WINTRUST

NEWS RELEASE

# Wintrust Financial Corporation Reports Record Earnings for the Second Quarter; Second Quarter Net Earnings up 39%

2004-07-19

LAKE FOREST, Ill., July 19 /PRNewswire-FirstCall/ -- Wintrust Financial Corporation ("Wintrust" or "the Company") (Nasdaq: WTFC) announced record quarterly net income of $12.5 million for the quarter ended June 30, 2004, an increase of $3.5 million, or 39%, over the $9.0 million recorded in the second quarter of 2003. On a per share basis, net income for the second quarter of 2004 totaled $0.58 per diluted common share, a $0.09 per share, or 18%, increase as compared to the 2003 second quarter total of $0.49 per diluted common share. The return on average equity for the second quarter of 2004 stood at 13.70% versus 14.95% for the second quarter of 2003.

For the first six months of 2004, net income totaled $24.1 million, or $1.12 per diluted common share, an increase of $6.8 million, or 39%, when compared to $17.3 million, or $0.94 per diluted common share, for the same period in 2003. Return on average equity for the first six months of 2004 was 13.41% versus 14.74% for the same period of 2003.

"We are very pleased with our results for the second quarter and the first half of 2004 given the challenging interest rate environment. Credit quality, both in terms of the level of non-performing loans and net loans charged off, improved significantly in the second quarter," commented Edward J. Wehmer, President and Chief Executive Officer. "We continue to be pleased with the local market acceptance of the Wintrust operating philosophy in both the Advantage National Bank locations in Elk Grove Village and Roselle and the Village Bank and Trust locations in Arlington Heights and Prospect Heights." Mr. Wehmer added, "The announcement in the second quarter of the agreements to acquire Northview Financial Corporation in Northfield, Illinois and Town Bankshares, Ltd. in Delafield, Wisconsin, coupled with additional new branch locations will extend the Wintrust philosophy into at least eight additional communities in the third and fourth quarters of 2004. We are also very excited about the addition

of WestAmerica Mortgage Company and Guardian Real Estate Services, Inc. into the Wintrust family. The addition of these two companies brings us further revenue diversification and operational efficiencies. Through the efforts of each of our employees, we are comfortable with the existing range of the analysts' earnings estimates for 2004 of $2.25 to $2.37 per share."

During the second quarter the Company opened its newest de novo bank, Beverly Bank & Trust Company, in the Beverly neighborhood of Chicago, the Gurnee Community Bank (a branch of Libertyville Bank & Trust Company) in Gurnee, a Highland Park Bank & Trust office serving the Ravinia community (a branch of Lake Forest Bank & Trust) and the Buffalo Grove Bank & Trust (a branch of Northbrook Bank & Trust) in Buffalo Grove.

Wintrust's key operating measures and growth rates for 2004 as compared to the prior year are shown in the table below:

| (Dollars in thousands, except per share data) | Six Months Ended June 30, 2004 | Six Months Ended June 30, 2003 | % or basis point (bp) change |
|---|---|---|---|
| Net income | $24,087 | $17,282 | 39% |
| Net income per common share - Diluted | $1.12 | $0.94 | 19% |
| Net revenue (1) | $113,409 | $91,780 | 24% |
| Net interest income | $73,228 | $54,932 | 33% |
| Net interest margin (4) | 3.19% | 3.14% | 5bp |
| Core net interest margin (2) (4) | 3.32% | 3.26% | 6bp |
| Net overhead ratio (3) | 1.25% | 1.18% | 7bp |
| Return on average assets | 0.96% | 0.90% | 6bp |
| Return on average equity | 13.41% | 14.74% | (133)bp |
| At end of period | | | |
| Total assets | $5,326,179 | $4,132,394 | 29% |
| Total loans | $3,695,551 | $2,896,148 | 28% |
| Total deposits | $4,324,368 | $3,419,946 | 26% |
| Total equity | $374,152 | $249,399 | 50% |
| Book value per common share | $18.26 | $14.31 | 28% |
| Market price per common share | $50.51 | $29.79 | 70% |
| Common shares outstanding | 20,484,991 | 17,428,118 | 18% |

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

(2) Core net interest margin excludes interest expense associated with Wintrust's Long-term Debt - Trust Preferred Securities.
(3) The net overhead ratio is calculated by netting total non-interest expense and total non-interest income, annualizing this amount, and dividing by that period's total average assets. A lower ratio indicates a higher degree of efficiency.
(4) See "Supplemental Financial Measures/Ratios" for additional information on this performance measure/ratio.

Certain returns, yields, performance ratios, or quarterly growth rates are "annualized" in this presentation 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 like 20%. As such, a 5% growth rate for a quarter would represent an annualized 20% growth rate. Additional supplemental financial information showing quarterly trends can be found on the Company's website at **http://www.wintrust.com** by choosing "Investor News" and then choosing "Supplemental Financial Info."

Acquisitions and Stock Offering - Impacting Comparative Financial Results

On February 4, 2003, Wintrust completed (effective date of February 1, 2003) the acquisition of Lake Forest Capital Management Company ("LFCM") based in Lake Forest, Illinois. LFCM was merged into Wayne Hummer Asset Management Company, Wintrust's existing asset management subsidiary. LFCM further expanded our wealth management business in the Chicago metropolitan area.

