentures, was $46.3 billion at March 31, 2023, $46.5 billion at December 31, 2022, and $44.6 billion at March 31, 2022. See Notes (4), (5), (9), (10) and (11) 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:

	Three Months Ended					
	March 31, 2023		December 31, 2022		March 31, 2022	
(Dollars in thousands)	**Balance**	**Percent**	Balance	Percent	Balance	Percent
Mortgage loans held-for-sale	**$ 270,966**	**1 %**	$ 308,639	1 %	$ 664,019	1 %
Loans, net of unearned income						
Commercial	**$ 12,401,473**	**25 %**	$ 12,245,207	25 %	$ 11,603,981	25 %
Commercial real estate	**10,144,301**	**21**	9,825,886	20	9,133,587	20
Home equity	**333,195**	**1**	330,761	1	328,817	1
Residential real estate	**2,336,190**	**5**	2,234,596	5	1,658,884	4
Premium finance receivables	**13,811,566**	**28**	13,850,648	28	12,056,395	25
Other loans	**66,643**	**0**	79,773	0	48,856	0
Total average loans (1)	**$ 39,093,368**	**80 %**	$ 38,566,871	79 %	$ 34,830,520	75 %
Liquidity management assets (2)	**9,426,085**	**19**	9,945,562	20	11,077,660	24
Other earning assets (3)	**18,445**	**0**	18,585	0	25,192	0
Total average earning assets	**$ 48,808,864**	**100 %**	$ 48,839,657	100 %	$ 46,597,391	100 %
Total average assets	**$ 52,075,318**		$ 52,087,618		$ 49,501,844	
Total average earning assets to total average assets		**94 %**		94 %		94 %

(1) Includes nonaccrual 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. Mortgage loans held-for-sale represents such 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 provide a source of non-interest revenue. The decrease in average balance from 2022 to 2023 was primarily due to lower mortgage origination production due primarily to higher interest rates as well as the transfer to held-for-investment classification of certain loans previously repurchased by the Company under the early buyout option available for loans sold to GNMA with servicing retained. See below for additional discussion of these early buyout options.

Loans, net of unearned income. Combined, the commercial and commercial real estate loan categories comprised 58% of the average loan portfolio in the first quarter of 2023 as compared to 57% in the fourth quarter of 2022 and 60% in the first quarter of 2022. Excluding the impact of loans originated through the Paycheck Protection Program ("PPP"), growth realized in these aggregated categories for the first quarter of 2023 as compared to the sequential and prior year periods is primarily attributable to increased business development efforts.

The home equity loan portfolio has remained relatively steady primarily as a result of borrowers preferring to finance through longer term, low rate mortgage loans prior to rising interest rates in 2022. The Company has been actively managing its home equity portfolio to ensure that diligent pricing, appraisal and other underwriting activities continue to exist.

The increase in the residential real estate 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. The residential real estate loan portfolio includes certain loans guaranteed by U.S. government agencies under the Government National Mortgage Association ("GNMA") optional repurchase programs. Such 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 $196.2 million at March 31, 2023 compared to $50.1 million at March 31, 2022. 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 $119.3 million at March 31, 2023, compared to $13.5 million at March 31, 2022. The increase in balance from March 31, 2022 to March 31, 2023 was the result of higher delinquencies between periods and less frequent exercising of the early buyout option by the Company. As of March 31, 2023, early buyout exercised loans held-for-investment totaled $76.9 million compared to $36.6 million as of March 31, 2022. As of March 31, 2023, early buyout exercised mortgage loans held-for-sale totaled $146.8 million compared to $310.0 million as of March 31, 2022. The decline in early buyout exercised mortgage loans held-for-sale relative to the prior year is primarily due to the resale of mortgage loans to GNMA as well as the reclassification of certain loans to held-for-investment classification due to an inability to resell due to continued delinquency.

The increase in the premium finance receivables during the first quarter of 2023 compared to the first quarter of 2022 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 $3.8 billion of premium finance receivables were originated in the first quarter of 2023 compared to $3.4 billion during the same period of 2022. Premium finance receivables consist of a property and casualty portfolio and a life portfolio comprising approximately 42% and 58%, respectively, of the average total balance of premium finance receivables for the first quarter of 2023, and 40% and 60%, respectively, for the first quarter of 2022.

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. 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.

Maturities and Sensitivities of Loans to Changes in Interest Rates

The following table classifies the loan portfolio at March 31, 2023 by date at which the loans reprice or mature, and the type of rate exposure:

As of March 31, 2023 (In thousands)	**One year or less**	**From one to five years**	**From five to fifteen years**	**After fifteen years**	**Total**
Commercial					
Fixed rate	$ 499,853	$ 2,594,118	$ 1,608,735	$ 14,047	$ 4,716,753
Variable rate	7,858,277	1,955	—	—	7,860,232
Total commercial	$ 8,358,130	$ 2,596,073	$ 1,608,735	$ 14,047	$ 12,576,985
Commercial real estate					
Fixed rate	534,274	2,777,288	616,509	52,951	3,981,022
Variable rate	6,249,717	8,299	40	—	6,258,056
Total commercial real estate	$ 6,783,991	$ 2,785,587	$ 616,549	$ 52,951	$ 10,239,078
Home equity					
Fixed rate	11,913	2,931	—	33	14,877
Variable rate	322,138	—	1	—	322,139
Total home equity	$ 334,051	$ 2,931	$ 1	$ 33	$ 337,016
Residential real estate					
Fixed rate	16,639	3,889	30,584	1,078,608	1,129,720
Variable rate	69,098	245,174	1,061,553	—	1,375,825
Total residential real estate	$ 85,737	$ 249,063	$ 1,092,137	$ 1,078,608	$ 2,505,545
Premium finance receivables - property & casualty					

Fixed rate	5,619,254	119,626	—	—	5,738,880
Variable rate	—	—	—	—	—
Total premium finance receivables - property & casualty	$ 5,619,254	$ 119,626	$ —	$ —	$ 5,738,880
Premium finance receivables - life insurance					
Fixed rate	106,992	534,387	22,836	—	664,215
Variable rate	7,461,587	—	—	—	7,461,587
Total premium finance receivables - life insurance	$ 7,568,579	$ 534,387	$ 22,836	$ —	$ 8,125,802
Consumer and other					
Fixed rate	5,507	5,263	51	477	11,298
Variable rate	30,867	—	—	—	30,867
Total consumer and other	$ 36,374	$ 5,263	$ 51	$ 477	$ 42,165
Total per category					
Fixed rate	6,794,432	6,037,502	2,278,715	1,146,116	16,256,765
Variable rate	21,991,684	255,428	1,061,594	—	23,308,706
Total loans, net of unearned income	$ 28,786,116	$ 6,292,930	$ 3,340,309	$ 1,146,116	$ 39,565,471
Variable Rate Loan Pricing by Index:					
SOFR tenors					$ 9,065,867
One- year CMT					5,008,849
One- month LIBOR					2,490,152
Three- month LIBOR					80,560
Twelve- month LIBOR					2,342,910
Prime					3,640,088
Ameribor tenors					341,332
Other U.S. Treasury tenors					74,865
BSBY tenors					52,235
Other					211,848
Total variable rate					$ 23,308,706

SOFR - Secured Overnight Financing Rate.
CMT - Constant Maturity Treasury Rate.
LIBOR - London Interbank Offered 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 the period, including emerging indices such as SOFR, CMT, and Ameribor. As shown above, at March 31, 2023, variable rate loans with loans priced at SOFR, CMT, and Ameribor totaled $9.1 billion, $5.0 billion and $341.3 million, respectively. Additionally, the percentage of the Company's variable rate loans indexed to LIBOR decreased to 21% at March 31, 2023 compared to 71% at March 31, 2022. The Company continues its transition of its loan portfolio from LIBOR for both loans existing at March 31, 2023 and future new originations.