On September 26, 2003, Wintrust announced the completion of the sale of 1,377,108 common shares, including the underwriters' over-allotment option, of common stock in connection with the Company's underwritten public offering. The offering was priced at $35.80 per share, and all of the shares were newly issued. Net proceeds to the Company from the sale, after deducting the underwriting discount and estimated offering expenses, were approximately $46.1 million.

On October 1, 2003, Wintrust announced the completion of its acquisition of 100% of the ownership interest of Advantage National Bancorp, Inc. ("Advantage") in a stock merger transaction (issued 670,875 shares of common stock). Advantage is the parent company of Advantage National Bank that has locations in Elk Grove Village and Roselle, Illinois. Advantage National Bank is a de novo bank that began operations in January, 2001 and had total assets of approximately $239 million as of June 30, 2004.

On December 5, 2003, Wintrust announced the completion (effective date of December 1, 2003) of its acquisition of

100% of the ownership interest of Village Bancorp, Inc. ("Village") in a stock merger transaction (issued 257,202 shares of common stock). Village is the parent company of Village Bank and Trust-Arlington Heights ("Village Bank") that has locations in Arlington Heights and Prospect Heights, Illinois. Village Bank began operations as a de novo bank in 1995 and had total assets of approximately $162 million as of June 30, 2004.

On May 19, 2004, Wintrust announced the completion (effective date of May 1, 2004) of its acquisition of 100% of the ownership interest of SGB Corporation d/b/a WestAmerica Mortgage Company ("WAMC") and Guardian Real Estate Services, Inc. ("Guardian"), in stock (issued a total of 180,438 shares of common stock) and cash merger transactions. WAMC engages primarily in the origination and purchase of residential mortgages for sale into the secondary market. WAMC's operations are conducted out of its offices maintained in Oakbrook Terrace, Illinois with accounting, administrative and secondary marketing operations located in Greenwood Village, Colorado. Guardian provides document preparation and other loan closing services to WAMC and its mortgage broker affiliates. Guardian has its headquarters in Oakbrook Terrace, Illinois.

The results of operations of LFCM, Advantage, Village, WAMC and Guardian are included only since their respective effective dates of acquisition.

Financial Overview

Total assets rose to $5.33 billion at June 30, 2004, an increase of $1.19 billion, or 29%, compared to $4.13 billion a year ago. Total deposits as of June 30, 2004 were $4.32 billion, an increase of $904 million, or 26%, as compared to $3.42 billion at June 30, 2003. Total loans grew to $3.70 billion as of June 30, 2004, a $799 million, or 28%, increase over the $2.90 billion balance as of a year ago. Advantage, Village, WAMC and Guardian combined, contributed approximately $486 million, $340 million and $238 million of the total asset growth, total deposit growth and total loan growth, respectively.

For the second quarter of 2004, net interest income totaled $36.7 million, increasing $8.4 million, or 30%, compared to the second quarter of 2003. Average earning assets grew $1.20 billion over the second quarter of 2003, a 30% increase. Loans accounted for $842 million and liquidity management assets $260 million of the total average earning asset growth compared to the second quarter of 2003. For the first six months of 2004, net interest income totaled $73.2 million, increasing $18.3 million, or 33%, compared to the first six months of 2003.

The provision for loan losses totaled $1.2 million for the second quarter of 2004 compared to $2.9 million for the second quarter of 2003. On a year- to-date basis, the provision for loan losses totaled $3.8 million for the first six months of 2004 compared to $5.5 million for the first six months of 2003. The lower provision for loan losses in 2004 is primarily a result of an improving level of non-performing loans and a much reduced level of net loan charge-offs.

The net interest margin for the second quarter of 2004 was 3.12%, compared to 3.14% in the second quarter of 2003 and 3.26% in the first quarter of 2004. The net interest margin declined 14 basis points in the second quarter of 2004 compared to the first quarter of 2004 as the yield on earning assets decreased by nine basis points and the rate paid on interest-bearing liabilities increased by five basis points. The earning asset yield decline was attributable to a 21 basis point decrease in yield on liquidity management assets and a nine basis point decrease in the yield on loans. The liquidity management asset yield decreased as the maturity structure of certain assets shortened. The lower loan yield was due to a higher level of residential mortgage loan balances (as a result of the acquisition of WAMC), competitive pricing pressures in the premium finance industry and lower delinquency fees as the premium finance portfolio credit quality improves. The interest- bearing liability rate increase of five basis points was due to Treasury-based deposit products re-pricing higher during the second quarter in advance of the 25 basis point increase announced by the Federal Reserve Bank on June 30, 2004, promotional pricing activities associated with opening additional branches in communities not currently served by Wintrust and opening a new de novo bank and the extension of maturities on fixed maturity time deposits in anticipation of continued rate increases. Overall, the Company is well positioned for future rate increases.

Non-interest income totaled $21.5 million in the second quarter of 2004, increasing $2.4 million, or 13%, compared to the second quarter of 2003. Non- interest expense totaled $37.4 million in the second quarter of 2004, increasing $6.9 million, or 23%, over the second quarter of 2003. The net overhead ratio for the second quarter of 2004 was 1.23% compared to 1.15% for the second quarter of 2003. On a year-to-date basis, non-interest income totaled $40.2 million in 2004, increasing $3.3 million, or 9%, compared to 2003, while non-interest expense totaled $71.6 million in 2004, increasing $12.2 million, or 21%, over 2003.

Non-performing assets totaled $16.5 million, or 0.31% of total assets, at June 30, 2004, compared to $24.1 million, or 0.51% of total assets, at December 31, 2003 and $14.5 million, or 0.35% of total assets, at June 30, 2003. Net charge-offs for the second quarter of 2004 were two basis points compared to 18 basis points in the second quarter of 2003. On a year-to-date basis, net loan charge-offs declined to seven basis points, compared to 19 basis points in 2003. The non-performing assets at June 30, 2004, remain at levels that make monitoring and collection of the non-performing assets very manageable.

Wintrust is a financial holding company whose common stock is traded on the Nasdaq Stock Market(R) (Nasdaq: WTFC). Its ten suburban Chicago community bank subsidiaries, each of which was founded as a de novo bank since December 1991, are located primarily in high income retail markets - Lake Forest Bank & Trust Company, Hinsdale Bank & Trust Company, North Shore Community Bank & Trust Company in Wilmette, Libertyville Bank & Trust Company, Barrington Bank & Trust Company, Crystal Lake Bank & Trust Company, Northbrook Bank & Trust Company, Advantage National Bank in Elk Grove Village, Village Bank & Trust in Arlington Heights and Beverly Bank

& Trust Company in Chicago. The banks also operate facilities in Buffalo Grove, Cary, Chicago, Clarendon Hills, Glencoe, Gurnee, Highland Park, Highwood, Hoffman Estates, Lake Bluff, McHenry, Prospect Heights, Ravinia, Riverside, Roselle, Skokie, Wauconda, Western Springs and Winnetka, Illinois.

Additionally, the Company operates various non-bank subsidiaries. First Insurance Funding Corporation, one of the largest commercial insurance premium finance companies operating in the United States, serves commercial loan customers throughout the country. Tricom, Inc. of Milwaukee provides high- yielding, short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. WestAmerica Mortgage Company engages primarily in the origination and purchase of residential mortgages for sale into the secondary market through origination offices located throughout the United States. Loans are also originated nationwide through relationships with wholesale and correspondent offices. Guardian Real Estate Services, Inc. of Oakbrook Terrace provides document preparation and other loan closing services to WestAmerica Mortgage Company and its mortgage broker affiliates. Wayne Hummer Investments, LLC is a broker-dealer providing a full range of private client and brokerage services to clients located primarily in the Midwest. Focused Investments LLC is a broker-dealer that provides a full range of investment solutions to clients through a network of community-based financial institutions throughout the Midwest. Wayne Hummer Asset Management Company provides money management services and advisory services to individual accounts as well as the Wayne Hummer Companies' proprietary mutual funds. Wayne Hummer Trust Company, a trust subsidiary, allows Wintrust to service customers' trust and investment needs at each banking location. Wintrust Information Technology Services Company provides information technology support, item capture and statement preparation services to the Wintrust subsidiaries.

Currently, Wintrust operates a total of 42 banking offices and is in the process of constructing several additional branch facilities. All of the Company's banking subsidiaries are locally managed with large local boards of directors. Wintrust Financial Corporation has been one of the fastest growing bank groups in Illinois.

WINTRUST FINANCIAL CORPORATION
SELECTED FINANCIAL HIGHLIGHTS

| (Dollars in thousands, except per share data) | Three Months Ended June 30, 2004 | 2003 | Six Months Ended June 30, 2004 | 2003 |
|---|---|---|---|---|
| Selected Financial Condition Data (at end of period): | | | | |
| Total assets | $5,326,179 | $4,132,394 | | |

| | | | | |
|---|---|---|---|---|
| Total loans | 3,695,551 | 2,896,148 | | |
| Total deposits | 4,324,368 | 3,419,946 | | |
| Long-term debt - trust preferred securities | 139,587 | 76,816 | | |
| Total shareholders' equity | 374,152 | 249,399 | | |
| | | | | |
| Selected Statements of Income Data: | | | | |
| Net interest income | $36,720 | $28,328 | $73,228 | $54,932 |
| Net revenue (1) | 58,215 | 47,433 | 113,409 | 91,780 |
| Income before taxes | 19,631 | 14,072 | 38,004 | 26,867 |
| Net income | 12,493 | 9,019 | 24,087 | 17,282 |
| Net income per common share - Basic | 0.61 | 0.52 | 1.19 | 1.00 |
| Net income per common share - Diluted | 0.58 | 0.49 | 1.12 | 0.94 |
| | | | | |
| Selected Financial Ratios and Other Data: | | | | |
| Performance Ratios: | | | | |
| Net interest margin (5) | 3.12% | 3.14% | 3.19% | 3.14% |
| Core net interest margin (2) (5) | 3.26 | 3.26 | 3.32 | 3.26 |
| Non-interest income to average assets | 1.67 | 1.93 | 1.60 | 1.92 |
| Non-interest expense to average assets | 2.90 | 3.08 | 2.85 | 3.10 |
| Net overhead ratio (3) | 1.23 | 1.15 | 1.25 | 1.18 |
| Efficiency ratio (4) (5) | 64.97 | 64.30 | 63.44 | 64.86 |
| Return on average assets | 0.97 | 0.91 | 0.96 | 0.90 |
| Return on average equity | 13.70 | 14.95 | 13.41 | 14.74 |
| | | | | |
| Average total assets | $5,176,454 | $3,971,542 | $5,061,008 | $3,866,918 |
| Average total shareholders' equity | 366,841 | 241,944 | 361,341 | 236,466 |
| Average loans to average deposits ratio | 88.0% | 86.6% | 87.5% | 86.1% |
| | | | | |
| Common Share Data | | | | |