CREDIT QUALITY

Commercial and Commercial Real Estate Loan Portfolios

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, 2023 and 2022:

	As of March 31, 2023			As of March 31, 2022		
(Dollars in thousands)	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	$ 12,559,790	55.0 %	$ 149,501	$ 11,329,999	54.4 %	$ 120,910
Commercial PPP	17,195	0.1	—	253,964	1.2	1
Total commercial	$ 12,576,985	55.1 %	$ 149,501	$ 11,583,963	55.6 %	$ 120,911
Commercial Real Estate:						
Construction and development	$ 1,597,053	7.0 %	$ 75,069	$ 1,396,406	6.7 %	$ 34,206
Non-construction	8,642,025	37.9	119,711	7,838,668	37.7	110,700
Total commercial real estate	$ 10,239,078	44.9 %	$ 194,780	$ 9,235,074	44.4 %	$ 144,906
Total commercial and commercial real estate	$ 22,816,063	100.0 %	$ 344,281	$ 20,819,037	100.0 %	$ 265,817
Commercial real estate - collateral location by state:						
Illinois	$ 6,626,135	64.7 %		$ 6,450,630	69.8 %	
Wisconsin	882,547	8.6		771,336	8.4	
Total primary markets	$ 7,508,682	73.3 %		$ 7,221,966	78.2 %	
Indiana	343,926	3.4		340,862	3.7	
Florida	264,234	2.6		183,824	2.0	
Colorado	220,226	2.2		99,682	1.1	
California	190,510	1.9		137,726	1.5	
Texas	176,364	1.7		164,144	1.8	
Michigan	142,202	1.4		93,405	1.0	
Other	1,392,934	13.5		993,465	10.7	
Total commercial real estate	$ 10,239,078	100.0 %		$ 9,235,074	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. 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 $149.5 million as of March 31, 2023 compared to $120.9 million as of March 31, 2022.

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, 73.3% of our commercial real estate loan portfolio is located in this region as of March 31, 2023. We have been able to effectively manage our total non-performing commercial real estate loans, aided by our credit management process. As of March 31, 2023, our allowance for credit losses related to this portfolio was $194.8 million compared to $144.9 million as of March 31, 2022. The increase in the allowance for credit losses is primarily a result of growth in our commercial real estate portfolio.

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.

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. Description of the Company’s credit risk rating structure used is included in Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations of the 2022 Form 10-K.

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.

Loan Portfolio Aging

As of March 31, 2023, excluding early buy-out loans guaranteed by U.S. government agencies, $67.3 million, or 0.2% of all loans, were 60 to 89 days (or two payments) past due and $274.5 million, or 0.7% of all loans, were 30 to 59 days (or one payment) past due. As of December 31, 2022, excluding early buy-out loans guaranteed by U.S. government agencies, $47.9 million, or 0.1% of all loans, were 60 to 89 days (or two payments) past due and $209.0 million, or 0.5% of all loans, 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, 2023 that were current with regard to the contractual terms of the loan agreement represent 99.3% of the total home equity portfolio. Residential real estate loans, excluding early buy-out loans guaranteed by U.S. government agencies, at March 31, 2023 that were current with regards to the contractual terms of the loan agreements comprise 98.7% of total residential real estate loans outstanding. For more information regarding delinquent loans as of March 31, 2023, see Note (6) “Allowance for Credit Losses” in Item 1.

Non-performing Assets [(1)]

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

(Dollars in thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Loans past due greater than 90 days and still accruing [(2)]:			
Commercial	$ —	$ 462	$ —
Commercial real estate	—	—	—
Home equity	—	—	—
Residential real estate	104	—	—
Premium finance receivables—property and casualty	9,215	15,841	12,363
Premium finance receivables—life insurance	1,066	17,245	—
Consumer and other	87	49	43
Total loans past due greater than 90 days and still accruing	10,472	33,597	12,406
Nonaccrual loans:			
Commercial	47,950	35,579	16,878
Commercial real estate	11,196	6,387	12,301
Home equity	1,190	1,487	1,747
Residential real estate	11,333	10,171	7,262
Premium finance receivables—property and casualty	18,543	13,470	6,707
Premium finance receivables—life insurance	—	—	—
Consumer and other	6	6	4
Total nonaccrual loans	90,218	67,100	44,899
Total non-performing loans:			
Commercial	47,950	36,041	16,878
Commercial real estate	11,196	6,387	12,301
Home equity	1,190	1,487	1,747
Residential real estate	11,437	10,171	7,262
Premium finance receivables—property and casualty	27,758	29,311	19,070
Premium finance receivables—life insurance	1,066	17,245	—
Consumer and other	93	55	47
Total non-performing loans	$ 100,690	$ 100,697	$ 57,305
Other real estate owned	8,050	8,589	4,978
Other real estate owned—from acquisitions	1,311	1,311	1,225
Other repossessed assets	—	—	—
Total non-performing assets	110,051	$ 110,597	$ 63,508
Total non-performing loans by category as a percent of its own respective category's period-end balance:			
Commercial	0.38 %	0.29 %	0.15 %
Commercial real estate	0.11	0.06	0.13
Home equity	0.35	0.45	0.54
Residential real estate	0.46	0.43	0.40
Premium finance receivables—property and casualty	0.48	0.50	0.39
Premium finance receivables—life insurance	0.01	0.21	—
Consumer and other	0.22	0.11	0.10
Total non-performing loans	0.25 %	0.26 %	0.16 %
Total non-performing assets, as a percentage of total assets	0.21 %	0.21 %	0.13 %
Total nonaccrual loans as a percentage of total loans	0.23 %	0.17 %	0.13 %
Allowance for credit losses as a percentage of nonaccrual loans	416.54 %	532.71 %	670.77 %

(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.

At this time, management believes reserves are appropriate to absorb losses that are expected upon the ultimate resolution of these credits. Significant increases may occur in subsequent periods due to ongoing macroeconomic uncertainty and related impacts on borrowers. Management will continue to actively review and monitor its loan portfolios, in an effort to identify problem credits in a timely manner.

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	
(In thousands)	**March 31, 2023**	March 31, 2022
Balance at beginning of period	**$ 100,697**	$ 74,438
Additions from becoming non-performing in the respective period	**24,455**	4,141
Return to performing status	**(480)**	(729)
Payments received	**(5,261)**	(20,139)
Transfer to OREO and other repossessed assets	**—**	(4,377)
Charge-offs	**(1,159)**	(2,354)
Net change for niche loans (1)	**(17,562)**	6,325
Balance at end of period	**$ 100,690**	$ 57,305

(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. A description of how the Company determines the allowance for credit losses is included in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2022 Form 10-K.

Management determined that the allowance for credit losses was appropriate at March 31, 2023, 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.

	Three Months Ended	
(Dollars in thousands)	**March 31, 2023**	March 31, 2022
Allowance for credit losses at beginning of period	**$ 357,448**	$ 299,653
Cumulative effect adjustment from the adoption of ASU 2022-02	**741**	—
Provision for credit losses	**23,070**	4,025
Other adjustments	**4**	22
Charge-offs:		
Commercial	**2,543**	1,414
Commercial real estate	**5**	777
Home equity	**—**	197
Residential real estate	**—**	466
Premium finance receivables - property & casualty	**4,629**	1,671
Premium finance receivables - life insurance	**21**	7
Consumer and other	**153**	193
Total charge-offs	**7,351**	4,725
Recoveries:		
Commercial	**392**	538
Commercial real estate	**100**	32
Home equity	**35**	93
Residential real estate	**4**	5
Premium finance receivables - property & casualty	**1,314**	1,476
Premium finance receivables - life insurance	**9**	—
Consumer and other	**32**	49
Total recoveries	**1,886**	2,193
Net charge-offs	**(5,465)**	(2,532)
Allowance for credit losses at period end	**$ 375,798**	$ 301,168
Annualized net charge-offs by category as a percentage of its own respective category's average:		
Commercial	**0.07 %**	0.03 %
Commercial real estate	**0.00**	0.03
Home equity	**(0.04)**	0.13
Residential real estate	**0.00**	0.11
Premium finance receivables - property & casualty	**0.23**	0.02
Premium finance receivables - life insurance	**0.00**	0.00
Consumer and other	**0.74**	1.19
Total loans, net of unearned income	**0.06 %**	0.03 %
Loans at period-end	**$ 39,565,471**	$ 35,280,547
Allowance for loan losses as a percentage of loans at period end	**0.73 %**	0.71 %
Allowance for loan and unfunded loan-related commitment losses as a percentage of loans at period end	**0.95**	0.85

See Note (6) "Allowance for Credit Losses" 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.

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 show the activity for the respective periods and the balance for each property type:

(In thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Balance at beginning of period	**$ 9,900**	$ 4,271
Disposal/resolved	**(435)**	(2,497)
Transfers in at fair value, less costs to sell	**—**	4,429
Fair value adjustments	**(104)**	—
Balance at end of period	**$ 9,361**	$ 6,203

(In thousands)	Period End March 31, 2023	Period End December 31, 2022	Period End March 31, 2022
Residential real estate	**$ 1,051**	$ 1,585	$ 1,127
Commercial real estate	**8,310**	8,315	5,076
Total	**$ 9,361**	$ 9,900	$ 6,203

Deposits

Total deposits at March 31, 2023 were $42.7 billion, an increase of $498.9 million, or 1%, compared to total deposits at March 31, 2022. See Note (9) "Deposits" 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, 2023:

Time Certificates of Deposit Maturity/Re-pricing Analysis As of March 31, 2023

(Dollars in thousands)	Total Time Certificates of Deposits	Weighted-Average Rate of Maturing Time Certificates of Deposit (1)
1-3 months	**$ 1,318,052**	**2.93 %**
4-6 months	**1,081,367**	**2.42**
7-9 months	**922,367**	**2.24**
10-12 months	**885,299**	**3.11**
13-18 months	**655,805**	**3.12**
19-24 months	**348,591**	**2.77**
24+ months	**139,771**	**2.14**
Total	**$ 5,351,252**	**2.73 %**

(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:

	Three Months Ended					
	March 31, 2023		December 31, 2022		March 31, 2022	
(Dollars in thousands)	**Balance**	**Percent**	Balance	Percent	Balance	Percent
Non-interest-bearing	**$ 12,171,631**	**29 %**	$ 13,404,036	32 %	$ 13,734,064	34 %
NOW and interest-bearing demand deposits	**5,271,740**	**13**	5,598,291	13	4,788,272	12
Wealth management deposits	**2,167,081**	**5**	2,883,247	7	2,505,800	6
Money market	**12,533,468**	**30**	12,319,842	29	12,773,805	30
Savings	**4,830,322**	**11**	4,403,113	10	3,904,299	9
Time certificates of deposit	**5,041,638**	**12**	4,023,232	9	3,861,371	9
Total average deposits	**$ 42,015,880**	**100 %**	$ 42,631,761	100 %	$ 41,567,611	100 %

Total average deposits for the first quarter of 2023 were $42.0 billion, an increase of $448.3 million, or 1%, from the first quarter of 2022. Total deposits remained stable in the first quarter as the diversity of our deposit base showed its resilience in a volatile market. The Company has experienced a change in the mix of deposits as non-interest bearing deposits have migrated to interest-bearing products.

Wealth management deposits are funds from the brokerage customers of Wintrust Investments, CDEC and trust and asset management customers of the Company 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:

	March 31,		December 31,		
(Dollars in thousands)	**2023**	2022	2022	2021	2020
Total deposits	**$ 42,718,211**	$ 42,219,322	$ 42,902,544	$ 42,095,585	$ 37,092,651
Brokered deposits	**4,015,271**	2,541,159	3,174,093	1,591,083	1,843,227
Brokered deposits as a percentage of total deposits	**9.4 %**	6.0 %	7.4 %	3.8 %	5.0 %

Brokered deposits include certificates of deposit obtained through deposit brokers, deposits received through the Certificate of Deposit Account Registry Program, and certain 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 FHLB advances, notes payable, short-term borrowings, secured borrowings, subordinated debt 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.

As of March 31, 2023, the Company had approximately $14.8 billion of uninsured deposits of which $1.8 billion were fully collateralized deposits. Uninsured deposits are estimated based on the methodologies and assumptions used for the Company's regulatory reporting requirements. The net position of $13.0 billion of uninsured and uncollateralized deposits represents approximately 30% of total deposits as of March 31, 2023. The Company had total liquidity sources, including cash, collateralized funding sources and the value of unpledged securities, of $10.9 billion or approximately 84% of uninsured and uncollateralized deposits as of March 31, 2023. In addition, at the end of the first quarter of 2023, the Company was in the process of pledging additional collateral to both the FHLB and FRB and, as a result, the Company's liquidity sources are expected to substantially exceed uninsured and uncollateralized deposits during the second quarter of 2023.

On March 12, 2023, the Federal Reserve established the Bank Term Funding Program ("BTFP"). The Company has registered for the BTFP but has not participated and does not intend to participate. However, this is an additional option as an available short-term liquidity source.

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

	Three Months Ended		
(In thousands)	**March 31, 2023**	December 31, 2022	March 31, 2022
FHLB advances	**$ 2,474,882**	$ 2,088,201	$ 1,241,071
Other borrowings:			
Notes payable	**199,717**	87,215	80,261
Short-term borrowings	**22,840**	15,206	13,456
Secured borrowings	**319,453**	316,693	337,590
Other	**60,927**	61,439	62,960
Total other borrowings	**$ 602,937**	$ 480,553	$ 494,267
Subordinated notes	**437,422**	437,312	436,966
Junior subordinated debentures	**253,566**	253,566	253,566
Total other funding sources	**$ 3,768,807**	$ 3,259,632	$ 2,425,870

Notes payable balances represent the balances on a credit agreement (as amended, the "Credit Agreement") with certain unaffiliated banks. The Credit Agreement consisted of a $150.0 million term loan facility and a $100.0 million revolving credit facility. On December 12, 2022, the Company entered into an amendment and restatement of the Credit Agreement pursuant to the Amended and Restated Credit Agreement dated as of December 12, 2022, among the Company and the unaffiliated banks named therein as lenders and agents (the "Amended and Restated Credit Agreement"). The Amended and Restated Credit Agreement provides for, among other things, an increase to the term loan facility to $200.0 million. In connection with the entry into the Amended and Restated Credit Agreement, the outstanding term loan under the existing Credit Agreement was paid in full pursuant to the terms thereof. As of March 31, 2023, the outstanding principal balance under the term loan facility was $192.7 million and there was no outstanding principal balance under the revolving credit facility.

See Note (10) "FHLB Advances, Other Borrowings and Subordinated Notes" and Note (11) "Junior Subordinated Debentures" 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. The Company hereby incorporates by reference Note (10) and Note (11) of the Consolidated Financial Statements presented under Item 1 of this report in its entirety.

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, 2023	December 31, 2022	March 31, 2022
Tier 1 leverage ratio	**9.1 %**	8.8 %	8.1 %
Risk-based capital ratios:			
Tier 1 capital ratio	**10.1**	10.0	9.6
Common equity tier 1 capital ratio	**9.2**	9.1	8.6
Total capital ratio	**12.1**	11.9	11.6
Other ratio:			
Total average equity-to-total average assets(1)	**9.4**	9.0	9.1

(1) Based on quarterly average balances.

	Minimum Capital Requirements	Minimum Ratio + Capital Conservation Buffer(1)	Minimum Well Capitalized(2)
Tier 1 leverage ratio	4.0 %	N/A	N/A
Risk-based capital ratios:			
Tier 1 capital ratio	6.0	8.5	6.0
Common equity tier 1 capital ratio	4.5	7.0	N/A
Total capital ratio	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, 2023 would exceed such revised well-capitalized standard.

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 (10) and (11) of the Consolidated Financial Statements in Item 1 for further information on these various funding sources. See Note (23) "Shareholders' Equity" of the Consolidated Financial Statements presented under Item 7 of the 2022 Form 10-K for details on the Company's issuance of Series D Preferred Stock in June 2015, Series E Preferred Stock and associated Depositary Shares in May 2020 and additional common stock offering in June 2022.

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 2023, the Company declared a quarterly cash dividend of $0.40 per common share. In January, April, July and October of 2022, the Company declared a quarterly cash dividend of $0.34 per common share.

The Company continues to leverage its capital management framework to assess and monitor risk when making capital decisions. Management is committed to maintaining the Company's capital levels above the "Well Capitalized" levels established by the FRB for bank holding companies.

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 addition to the liquidity management noted above, in 2022, the Company sold a total of 3,450,000 shares of its common stock through a public offering. Net proceeds to the Company totaled approximately $285.7 million, net of estimated issuance costs. In the first quarter of 2023, we maintained our liquid assets to ensure that we would have the balance sheet strength to serve our clients. As a result, the Company believes that it has sufficient funds and access to funds to effectively 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.

INFLATION

A banking organization's assets and liabilities are primarily monetary. Changes in the rate of inflation typically 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 as material an impact on the Company's business as entities operating in other industries. 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, and which may include, but are not limited to, those listed below and the Risk Factors discussed under Item 1A of the Company's 2022 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 plans to form additional de novo banks or branch offices, and management's long-term performance goals, as well as statements relating to the anticipated effects on the Company's 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:

- 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, including an actual or threatened U.S. government debt default or rating downgrade, 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 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 and similar events 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, and ability of the Company to effectively manage the planned transition of the chief executive officer role;
- 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 and the impact of recent failures of financial institutions, including broader financial institution liquidity risk and concerns;
- 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;
- the ability of the Company to successfully discontinue use of LIBOR and transition to an alternative benchmark rate for current and future transactions;
- 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;
- changes in laws, regulations, rules, standards and contractual obligations regarding data privacy and cybersecurity;
- 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 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;
- 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; and
- the severity, magnitude and duration of the COVID-19 pandemic, including the continued 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 the economy, our financial results, operations and personnel, commercial activity and demand across our business and our customers' businesses.