| | | |
|---|---|---|
| at end of period: | | |
| Market price per common share | $50.51 | $29.79 |
| Book value per common share | $18.26 | $14.31 |
| Common shares outstanding | 20,484,991 | 17,428,118 |
| | | |
| Other Data at end of period: | | |
| Allowance for loan losses | $28,091 | $21,310 |
| Non-performing assets | $16,500 | $14,545 |
| Allowance for loan losses to total loans | 0.76% | 0.74% |
| Non-performing assets to total assets | 0.31% | 0.35% |
| Number of: | | |
| Bank subsidiaries | 10 | 7 |
| Non-bank subsidiaries | 9 | 7 |
| Banking offices | 42 | 32 |

(1) Net revenue is net interest income plus non-interest income.
(2) The core net interest margin excludes interest expense associated with Wintrust's Long-term Debt - Trust Preferred Securities.
(3) The net overhead ratio is calculated by netting total non-interest expense and total non-interest income, annualizing this amount, and dividing by that period's total average assets. A lower ratio indicates a higher degree of efficiency.
(4) The efficiency ratio is calculated by dividing total non-interest expense by tax-equivalent net revenues (less securities gains or losses). A lower ratio indicates more efficient revenue generation.
(5) See "Supplemental Financial Measures/Ratios" for additional information on this performance measure/ratio.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION

| (In thousands) | (Unaudited) June 30, 2004 | December 31, 2003 | (Unaudited) June 30, 2003 |
|---|---|---|---|
| Assets | | | |
| Cash and due from banks | $100,829 | $111,929 | $123,439 |
| Federal funds sold and | | | |

| | | | |
|---|---|---|---|
| securities purchased under resale agreements | 75,409 | 56,620 | 223,142 |
| Interest-bearing deposits with banks | 3,849 | 6,228 | 5,748 |
| Available-for-sale securities, at fair value | 993,485 | 906,881 | 508,289 |
| Trading account securities | 3,293 | 3,669 | 4,913 |
| Brokerage customer receivables | 37,338 | 33,912 | 34,457 |
| Mortgage loans held-for-sale | 83,806 | 24,041 | 84,643 |
| Loans, net of unearned income | 3,695,551 | 3,297,794 | 2,896,148 |
| Less: Allowance for loan losses | 28,091 | 25,541 | 21,310 |
| Net loans | 3,667,460 | 3,272,253 | 2,874,838 |
| Premises and equipment, net | 167,077 | 156,714 | 141,488 |
| Accrued interest receivable and other assets | 131,050 | 123,063 | 99,193 |
| Goodwill | 59,378 | 48,490 | 29,835 |
| Other intangible assets | 3,205 | 3,598 | 2,409 |
| Total assets | $5,326,179 | $4,747,398 | $4,132,394 |
| | | | |
| Liabilities and Shareholders' Equity | | | |
| Deposits: | | | |
| Non-interest bearing | $415,339 | $360,666 | $317,104 |
| Interest bearing | 3,909,029 | 3,515,955 | 3,102,842 |
| Total deposits | 4,324,368 | 3,876,621 | 3,419,946 |
| | | | |
| Notes payable | 1,000 | 26,000 | 26,000 |
| Federal Home Loan Bank advances | 244,019 | 144,026 | 140,000 |
| Subordinated notes | 50,000 | 50,000 | 50,000 |
| Other borrowings | 56,457 | 78,069 | 57,439 |
| Long-term debt - trust preferred securities | 139,587 | 96,811 | 76,816 |
| Accrued interest payable and other liabilities | 136,596 | 126,034 | 112,794 |
| Total liabilities | 4,952,027 | 4,397,561 | 3,882,995 |
| | | | |
| Shareholders' equity: | | | |
| Preferred stock | - | - | - |
| Common stock | 20,485 | 20,066 | 17,428 |
| Surplus | 258,289 | 243,626 | 158,597 |
| Common stock warrants | 998 | 1,012 | 1,030 |
| Retained earnings | 114,368 | 92,301 | 72,861 |
| Accumulated other comprehensive loss | (19,988) | (7,168) | (517) |
| Total shareholders' equity | 374,152 | 349,837 | 249,399 |

| | | | |
|---|---|---|---|
| Total liabilities and shareholders' equity | $5,326,179 | $4,747,398 | $4,132,394 |