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 and decreases of 100 and 200 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, 2023, December 31, 2022 and March 31, 2022 is as follows:

Static Shock Scenarios	+200 Basis Points	+100 Basis Points	-100 Basis Points	-200 Basis Points
March 31, 2023	**4.2 %**	**2.4 %**	**(2.4)%**	**(7.3)%**
December 31, 2022	7.2	3.8	(5.0)	(12.1)%
March 31, 2022	21.4	11.0	(11.3)	(18.7)%

Ramp Scenarios	+200 Basis Points	+100 Basis Points	-100 Basis Points	-200 Basis Points
March 31, 2023	**3.0 %**	**1.7 %**	**(1.3)%**	**(3.4)%**
December 31, 2022	5.6	3.0	(2.9)	(6.8)%
March 31, 2022	11.2	5.8	(7.1)	(12.4)%

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 (13) "Derivative Financial Instruments" of the Consolidated Financial Statements in Item 1 of this report for further information on the Company's derivative financial instruments.

As shown above, the magnitude of potential changes in net interest income in various interest rate scenarios has continued to diminish. Given the recent unprecedented rise in interest rates, the Company has made a conscious effort to reposition its exposure to changing interest rates given the uncertainty of the future interest rate environment. To this end, management has executed various derivative instruments including collars and receive fixed swaps to hedge variable rate loan exposures and originated a higher percentage of its loan originations in longer term fixed rate loans. The Company will continue to monitor current and projected interest rates and expects to execute additional derivatives to mitigate potential fluctuations in net interest margin in future years.

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, 2023 and March 31, 2022. See Note (13) "Derivative Financial Instruments" 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, 2023 and March 31, 2022.

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 Financial ERISA Matter

On July 29, 2022, former Wintrust employee filed a class action in the District Court for the Northern District of Illinois asserting claims under the federal Employee Retirement Income Security Act ("ERISA") against Wintrust Financial Corporation. Plaintiff alleges Wintrust breached its fiduciary duty in the selection of BlackRock Target Date funds for inclusion in its 401(k) plan, that Wintrust failed to monitor the performance of those funds, and in the alternative, Wintrust should be liable for breach of trust. Plaintiff's sole basis for the allegations is that BlackRock Target Date funds allegedly performed more poorly than two comparable funds over a three year period. Wintrust is one of several public companies that were sued on identical grounds within the same week by the same plaintiff's law firm. On November 8, 2022, Wintrust filed a motion to dismiss the entire complaint. The motion has been fully briefed. We believe plaintiff's allegations to be legally and factually meritless and otherwise lack sufficient information to estimate the amount of any potential liability.

Wintrust Mortgage California PAGA Matter

On May 24, 2022, a former Wintrust Mortgage employee filed a California Private Attorney General Act ("PAGA") suit, not individually, but as representative of all Wintrust Mortgage's California hourly employees, against Wintrust Mortgage in the Superior Court of San Diego County, California. Plaintiff alleges Wintrust Mortgage failed to provide: (i) accurate sick leave accrual and pay; (ii) overtime wages; (iii) accurately itemized wage statements; (iv) meal breaks and meal premiums; (v) timely payment of earned wages; (vi) payment of all earned wages; and (vii) payment of all vested vacation hours. Wintrust Mortgage disputes the validity of Plaintiff's claims and believes, to the extent there were defects in complying with California law governing the payment of compensation to Plaintiff, such errors would have been de minimis. Plaintiff also has an arbitration agreement with a collective and class action waiver and on January 19, 2023, Wintrust Mortgage moved to compel arbitration. The court entered and continued the motion until June 23, 2023 and stayed further proceedings in anticipation of a California Supreme Court decision on PAGA arbitrations. We believe plaintiff's allegations to be legally and factually meritless and otherwise lack sufficient information to estimate the amount of any potential liability.

Wintrust Mortgage Fair Lending Matter

On May 25, 2022, a Wintrust Mortgage customer filed a putative class action and asserted individual claims against Wintrust Mortgage and Wintrust Financial Corporation in the District Court for the Northern District of Illinois. Plaintiff alleges that Wintrust Mortgage discriminated against black/African American borrowers and brings class claims under the Equal Credit Opportunity Act, Sections 1981 and 1982 under Chapter 42 of the United States Code; and the Fair Housing Act of 1968. Plaintiff also asserts individual claims under theories of promissory estoppel, fraudulent inducement, and breach of contract. On September 23, 2022, Wintrust filed a motion to dismiss the entire suit. The motion has been fully briefed and the matter is awaiting a decision by the court. We vigorously dispute these allegations, believe them to be legally and factually meritless, and otherwise lack sufficient information to estimate the amount of any potential liability.

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 2022 Form 10-K.

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

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, 2023.

Item 5: Other Information

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 5, 2023, the Company announced that Jeffrey D. Hahnfeld, currently the Company’s Senior Vice President and Corporate Controller, has been promoted to the position of Executive Vice President, Controller and Chief Accounting Officer of the Company, effective immediately. In connection with this event, Mr. Hahnfeld became the Company’s principal accounting officer and David L. Stoehr, our Executive Vice President and Chief Financial Officer, will continue serving as the Company’s principal financial officer but will no longer be considered the Company’s principal accounting officer.

Mr. Hahnfeld, age 52, joined the Company in March 2004. Mr. Hahnfeld has served as the Company’s Senior Vice President and Corporate Controller since February 2013 and as the Company’s Senior Vice President of Finance since February 2009.

There are no arrangements or understandings between Mr. Hahnfeld and any other persons pursuant to which he was appointed as Executive Vice President, Controller and Chief Accounting Officer, no family relationships among any of the Company’s directors or executive officers and Mr. Hahnfeld, and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K under the Securities Exchange Act of 1934. Mr. Hahnfeld is also not a party to any material plan, contract or arrangement in connection with his appointment to Executive Vice President, Controller and Chief Accounting Officer.

Amended Series D Preferred Stock Certificate of Designations.

On May 5, 2023, the Company filed the Restated Certificate of Designations (the “Restated Certificate of Designations”) relating to its existing 5,000,000 shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D, no par value per share (the “Series D Preferred Stock”), with the Secretary of State of the State of Illinois, which became effective upon filing. The Restated Certificate of Designations supplements the Company’s original Certificate of Designations relating to the Series D Preferred Stock that was filed with the Secretary of State of the State of Illinois on June 24, 2015 (the “Original Certificate of Designations”).

Under the Original Certificate of Designations, dividends on the Series D Preferred Stock are payable quarterly in arrears when, as and if declared by the Company’s Board of Directors (the “Board”) or a duly authorized committee thereof: (i) from the date of the issuance to but excluding July 15, 2025, at a fixed rate of 6.50% per annum on the liquidation preference of $25 per share of Series D Preferred Stock, and (ii) from and including July 15, 2025 and thereafter (the “Floating Rate Period”), at a floating rate equal to the then applicable three-month London Interbank Offered Rate (“LIBOR”), plus a spread of 4.06% per annum, on the liquidation preference of $25 per share of Series D Preferred Stock. It is expected that immediately after June 30, 2023 three-month LIBOR will cease to be published on a representative basis by its administrator, ICE Benchmark Administration. The Original Certificate of Designations does not contain a replacement benchmark rate for three-month LIBOR.

The Board of Governors of the Federal Reserve System (the “Board of Governors”) promulgated Regulation ZZ (“Regulation ZZ”) implementing the Adjustable Interest Rate (LIBOR) Act (the “LIBOR Act”) to establish benchmark replacement rates based on the Secured Overnight Financing Rate (“SOFR”) for contracts governed by U.S. law that reference certain tenors of U.S. dollar LIBOR and that do not have terms that provide for the use of a clearly defined and practicable replacement benchmark rate, such as the Original Certificate of Designations. Pursuant to the LIBOR Act and Regulation ZZ, on the first London banking day after June 30, 2023 (such date or such different date determined by the Board of Governors as the date on which such LIBOR tenor will cease to be published or cease to be representative, the “LIBOR Replacement Date”), references to three-month LIBOR in the Original Certificate of Designations shall, by operation of law, (i) become null and void and (ii) be replaced with Three-Month CME Term SOFR, a forward-looking term rate based on SOFR administered by CME Group Benchmark Administration, Ltd., plus a tenor spread adjustment of 0.26161%, without the need of any consent of holders of the Series D Preferred Stock, in accordance with the LIBOR Act and Regulation ZZ.

The Restated Certificate of Designations memorializes the changes to be effected to the Original Certificate of Designations by the LIBOR Act and Regulation ZZ effective as of the LIBOR Replacement Date, including the replacement of three-month LIBOR with Three-Month CME Term SOFR, plus a tenor spread adjustment of 0.26161%. Consequently, during the Floating Rate Period commencing on July 15, 2025, any dividends the Board declares on the Series D Preferred Stock will be paid at a rate of the then current Three-Month CME Term SOFR plus 0.26161%, plus a spread of 4.06% per annum.