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

| (In thousands, except per share data) | Three Months Ended June 30, 2004 | 2003 | Six Months Ended June 30, 2004 | 2003 |
|---|---|---|---|---|
| Interest income | | | | |
| Interest and fees on loans | $50,995 | $42,238 | $99,445 | $82,829 |
| Interest bearing deposits with banks | 12 | 28 | 38 | 57 |
| Federal funds sold and securities purchased under resale agreements | 263 | 1,080 | 414 | 1,469 |
| Securities | 8,924 | 5,534 | 18,702 | 11,369 |
| Trading account securities | 39 | 46 | 74 | 84 |
| Brokerage customer receivables | 320 | 339 | 634 | 696 |
| Total interest income | 60,553 | 49,265 | 119,307 | 96,504 |
| Interest expense | | | | |
| Interest on deposits | 19,136 | 17,013 | 36,865 | 34,115 |
| Interest on Federal Home Loan Bank advances | 1,945 | 1,473 | 3,566 | 2,930 |
| Interest on notes payable and other borrowings | 384 | 671 | 1,130 | 1,375 |
| Interest on subordinated notes | 705 | 625 | 1,407 | 1,069 |
| Interest on long-term debt - trust preferred securities | 1,663 | 1,155 | 3,111 | 2,083 |
| Total interest expense | 23,833 | 20,937 | 46,079 | 41,572 |
| Net interest income | 36,720 | 28,328 | 73,228 | 54,932 |
| Provision for loan losses | 1,198 | 2,852 | 3,762 | 5,493 |
| Net interest income after provision for | | | | |

| | | | | |
|---|---|---|---|---|
| loan losses | 35,522 | 25,476 | 69,466 | 49,439 |
| Non-interest income | | | | |
| Wealth management fees | 8,023 | 7,002 | 16,496 | 12,953 |
| Mortgage banking revenue | 4,966 | 4,961 | 7,256 | 9,797 |
| Service charges on deposit accounts | 973 | 867 | 1,946 | 1,722 |
| Gain on sale of premium finance receivables | 2,064 | 1,108 | 3,539 | 2,270 |
| Administrative services revenue | 945 | 1,068 | 1,887 | 2,159 |
| Net available-for-sale securities gains (losses) | 1 | 220 | 853 | 606 |
| Other | 4,523 | 3,879 | 8,204 | 7,341 |
| Total non-interest income | 21,495 | 19,105 | 40,181 | 36,848 |
| Non-interest expense | | | | |
| Salaries and employee benefits | 22,294 | 18,265 | 43,073 | 35,715 |
| Equipment expense | 2,182 | 1,916 | 4,351 | 3,758 |
| Occupancy, net | 2,319 | 1,887 | 4,497 | 3,785 |
| Data processing | 1,350 | 1,026 | 2,652 | 2,079 |
| Advertising and marketing | 866 | 504 | 1,590 | 1,043 |
| Professional fees | 1,175 | 922 | 2,143 | 1,704 |
| Amortization of other intangible assets | 193 | 159 | 393 | 298 |
| Other | 7,007 | 5,830 | 12,944 | 11,038 |
| Total non-interest expense | 37,386 | 30,509 | 71,643 | 59,420 |
| Income before taxes | 19,631 | 14,072 | 38,004 | 26,867 |
| Income tax expense | 7,138 | 5,053 | 13,917 | 9,585 |
| Net income | $12,493 | $9,019 | $24,087 | $17,282 |
| Net income per common share - Basic | $0.61 | $0.52 | $1.19 | $1.00 |
| Net income per common share - Diluted | $0.58 | $0.49 | $1.12 | $0.94 |
| Cash dividends declared per common share | $- | $- | $0.10 | $0.08 |
| Weighted average common shares outstanding | 20,358 | 17,411 | 20,250 | 17,360 |
| Dilutive potential common shares | 1,300 | 1,106 | 1,314 | 1,113 |
| Average common shares | | | | |

| | | | | |
|---|---|---|---|---|
| and dilutive common shares | 21,658 | 18,517 | 21,564 | 18,473 |

SUPPLEMENTAL FINANCIAL MEASURES/RATIOS

In accordance with new SEC rules required by the Sarbanes-Oxley Act of 2002 regarding the use of financial measures and ratios not calculated in accordance with generally accepted accounting principles ("GAAP"), a reconciliation must be provided that shows these measures and ratios calculated according to GAAP and a statement why management believes these measures and ratios provide a more accurate view of performance.

Certain non-GAAP performance measures and ratios are used by management to evaluate and measure the Company's performance. These include taxable- equivalent net interest income (including its individual components), net interest margin (including its individual components), core net interest margin and the efficiency ratio. Management believes that these measures and ratios provide users of the Company's financial information a more complete view of the performance of the interest-earning assets and interest-bearing liabilities and of the Company's operating efficiency for comparative purposes. Other financial holding companies may define or calculate these measures and ratios differently. See the table below for supplemental data and the corresponding reconciliation to GAAP financial measures for the three and six month periods ended June 30, 2004 and 2003.

Management reviews yields on certain asset categories and the net interest margin of the Company, and its banking subsidiaries, on a fully taxable- equivalent basis ("FTE"). In this non-GAAP presentation, net interest income is adjusted to reflect tax-exempt interest income on an equivalent before-tax basis. This measure ensures comparability of net interest income arising from both taxable and tax-exempt sources. Net interest income on a 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 also evaluates the net interest margin excluding the interest expense associated with the Company's Long-term Debt - Trust Preferred Securities ("Core Net Interest Margin"). Because these instruments are utilized by the Company primarily as capital instruments, management finds it useful to view the net interest margin excluding this expense and deems it to be a more accurate view of the operational net interest margin of the Company.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|

| (Dollars in thousands) | 2004 | 2003 | 2004 | 2003 |
|---|---|---|---|---|
| (A) Interest income (GAAP) | $60,553 | $49,265 | $119,307 | $96,504 |
| Taxable-equivalent adjustment - Loans | 103 | 124 | 208 | 265 |
| Taxable-equivalent adjustment - Liquidity management assets | 66 | 73 | 134 | 134 |
| Taxable-equivalent adjustment - Other earning assets | 14 | 39 | 28 | 39 |
| Interest income - FTE | $60,736 | $49,501 | $119,677 | $96,942 |
| (B) Interest expense (GAAP) | 23,833 | 20,937 | 46,079 | 41,572 |
| Net interest income - FTE | $36,903 | $28,564 | $73,598 | $55,370 |
| (C) Net interest income (GAAP) (A minus B) | $36,720 | $28,328 | $73,228 | $54,932 |
| Net interest income - FTE | $36,903 | $28,564 | $73,598 | $55,370 |
| Add: Interest expense on long-term debt - trust preferred securities | 1,663 | 1,155 | 3,111 | 2,083 |
| Core net interest income - FTE (1) | $38,566 | $29,719 | $76,709 | $57,453 |
| (D) Net interest margin (GAAP) | 3.11% | 3.11% | 3.17% | 3.12% |
| Net interest margin - FTE | 3.12% | 3.14% | 3.19% | 3.14% |
| Core net interest margin - FTE (1) | 3.26% | 3.26% | 3.32% | 3.26% |
| (E) Efficiency ratio (GAAP) | 64.22% | 64.62% | 63.65% | 65.17% |
| Efficiency ratio - FTE | 64.02% | 64.30% | 63.44% | 64.86% |

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

| LOANS, NET OF UNEARNED INCOME (Dollars in thousands) | June 30, 2004 | December 31, 2003 | June 30, 2003 | % Growth From December 31, 2003 (1) | % Growth From June 30, 2003 |
|---|---|---|---|---|---|
| Balance: | | | | | |
| Commercial and commercial real estate | $1,943,236 | $1,648,022 | $1,458,566 | 36.0% | 33.2% |
| Home equity | 491,661 | 466,812 | 412,787 | 10.7 | 19.1 |
| Residential real estate | 185,770 | 173,625 | 140,365 | 14.1 | 32.3 |
| Premium finance receivables | 790,877 | 746,895 | 625,840 | 11.8 | 26.4 |
| Indirect auto loans | 179,759 | 174,071 | 167,198 | 6.6 | 7.5 |
| Tricom finance receivables | 28,406 | 25,024 | 24,062 | 27.2 | 18.1 |
| Other loans | 75,842 | 63,345 | 67,330 | 39.7 | 12.6 |
| Total loans, net of unearned income | $3,695,551 | $3,297,794 | $2,896,148 | 24.3% | 27.6% |
| Mix: | | | | | |
| Commercial and commercial real estate | 53% | 50% | 50% | | |
| Home equity | 13 | 14 | 14 | | |
| Residential real estate | 5 | 5 | 5 | | |
| Premium finance receivables | 21 | 23 | 22 | | |
| Indirect auto loans | 5 | 5 | 6 | | |
| Tricom finance receivables | 1 | 1 | 1 | | |
| Other loans | 2 | 2 | 2 | | |
| Total loans, net of unearned income | 100% | 100% | 100% | | |

(1) Annualized

DEPOSITS

| (Dollars in thousands) | June 30, 2004 | December 31, 2003 | June 30, 2003 | % Growth From December 31, 2003 (1) | % Growth From June 30, 2003 |
|---|---|---|---|---|---|
| Balance: | | | | | |
| Non-interest bearing | $415,339 | $360,666 | $317,104 | 30.4% | 31.0% |
| NOW | 467,143 | 407,803 | 393,462 | 29.3 | 18.7 |
| Brokerage customer deposits (2) | 333,572 | 338,479 | 261,475 | (2.9) | 27.6 |
| Money market | 522,210 | 470,849 | 435,830 | 21.9 | 19.8 |
| Savings | 195,163 | 183,394 | 161,116 | 12.9 | 21.1 |
| Time certificate of deposits | 2,390,941 | 2,115,430 | 1,850,959 | 26.2 | 29.2 |
| Total deposits | $4,324,368 | $3,876,621 | $3,419,946 | 23.2% | 26.4% |
| Mix: | | | | | |
| Non-interest bearing | 10% | 9% | 9% | | |
| NOW | 11 | 10 | 11 | | |
| Brokerage customer deposits (2) | 8 | 9 | 8 | | |
| Money market | 12 | 12 | 13 | | |
| Savings | 4 | 5 | 5 | | |
| Time certificate of deposits | 55 | 55 | 54 | | |
| Total deposits | 100% | 100% | 100% | | |

(1) Annualized
(2) Represents deposit balances from brokerage customers of Wayne Hummer Investments at the Company's subsidiary banks.