The foregoing description of the Restated Certificate of Designations does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the Restated Certificate of Designations, which is filed as Exhibit 3.2 to this Quarterly Report on Form 10-Q and is incorporated by reference.

Item 6: Exhibits:

(a) Exhibits

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

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 30, 2023).
3.2	Restated Certificate of Designations of Wintrust Financial Corporation, filed on May 5, 2023 with the Secretary of State of the State of Illinois, designating the preferences, limitations, voting powers and relative rights of the Series D Preferred Stock.
10.1	Amended and Restated Employment Agreement, dated as of January 26, 2023, between the Company and Edward J. Wehmer (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 30, 2023).*
10.2	Amended and Restated Employment Agreement, dated as of January 26, 2023, between the Company and Timothy S. Crane (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 30, 2023).*
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, 2023, 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 9, 2023	/s/ DAVID L. STOEHR David L. Stoehr Executive Vice President and Chief Financial Officer (Principal Financial Officer and duly authorized officer)
Date:	May 9, 2023	/s/ JEFFREY D. HAHNFELD Jeffrey D. Hahnfeld Executive Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer and duly authorized officer)

<u>WINTRUST FINANCIAL CORPORATION</u>

RESTATED CERTIFICATE OF DESIGNATIONS

Pursuant to Section 6.10 of the Illinois Business Corporation Act

FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES D
(no par value per share)

The undersigned, David A. Dykstra, Vice Chairman, Chief Operating Officer of Wintrust Financial Corporation, an Illinois corporation (the "*Corporation*"), hereby certifies that, in accordance with Section 6.10 of the Illinois Business Corporation Act, as amended (the "*IBCA*"), the Board of Directors of the Corporation (the "*Board of Directors*") hereby makes this Restated Certificate of Designations pursuant to the authority conferred upon the Board of Directors by Article Four of the Amended and Restated Articles of Incorporation of the Corporation, as amended, and the duly adopted resolutions of the Board of Directors, and pursuant to Section 8.40 of the IBCA.

Section 1. <u>Designation of Series and Number of Shares</u>. The shares of such series of Preferred Stock shall be designated "Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D" (the "*Series D Preferred Stock*"), and the authorized number of shares that shall constitute such series shall be 5,000,000 shares, which may be decreased (but not below the number of shares of Series D Preferred Stock then issued and outstanding) from time to time by the Board of Directors. Shares of outstanding Series D Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of preferred stock of the Corporation undesignated as to series.

Section 2. <u>Ranking</u>. The Series D Preferred Stock shall rank, with respect to the payment of dividends and distributions upon liquidation, dissolution or winding-up, (1) on a parity with the Series C Preferred Stock and each other class or series of capital stock the Corporation may issue in the future the terms of which expressly provide that such class or series shall rank on a parity with the Series D Preferred Stock as to dividend rights and rights on liquidation, winding up or dissolution of the Corporation (collectively, the "*Parity Securities*") and, on a parity with the Series C Preferred Stock for all other purposes, except as otherwise specifically provided in this Certificate of Designations, and

(2) senior to Common Stock and each other class or series of capital stock the Corporation may issue in the future the terms of which do not expressly provide that it ranks on a parity with or senior to the Series D Preferred Stock as to dividend rights and rights on liquidation, dissolution or winding-up of the Corporation (the "Junior Securities").

Section 3. Definitions. As used herein with respect to the Series D Preferred Stock:

(a) "*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(b) "Articles of Incorporation" shall mean the articles of incorporation of the Corporation, as it may be amended from time to time, and shall include this Certificate of Designations.

(c) "Board of Directors" means the board of directors of the Corporation or any committee thereof duly authorized to act on behalf of such board of directors.

(d) "Business Day" means any day that is not Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed, provided that, with respect to the Floating Rate Period, the term "Business Day" shall also exclude any such day that is not a U.S. Government Securities Business Day.

(e) "By-Laws" means the Amended and Restated By-laws of the Corporation, as may be amended from time to time.

(f) "Calculation Agent" means Wayne Hummer Investments, LLC and its successors and assigns, including any successor calculation agent with respect to shares of Series D Preferred Stock duly appointed by the Corporation.

(g) "Certificate of Designations" means this Certificate of Designations relating to the Series D Preferred Stock, as it may be amended from time to time.

(h) "CME Term SOFR Administrator" means CME Group Benchmark Administration, Ltd., as administrator of the forward-looking term secured overnight financing rate (or a successor administrator).

(i) "Common Stock" means the common stock, no par value per share, of the Corporation.

(j) "Corporation" means Wintrust Financial Corporation, an Illinois corporation.

(k) "Dividend Determination Date" has the meaning assigned to such

term in Section 4(a).

(l) “Designated Director” has the meaning assigned to such term in Section 8(a).

(m) “Dividend Payment Date” means (i) during the Fixed Rate Period, each January 15, April 15, July 15 and October 15, beginning on October 15, 2015, and
(ii) during the Floating Rate Period, each January 15, April 15, July 15 and October 15, beginning on October 15, 2025.

(n) “Dividend Period” means each period commencing on and including a Dividend Payment Date (other than (i) the initial Dividend Period which shall commence on and include the Issue Date and (ii) the Dividend Period commencing in July 2025, which shall commence on July 15, 2025 irrespective of whether such day is a Business Day) and continuing to, but excluding, the next Dividend Payment Date.

(o) “Dividend Reset Date” has the meaning assigned to such term in Section 4(a).

(p) “Federal Reserve” means the Board of Governors of the Federal Reserve System and its delegates.

(q) “Fixed Rate Period” means the period from and including the Issue Date to, but excluding, July 15, 2025.

(r) “Floating Rate Period” means the period commencing on July 15, 2025 and continuing for so long as any shares of Series D Preferred Stock are outstanding.

(s) “Holder” means the Person in whose name the shares of the Series D Preferred Stock are registered, which may be treated by the Corporation, Transfer Agent, Registrar and paying agent as the absolute owner of the shares of Series D Preferred Stock for the purpose of making payment and for all other purposes.

(t) “Issue Date” means the date on which shares of the Series D Preferred Stock are first issued.

(u) “Junior Securities” has the meaning assigned to such term in Section 2.

(v) "Liquidation Preference" means $25 per share of Series D Preferred Stock.

(w) "London Banking Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

(x) "Nonpayment Event" has the meaning assigned to such term in Section 8(a)(i).

(y) "Nonpayment Remedy" has the meaning assigned to such term in Section 8(a)(iii).

(z) "Officer" means the President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel and any other Executive Vice President, Senior Vice President, Treasurer or Secretary of the Corporation.

(aa) "*Parity Securities*" has the meaning assigned to such term in Section 2.

(bb) "*Person*" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

(cc) "*Redemption Price*" has the meaning assigned to such term in Section 7(a).

(dd) "*Registrar*" shall mean the Transfer Agent acting in its capacity as registrar for the Series D Preferred Stock, and its successors and assigns or any other registrar duly appointed by the Corporation.

(ee) "*Regulatory Capital Treatment Event*" means the good faith determination by the Board of Directors that, as a result of (i) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the Issue Date; (ii) any proposed change in those laws or regulations that is announced or becomes effective after the Issue Date; or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the Issue Date, there is more than an insubstantial risk that the Corporation shall not be entitled to treat the full Liquidation Preference of all shares of Series D Preferred Stock then outstanding as "Tier 1 Capital" (or its equivalent) for purposes of the capital adequacy guidelines of

Federal Reserve Regulation Y (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series D Preferred Stock is outstanding.

(ff) "*Series A Directors*" has the meaning assigned to such term in Section 8(d).

(gg) "*Series A Preferred Stock*" means the 8.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series A, no par value, of the Corporation.

(hh) "*Series C Preferred Stock*" means the 5.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series C, no par value, of the Corporation.

(ii) "*SOFR*" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

(jj) "*SOFR Administrator*" means the Federal Reserve Bank of New York (or a successor administrator of SOFR).

(kk) "*Three-Month CME Term SOFR*" means, with respect to the relevant Dividend Period in the Floating Rate Period, the Three-Month CME Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time (or any amended publication time as specified by the CME Term SOFR Administrator) on the relevant Dividend Determination Date, as such rate is published by the CME Term SOFR Administrator.

(ll) "*Three-Month CME Term SOFR Determination Day*" has the meaning specified in the definition of Three-Month CME Term SOFR Reference Rate.