NET INTEREST INCOME

The following table presents a summary of Wintrust's average balances, net interest income and related net interest margins, calculated on a fully tax- equivalent basis, for the three-month periods ended June 30, 2004 and 2003:

| (Dollars in thousands) | For the Three Months Ended June 30, 2004 Average | Interest | Rate | For the Three Months Ended June 30, 2003 Average | Interest | Rate |
|---|---|---|---|---|---|---|
| Liquidity management assets (1) (2) (8) | $1,016,517 | 9,265 | 3.67% | $756,598 | $6,715 | 3.56% |
| Other earning assets (2) (3) | 38,202 | 373 | 3.93 | 40,162 | 424 | 4.23 |
| Loans, net of unearned income (2) (4) (8) | 3,699,021 | 51,098 | 5.56 | 2,856,728 | 42,362 | 5.95 |
| Total earning assets (8) | $4,753,740 | $60,736 | 5.14% | $3,653,488 | $49,501 | 5.43% |
| Allowance for loan losses | (28,633) | | | (20,663) | | |
| Cash and due from banks | 103,892 | | | 73,301 | | |
| Other assets | 347,455 | | | 265,416 | | |
| Total assets | $5,176,454 | | | $3,971,542 | | |
| Interest-bearing deposits | $3,829,382 | $19,136 | 2.01% | $2,988,099 | $17,013 | 2.28% |
| Federal Home Loan Bank advances | 214,351 | 1,945 | 3.65 | 140,000 | 1,473 | 4.22 |
| Notes payable and other borrowings | 100,469 | 384 | 1.54 | 91,433 | 671 | 2.94 |
| Subordinated notes | 50,000 | 705 | 5.58 | 42,033 | 625 | 5.88 |
| Long-term debt - trust preferred securities | 122,105 | 1,663 | 5.45 | 70,830 | 1,155 | 6.52 |
| Total interest-bearing liabilities | $4,316,307 | $23,833 | 2.22% | $3,332,395 | $20,937 | 2.52% |
| Non-interest bearing deposits | 375,986 | | | 312,146 | | |
| Other liabilities | 117,320 | | | 85,057 | | |
| Equity | 366,841 | | | 241,944 | | |
| Total liabilities | | | | | | |

| | | | | |
|---|---|---|---|---|
| and shareholders' equity | $5,176,454 | | $3,971,542 | |
| Interest rate spread (5) (8) | | 2.92% | | 2.91% |
| Net free funds/ contribution (6) | $437,433 | 0.20 | $321,093 | 0.23 |
| Net interest income/Net interest margin (8) | $36,903 | 3.12% | $28,564 | 3.14% |
| Core net interest margin (7) (8) | | 3.26% | | 3.26% |

(1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks and federal funds sold.
(2) Interest income on tax-advantaged loans, trading account securities and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the quarters ended June 30, 2004 and 2003 were $183,000 and $236,000, respectively.
(3) Other earning assets include brokerage customer receivables and trading account securities.
(4) Loans, net of unearned income includes mortgages held for sale and non-accrual loans.
(5) Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.
(6) Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.
(7) The core net interest margin excludes interest expense associated with Wintrust's Long-term Debt - Trust Preferred Securities.
(8) See "Supplemental Financial Measures/Ratios" for additional information on this performance measure/ratio.

Net interest income, which is the difference between interest income and fees on earning assets and interest expense on deposits and borrowings, is the major source of earnings for Wintrust. Tax-equivalent net interest income for the quarter ended June 30, 2004 totaled $36.9 million, an increase of $8.3 million, or 29%, as compared to the $28.6 million recorded in the same quarter of 2003. Average loans in the second quarter of 2004 increased $842 million, or 29%, over the second quarter of 2003.

Net interest margin represents tax-equivalent net interest income as a percentage of the average earning assets during the period. For the second quarter of 2004 the net interest margin was 3.12%, a decrease of 2 basis points when compared to the net interest margin of 3.14% in the prior year second quarter, and a 14 basis point decrease when compared to the net interest margin of 3.26% in the first quarter of 2004. The core net interest margin, which excludes the interest expense related to Wintrust's Long-term Debt - Trust Preferred Securities, was 3.26% for both the second quarter of 2004 and 2003. The net interest margin decline of 14 basis points in the second quarter of 2004 compared to the first quarter of 2004 resulted as the yield on earning assets decreased by nine basis points and the rate paid on interest-bearing liabilities increased by five basis points. The earning asset yield decline was attributable to a 21 basis point decrease in yield on liquidity management assets and a nine basis point decrease in the yield on loans. The liquidity management asset yield decreased as the maturity structure of certain assets shortened. The lower loan yield was due to a higher level of residential mortgage loan balances (as a result of the acquisition of WAMC), competitive pricing pressures in the premium finance industry and lower delinquency fees as the premium finance portfolio credit quality improves. The interest-bearing liability rate increase of five basis points was due to Treasury-based deposit products re-pricing higher during the second quarter in advance of the 25 basis point increase announced by the Federal Reserve Bank on June 30, 2004, promotional pricing activities associated with opening additional branches in communities not currently served by Wintrust and opening a new de novo bank and the extension of maturities on fixed maturity time deposits in anticipation of continued rate increases.

The yield on total earning assets for the second quarter of 2004 was 5.14% as compared to 5.43% in 2003 and 5.23% in the first quarter of 2004. The decrease of 29 basis points from the second quarter of 2003 resulted primarily from the effects of competitive market pressures on loan rates. The second quarter 2004 yield on loans was 5.56%, a 39 basis point decrease when compared to the prior year second quarter yield of 5.95% and a nine basis point decrease compared to the first quarter of 2004. Average loans comprised approximately 78% of total average earning assets in both the second quarter of 2004 and 2003. The Company strives to maintain an average loan to average deposit ratio between 85-90%. The Company continues to see healthy loan demand in non-residential mortgage related categories. Average loans increased $244 million in the second quarter of 2004, following growth of $262 million in the first quarter of 2004. The second quarter 2004 loan growth was comprised mainly of $154 million of commercial and commercial real estate loans and $56 million of mortgage loans held for sale (solely as a result of the WAMC acquisition in May).