(mm) "*Three-Month CME Term SOFR Reference Rate*" means, for any day and time (such day, the "*Three-Month CME Term SOFR Determination Day*"), with respect to the relevant Dividend Period in the Floating Rate Period, the rate per annum published by the CME Term SOFR Administrator as the forward-looking term rate based on SOFR for a three-month tenor and identified by the Calculation Agent as such. If by 5:00 p.m. (Chicago time) on such Three-Month CME Term SOFR Determination Day, the Three- Month CME Term SOFR Reference Rate has not been published by the CME Term SOFR Administrator, then, so long as such day is otherwise a U.S. Government Securities Business Day, the Three-Month CME Term SOFR Reference Rate for such Three-Month CME Term SOFR Determination Day will be the Three-Month CME Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Three-Month CME Term SOFR Reference Rate was published by the CME Term SOFR Administrator. Otherwise, if the Three-Month CME Term SOFR Reference Rate is not available or published or cannot be determined, in each case, in accordance with the foregoing provisions, then the most recent available publication of the Three-Month CME Term SOFR Reference Rate by the CME Term SOFR Administrator shall be used.

(nn) "*Three-Month CME Term SOFR Spread Adjustment*" means a tenor spread adjustment of 0.26161%.

(oo) "*Three-Month LIBOR*" means the London interbank offered rate for deposits in U.S. dollars having an index maturity of three months in amounts of at least $1,000,000, as such rate appears on "Reuters Page LIBOR01" at approximately 11:00 a.m., London time, on the relevant Dividend Determination Date. If no such rate appears on "Reuters Page LIBOR01" or if the "Reuters Page LIBOR01" is not available at approximately 11:00 a.m. London time on the relevant Dividend Determination Date, then the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent after consultation with the Corporation, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a period of three months, commencing on the related Dividend Reset Date, to prime banks in the London interbank market, at approximately 11:00 a.m. London time on that Dividend Determination Date, that is representative of a single transaction in U.S. dollars in amounts of at least $1,000,000 in that market at that time. If at least two quotations are provided, Three-Month LIBOR shall be the arithmetic mean (rounded upward, if necessary, to the nearest .00001 of 1%) of those quotations. If fewer than two quotations are provided, Three-Month LIBOR shall be the arithmetic mean (rounded upward, if necessary, to the nearest .00001 of 1%) of the rates quoted at approximately 11:00 a.m. New York City time on that Dividend Determination Date by three major banks in New York, New York, as selected by the Calculation Agent after consultation with the Corporation, for loans in U.S. dollars to leading European banks, for a period of three months commencing on the related Dividend Reset Date, that is representative of a single transaction in U.S. dollars in amounts of at least $1,000,000 in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above on the relevant Dividend Determination Date, Three-Month LIBOR for the next Dividend Period shall be the Three-Month LIBOR for the then-current Dividend Period.

(pp) "*Transfer Agent*" means American Stock Transfer & Trust Company, LLC acting as Transfer Agent, Registrar and paying agent for the Series D Preferred Stock, and its successors and assigns, including any successor transfer agent duly appointed by the Corporation.

(qq) "*U.S. Government Securities Business Day*" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

(rr) "*Voting Preferred Stock*" means the Series C Preferred Stock and all other series of preferred stock of the Corporation that rank equally with Series D Preferred Stock either or both as to the payment of dividends and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation and upon which like voting rights have been conferred and are exercisable; provided, however, that the Series A Preferred Stock shall not constitute Voting Preferred Stock.

Section 4. Dividends.

(a) Rate. Holders of Series D Preferred Stock shall be entitled to receive, only when, as, and if declared by the Board of Directors out of assets of the Corporation legally available therefor, non-cumulative cash dividends on the Liquidation Preference, at (i) during the Fixed Rate Period, a rate of 6.5% per annum, and (ii) during the Floating Rate Period, a floating rate equal to Three-Month CME Term SOFR, plus the Three-Month CME Term SOFR Spread Adjustment, plus a spread of 4.06% per annum, in each case of the Liquidation Preference per share, and no more, payable quarterly in arrears on each Dividend Payment Date with respect to the quarterly Dividend Period (or portion thereof) ending on the day preceding such respective Dividend Payment Date, to Holders of record at 5:00 p.m., New York City time, on the 1st calendar day before such Dividend Payment Date or such other record date not exceeding 30 days before the applicable Dividend Payment Date, as shall be fixed by the Board of Directors. In the event that additional shares of Series D Preferred Stock are issued after the Issue Date, dividends on such additional shares shall accrue from the original issuance date of such additional shares. The dividend rate during the Floating Rate Period shall be reset quarterly (the first day of each Dividend Period shall be a "Dividend Reset Date"). The dividend rate for each Dividend Period in the Floating Rate Period shall be determined by the Calculation Agent using Three-Month CME Term SOFR as in effect on the second U.S. Government Securities Business Day prior to the beginning of the Dividend Period, which date is the "*Dividend Determination Date*" for the Dividend Period. The Calculation Agent then shall add Three-Month CME Term SOFR as determined on the Dividend Determination Date, plus the Three-Month CME Term SOFR Spread Adjustment, plus a spread of 4.06% per annum. Absent manifest error, the Calculation Agent's determination of the dividend rate for a Dividend Period shall be binding and conclusive on the Holder of shares of Series D Preferred Stock, the Transfer Agent, and the Corporation. Notwithstanding any other provision hereof, dividends on the Series D Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines. The dividend payable per share of Series D Preferred Stock for any Dividend Period that is included in the Fixed Rate Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The dividend payable per share of shares of Series D Preferred Stock for any Dividend Period that is included in the Floating Rate Period shall be computed based on the actual number of days in such Dividend Period and a 360-day year. Dollar amounts resulting from these calculations shall be rounded to the nearest cent, with one-half cent being rounded upward. During the Fixed Rate Period, if any date on which dividends would otherwise be payable is not a Business Day, then the dividend shall be paid on the next Business Day as if it were paid on the scheduled Dividend Payment Date, and no interest or other amount shall accrue on the dividend so payable for the period from and after that Dividend Payment Date to the date the dividend is paid. During the Floating Rate Period, if any date on which dividends would otherwise be payable is not a Business Day, then payment of any dividend payable on such date shall be made on the next succeeding Business Day, unless that day falls in the next calendar month, in which case the Dividend Payment Date shall be the immediately preceding Business Day, and, in either case, dividends shall accrue to, but exclude, the actual date the dividend is paid.

(b) Dividends Noncumulative. Dividends on shares of Series D Preferred Stock shall not be cumulative. To the extent that any dividends payable on the shares of Series D Preferred Stock on any Dividend Payment Date are not declared, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series D Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series D Preferred Stock.

(c) Priority of Dividends. During any Dividend Period, so long as any share of Series D Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Securities (other than (1) a dividend payable solely in Junior Securities or (2) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan), (ii) no shares of Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (1) as a result of a reclassification of Junior Securities for or into other Junior Securities, (2) the exchange or conversion of one share of Junior Securities for or into another share of Junior Securities, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Securities, (4) purchases, redemptions or other acquisitions of shares of Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (5) purchases of shares of Junior Securities pursuant to a contractually binding requirement to buy Junior Securities existing prior to the preceding Dividend Period, including under a contractually binding stock repurchase plan, (6) the purchase of fractional interests in shares of Junior Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (7) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Junior Securities in the ordinary course of business, (8) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary, or (9) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of its subsidiaries), including as trustees or custodians, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation), and (iii) no shares of Parity Securities, if any, shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, during a Dividend Period (other than (1) pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series D Preferred Stock and such Parity Securities, if any, (2) as a result of a reclassification of Parity Securities for or into other Parity Securities, (3) the exchange or conversion of Parity Securities for or into other Parity Securities or Junior Securities, (4) through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Securities, (5) purchases of shares of Parity Securities pursuant to a contractually binding requirement to buy Parity Securities existing prior to the preceding Dividend Period, including under a contractually binding stock repurchase plan, (6) the purchase of fractional interests in shares of Parity Securities pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (7) purchases or other acquisitions by any of the Corporation's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in Parity Securities in the ordinary course of business, (8) purchases by any of the Corporation's broker-dealer subsidiaries of the Corporation's capital stock for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary, or (9) the acquisition by the Corporation or any of its subsidiaries of record ownership in Parity Securities for the beneficial ownership of any other persons (other than for the beneficial ownership by the Corporation or any of its subsidiaries), including as trustees or custodians, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation) unless, in each case, the full dividends for the preceding Dividend Period on all outstanding shares of Series D Preferred Stock have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside.

Subject to the immediately succeeding paragraph of this Section 4(c), for so long as any share of Series D Preferred Stock remains outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Securities for any period unless full dividends on all outstanding shares of Series D Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside for all outstanding shares of Series D Preferred Stock.

To the extent the Corporation declares dividends on the Series D Preferred Stock and on any Parity Securities but does not make full payment of such declared dividends, the Corporation shall allocate the dividend payments ratably among the Holders of the shares of Series D Preferred Stock and the holders of any Parity Securities then outstanding as follows:

(i) First, ratably by the holders of any Parity Securities who have the right to receive dividends with respect to past Dividend Periods for which such dividends were not declared and paid, in proportion to the respective amounts of such undeclared and unpaid dividends relating to past Dividend Periods, and

(ii) Thereafter, ratably by the holders of Series D Preferred Stock and any Parity Securities, in proportion to the respective amounts of the undeclared and unpaid dividends relating to the current Dividend Period for Series D Preferred Stock or Dividend Period for such Parity Securities, as applicable.

To the extent a dividend period with respect to any Parity Securities coincides with more than one Dividend Period with respect to Series D Preferred Stock, for purposes of the immediately preceding paragraph of this Section 4(c), the Board of Directors shall treat such Dividend Period as two or more consecutive Dividend Periods, none of which coincides with more than one Dividend Period with respect to Series D Preferred Stock or in any other manner that it deems to be fair and equitable.

The Corporation is not obligated to pay Holders of the Series D Preferred Stock any dividend in excess of the dividends on the Series D Preferred Stock that are payable as described in this Section 4. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on any Parity Securities or Junior Securities from time to time out of any funds legally available therefor, and the shares of Series D Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation.

(a) In the event the Corporation voluntarily or involuntarily liquidates, dissolves or winds-up, the Holders at the time shall be entitled to receive a liquidating distribution in the amount of $25 per share of Series D Preferred Stock, plus any declared and unpaid dividends thereon (without accumulation of any undeclared dividends) to and including the date of such liquidation, out of assets legally available for distribution to the Corporation's shareholders, before any distribution of assets is made to the holders of the Common Stock or any other Junior Securities. After payment of the full amount of such liquidating distributions, the Holders shall not be entitled to any further participation in any distribution of assets by, and shall have no right or claim to any remaining assets of, the Corporation.

(b) In the event the assets of the Corporation available for distribution to shareholders upon any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full the amounts payable with respect to all outstanding shares of the Series D Preferred Stock and the corresponding amounts payable on any Parity Securities, if any, Holders and the holders of such Parity Securities shall be paid *pro rata* in accordance with the respective aggregate liquidating distribution owed to such holders pursuant to Section 5(a). If the Liquidation Preference plus declared and unpaid dividends has been paid in full to all Holders and the holders of such Parity Securities, if any, the holders of Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(c) The Corporation's consolidation or merger with or into any other entity, including a merger or consolidation in which the Holders receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

Section 6. Maturity; Nonconvertible. The Series D Preferred Stock shall be perpetual unless redeemed in accordance with this Certificate of Designations. The Holders of Series D Preferred Stock shall not have any rights to convert shares of Series D Preferred Stock into, or exchange shares of Series D Preferred Stock for, shares of any other class of capital stock of the Corporation.

Section 7. Redemptions.

(a) Optional Redemption. Except as provided below in this Section 7(a), the Series D Preferred Stock may not be redeemed. On and after July 15, 2025, the Corporation may, at its option, on any Dividend Payment Date, subject to the prior approval of the Federal Reserve or other Appropriate Federal Banking Agency, if required, and to the satisfaction of any conditions precedent to redemption set forth in the capital guidelines or regulations of the Federal Reserve or other Appropriate Federal Banking Agency, if any, redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Series D Preferred Stock at the time outstanding, upon notice given as provided in Section 7(c) below, at the Redemption Price in effect at the redemption date as provided in this Section 7.

Notwithstanding the foregoing, within 90 days of the occurrence of a Regulatory Capital Treatment Event, the Corporation may, at its option, subject to the prior approval of the Federal Reserve or other Appropriate Federal Banking Agency, if required, and to the satisfaction of any conditions precedent to redemption set forth in the capital guidelines or regulations of the Federal Reserve or other Appropriate Federal Banking Agency, if any, upon notice given as provided in Section 7(c) below, redeem, all (but not less than all) of the shares of Series D Preferred Stock at the time outstanding at the Redemption Price in effect at the redemption date as provided in this Section 7. The "Redemption Price" for shares of Series D Preferred Stock shall be the Liquidation Preference per share, together (except as otherwise provided herein) with an amount equal to any dividends that have been declared but not paid prior to the redemption date without accumulation of any undeclared dividends to, but excluding, the redemption date.

(b) No Sinking Fund. The Series D Preferred Stock shall not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Series D Preferred Stock shall not have any right to require redemption or repurchase of any shares of Series D Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Series D Preferred Stock shall be given by first class mail, postage prepaid, addressed to the Holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any Holder of shares of Series D Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series D Preferred Stock. Notwithstanding the foregoing, if the shares of Series D Preferred Stock issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the Holders of Series D Preferred Stock at such time and in any manner permitted by The Depository Trust Company or any other such facility. Each such notice given to a Holder shall state: (1) the redemption date; (2) the number of shares of Series D Preferred Stock to be redeemed and, if less than all the shares held by such Holder are to be redeemed, the number of such shares to be redeemed from such Holder; (3) the Redemption Price; and (4) if shares of Series D Preferred Stock are evidenced by definitive certificates, the place or places where certificates evidencing such shares are to be surrendered for payment of the Redemption Price.

(d) Partial Redemption. In case of any redemption of only part of the shares of Series D Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or by lot or in such other manner as the Board of Directors may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series D Preferred Stock shall be redeemed from time to time.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the Holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the Holders of the shares so called for redemption shall look only to the Corporation for payment of the Redemption Price of such shares.

Section 8. Voting Rights. The Holders of Series D Preferred Stock shall not have any voting rights except as set forth in this Section 8 or as otherwise from time to time required by Illinois law or as may be required by the rules of the NASDAQ Global Select Market (or any securities exchange or quotation system on which the Series D Preferred Stock is listed or quoted). Each Holder of Series D Preferred Stock shall have one vote per share (except as set forth in Section 8(a) below) on any matter in which Holders of such shares are entitled to vote.

(a) Right to Elect Two Directors Upon Nonpayment Events.

(i) Whenever dividends on any shares of Series D Preferred Stock or any other series of Voting Preferred Stock shall not have been declared and paid for the equivalent of six or more Dividend Periods, whether or not consecutive (a "Nonpayment Event"), the number of directors then constituting the Board of Directors shall automatically be increased by two and the Holders of Series D Preferred Stock, together with the holders of any outstanding shares of Voting Preferred Stock, voting together as a single class in proportion to their respective liquidation preferences, shall be entitled to elect two additional directors (each, a "Designated Director"), provided that it shall be a qualification for election for any such Designated Director that the election of such director shall not cause the Corporation to violate the corporate governance requirements of the NASDAQ Global Select Market (or any other exchange or automated quotation system on which the Corporation's securities may then be listed or quoted); and provided further that the Board of Directors shall, at no time, include more than two Designated Directors, including all directors that the holders of any series of Voting Preferred Stock are entitled to elect pursuant to their respective voting rights. The rights of the Holders of the Series D Preferred Stock under this clause (i) shall be subject to divestment pursuant to clause (iii) below.

(ii) In the event that the Holders of the Series D Preferred Stock, and such other holders of Voting Preferred Stock, shall be entitled to vote for the election of the Designated Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event only at a special meeting called at the request of the holders of record of at least 20% of the Series D Preferred Stock or of any other such series of Voting Preferred Stock then outstanding, voting together as a single class in proportion to their respective liquidation preferences (provided that such request is received at least 90 calendar days before the date fixed for the next annual or special meeting of the shareholders of the Corporation, failing which such election shall be held at such next annual or special meeting of shareholders), and at each subsequent annual meeting of shareholders of the Corporation. Such request to call a special meeting for the initial election of the Designated Directors after a Nonpayment Event shall be made by written notice, signed by the requisite holders of Series D Preferred Stock or Voting Preferred Stock then outstanding, and delivered to the Secretary of the Corporation in such manner as provided for in Section 11 below, or as may otherwise be required by applicable law. The rights of the Holders of the Series D Preferred Stock under this clause (ii) shall be subject to divestment pursuant to clause (iii) below.

(iii) If and when dividends have been paid in full, or declared and a sum sufficient for such payment shall have been set aside, on the Series D Preferred Stock and any other series of Voting Preferred Stock for at least four consecutive Dividend Periods after a Nonpayment Event (a "*Nonpayment Remedy*"), the Holders of the Series D Preferred Stock shall immediately and, without any further action by the Corporation, be divested of the foregoing voting rights, subject to the revesting of such rights in the event of each subsequent Nonpayment Event (and the number of Dividend Periods in which dividends have not been declared and paid shall be reset to zero). If such voting rights for the Series D Preferred Stock and all other holders of Voting Preferred Stock shall have terminated, the term of office of each Designated Director so elected shall forthwith terminate and the number of directors on the Board of Directors shall automatically be reduced accordingly. In determining whether dividends have been paid for four Dividend Periods following a Nonpayment Event, the Corporation may take account of any dividend that it elects to pay for such a Dividend Period after the regular Dividend Payment Date for that Dividend Period has passed.

(iv) Any Designated Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series D Preferred Stock and Voting Preferred Stock, when they have the voting rights described above (voting together as a single class in proportion to their respective liquidation preferences). In the event that a Nonpayment Event shall have occurred and there has not been a Nonpayment Remedy, any vacancy in the office of a Designated Director (other than prior to the initial election of Designated Directors after a Nonpayment Event) may be filled by the written consent of the Designated Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series D Preferred Stock and Voting Preferred Stock (voting together as a single class in proportion to their respective liquidation preferences), when they have the voting rights described above; *provided that* the filling of each vacancy shall not cause the Corporation to violate the corporate governance requirements of the NASDAQ Global Select Market (or any other exchange or automated quotation system on which the Corporation's securities may be listed or quoted). Any such vote of such holders of the Series D Preferred Stock and Voting Preferred Stock to remove, or to fill a vacancy in the office of, a Designated Director may be taken only at a special meeting of such shareholders, called as provided above for an initial election of Designated Director after a Nonpayment Event (provided that such request is received at least 90 calendar days before the date fixed for the next annual or special meeting of the shareholders, failing which such election shall be held at such next annual or special meeting of shareholders). Each Designated Director shall each be entitled to one vote on any matter that shall come before the Board of Directors for a vote. Each Designated Director elected at any special meeting of shareholders or by written consent of the other Designated Director shall hold office until the next annual meeting of the shareholders if such office shall not have previously terminated as above provided.

(b) <u>Other Voting Rights.</u> So long as any shares of Series D Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the Articles of Incorporation, the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock and any Voting Preferred Stock then outstanding (subject to the last paragraph of this Section 8(b)) at the time outstanding and entitled to vote thereon, voting together as a single class in proportion to their respective liquidation preferences, given in person or by proxy, either by vote at any meeting called for the purpose or, is permitted by the Articles of Incorporation, in writing without a meeting, shall be necessary for effecting or validating:

(i) *Authorization of Senior Stock*. Any amendment or alteration of the Articles of Incorporation or this Certificate of Designations to authorize or create, or increase the authorized amount of, any shares of any class or series of capital stock of the Corporation ranking senior to the Series D Preferred Stock with respect to either or both the payment of dividends or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) *Amendment of Series D Preferred Stock*. Any amendment, alteration or repeal of any provision of the Articles of Incorporation or this Certificate of Designations so as to materially and adversely affect the special rights, preferences, privileges or voting powers of the Series D Preferred Stock, taken as a whole; or

(iii) *Share Exchanges, Reclassifications, Mergers and Consolidations*. Any consummation of a binding share exchange or reclassification involving the Series D Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Series D Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, in each case, that is an entity organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and (y) such shares of Series D Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series D Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 8, (1) any increase in the amount of the Corporation's authorized but unissued shares of preferred stock, (2) any increase in the amount of the Corporation's authorized or issued Series D Preferred Stock, and (3) the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock of the Corporation ranking equally with or junior to the Series D Preferred Stock either or both with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon the liquidation, dissolution or winding up of the Corporation, shall not be deemed to materially and adversely affect the special rights, preferences, privileges or voting powers of the Series D Preferred Stock.

The Series D Preferred Stock shall rank at least equally with any other series of Preferred Stock that may be issued (except for any senior series that may be issued with the requisite consent of the Holders of the Series D Preferred Stock), and shall rank senior to the shares of Common Stock and any other stock that ranks junior to the Series D Preferred Stock either or both with respect to the payment of dividends and/or the distributions of assets upon liquidation, dissolution or winding up of the Corporation.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 8(b) would materially and adversely affect one or more but not all series of Voting Preferred Stock (including the Series D Preferred Stock for the purpose of this paragraph), then only the series of Voting Preferred Stock materially and adversely affected and entitled to vote shall vote as a class in lieu of all other series of Voting Preferred Stock.

(c) Change for Clarification. Without the consent of the Holders of the Series D Preferred Stock, so long as such action does not adversely affect the special rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, and to the extent permitted by law, of the Series D Preferred Stock, the Corporation may amend, alter, supplement or repeal any terms of the Series D Preferred Stock:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in this Certificate of Designations that may be ambiguous, defective or inconsistent; or

(ii) to make any provision with respect to matters or questions relating to the Series D Preferred Stock that is not inconsistent with the provisions of this Certificate of Designations.

(d) Series A Directors. Notwithstanding anything to the contrary in this Section 8, the Holders of the Series D Preferred Stock shall not, in respect of any shares of Series D Preferred Stock, have the right to nominate, vote upon or remove directors who may be nominated or elected to the Board of Directors by holders of the Series A Preferred Stock pursuant to Section 5(b) and (c) of the certificate of designations relating to the Series A Preferred Stock (the "Series A Directors"). Furthermore, the Holders of Series D Preferred Stock shall not, in respect of any shares of Series D Preferred Stock, have the right to call any special meeting of shareholders in respect of the nomination, election or removal of any Series A Director.

(e) Changes after Provision for Redemption. Notwithstanding anything to the contrary in this Section 8, no vote or consent of the Holders of Series D Preferred Stock shall be required pursuant to Section 8(a) or 8(b) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of Series D Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for such redemption, in each case pursuant to Section 7 above.

(f) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the Holders of Series D Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Articles of Incorporation, the By-Laws, applicable law and any national securities exchange or other trading facility, if any, on which the Series D Preferred Stock is listed or traded at the time. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of Series D Preferred Stock and any Voting Preferred Stock has been cast or given on any matter on which the Holders of shares of Series D Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation preference amounts of the Series D Preferred Stock and such other Voting Preferred Stock voted or covered by the consent.

Section 9. Transfer Agent, Registrar and Paying Agent. The duly appointed Transfer Agent, Registrar and paying agent for the Series D Preferred Stock shall initially be American Stock Transfer & Trust Company, LLC. The Corporation may, in its sole discretion, remove the Transfer Agent; provided that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal.

Section 10. Certificates. The Corporation may at its option issue shares of Series D Preferred Stock without certificates. To the extent any certificates are issued with respect to shares of Series D Preferred Stock, the Corporation shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Registrar. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation and the Registrar of satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be required by the Registrar and the Corporation.

Section 11. Miscellaneous. All notices referred to herein shall be in writing, and, unless otherwise specified herein, all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three Business Days after the mailing thereof if sent by registered or certified mail (unless first-class mail shall be specifically permitted for such notice under the terms of this Certificate of Designations) with postage prepaid, addressed: (i) if to the Corporation, to the principal executive office of the Corporation or to the Transfer Agent at its principal office in the United States of America, or other agent of the Corporation designated as permitted by this Certificate of Designations, or (ii) if to any Holder or holder of shares of Common Stock, as the case may be, to such Holder at the address of such Holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the Series D Preferred Stock or the Common Stock, as the case may be), or
(iii) to such other address as the Corporation or any such Holder, as the case may be, shall have designated by notice similarly given.

[*Signature Page Follows*]

IN WITNESS WHEREOF, WINTRUST FINANCIAL CORPORATION has caused this certificate to be signed by David A. Dykstra, Vice Chairman, Chief Operating Officer, this 5th day of May 2023.

WINTRUST FINANCIAL CORPORATION

By: /s/ David A. Dykstra
Name: David A. Dykstra
Title: Vice Chairman, Chief Operating Officer

[*Signature Page to Restated Certificate of Designations*]

Exhibit 31.1

CERTIFICATION

I, Timothy S. Crane, 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 accounted 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 9, 2023

/s/ TIMOTHY S. CRANE

Name: Timothy S. Crane

Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David L. Stoehr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wintrust Financial Corporation;

2. Based on my knowledge, this 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 accounted 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 9, 2023

/s/ DAVID L. STOEHR

Name: David L. Stoehr

Title: Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS
SARBANES-OXLEY ACT SECTION 906

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

(1) The Quarterly Report of the Company on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on May 9, 2023 (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/ TIMOTHY S. CRANE

Name: Timothy S. Crane
Title: President and Chief Executive Officer
Date: May 9, 2023

/s/ DAVID L. STOEHR

Name: David L. Stoehr
Title: Executive Vice President and Chief Financial Officer
Date: May 9, 2023

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.