The rate paid on interest-bearing deposits declined 27 basis points to 2.01% in the second quarter of 2004 compared to the second quarter of 2003. Following a two basis point decline on the rate paid on interest-bearing deposits in the first quarter of 2004, the rate on this funding source increased by 3 basis points in the second quarter of 2004, indicating that a low point was reached for deposit pricing during the first quarter of 2004 in the current interest rate cycle. The rate paid on wholesale funding, consisting of Federal Home Loan Bank of Chicago advances, notes payable, subordinated notes and other borrowings, declined to 3.86% in the second quarter of

2004 compared to 4.56% in the second quarter of 2003 as a result of lower average rates paid on Federal Home Loan Bank advances and the additional trust preferred borrowings added in the second half of 2003 and first half of 2004. The Company utilizes these borrowing sources to fund the additional capital requirements of the subsidiary banks, manage its capital, manage its interest rate risk position, funding at the Wayne Hummer Companies and for general corporate purposes.

The $8.3 million increase in net interest income for the second quarter of 2004 compared to the second quarter of 2003, was attributable to $8.2 million related to increased volumes and a $98,000 positive impact due to the slight increase in the interest rate spread. The $208,000 increase in net interest income compared to the first quarter of 2004 was primarily attributable to $2.2 million related to increased volumes offset by a $2.0 million negative impact due to the 14 basis point decrease in the interest rate spread.

The following table presents a summary of Wintrust's average balances, net interest income and related net interest margins, calculated on a fully tax- equivalent basis, for the six-month periods ended June 30, 2004 and 2003:

| | For the Six Months Ended June 30, 2004 | | | For the Six Months Ended June 30, 2003 | | |
|---|---|---|---|---|---|---|
| (Dollars in thousands) | Average | Interest | Rate | Average | Interest | Rate |
| Liquidity management assets (1) (2) (8) | $1,027,862 | $19,288 | 3.77% | $736,041 | $13,029 | 3.57% |
| Other earning assets (2) (3) | 37,587 | 736 | 3.94 | 40,571 | 819 | 4.07 |
| Loans, net of unearned income (2) (4) (8) | 3,576,850 | 99,653 | 5.60 | 2,777,958 | 83,094 | 6.03 |
| Total earning assets (8) | $4,642,299 | $119,677 | 5.18% | $3,554,570 | $96,942 | 5.50% |
| Allowance for loan losses | (27,594) | | | (19,890) | | |
| Cash and due from banks | 105,430 | | | 74,136 | | |
| Other assets | 340,873 | | | 258,102 | | |
| Total assets | $5,061,008 | | | $3,866,918 | | |
| Interest-bearing deposits | $3,719,643 | $36,865 | 1.99% | $2,921,536 | $34,115 | 2.35% |
| Federal Home Loan Bank advances | 189,628 | 3,566 | 3.78 | 140,000 | 2,930 | 4.22 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Notes payable and other borrowings | 150,392 | 1,130 | 1.51 | 91,946 | 1,375 | 3.02 | |
| Subordinated notes | 50,000 | 1,407 | 5.57 | 33,564 | 1,069 | 6.33 | |
| Long-term debt - trust preferred securities | 110,343 | 3,111 | 5.64 | 60,917 | 2,083 | 6.84 | |
| Total interest-bearing liabil-ities | $4,220,006 | $46,079 | 2.19% | $3,247,963 | $41,572 | 2.58% | |
| Non-interest bearing deposits | 366,868 | | | 305,480 | | | |
| Other liabilities | 112,793 | | | 77,009 | | | |
| Equity | 361,341 | | | 236,466 | | | |
| Total liabilities and shareholders' equity | $5,061,008 | | | $3,866,918 | | | |
| Interest rate spread (5) (8) | | 2.99% | | | 2.92% | | |
| Net free funds/ contribution (6) | $422,293 | | 0.20 | $306,607 | | 0.22 | |
| Net interest income/Net interest margin (8) | | $73,598 | 3.19% | | $55,370 | 3.14% | |
| Core net interest margin (7) (8) | | 3.32% | | | 3.26% | | |

(1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks and federal funds sold.
(2) Interest income on tax-advantaged loans, trading account securities and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the six-months ended June 30, 2004 and 2003 were $370,000 and $438,000, respectively.
(3) Other earning assets include brokerage customer receivables and trading account securities.
(4) Loans, net of unearned income includes mortgages held for sale and non-accrual loans.
(5) Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.
(6) Net free funds are the difference between total average earning

assets and total average interest-bearing liabilities. The estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.

(7) The core net interest margin excludes interest expense associated with Wintrust's Long-term Debt - Trust Preferred Securities.

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

Tax-equivalent net interest income for the six-months ended June 30, 2004 totaled $73.6 million, an increase of $18.2 million, or 33%, as compared to the $55.4 million recorded in the same period of 2003. The year-to-date net interest margin was 3.19%, an increase of five basis points when compared to the net interest margin of 3.14% in the prior year. The $18.2 million increase in net interest income for the first six months of 2004 compared to the first six months of 2003, was primarily attributable to $16.0 million related to increased volumes and $1.9 million related to a positive impact due to the seven basis point increase in the interest rate spread.

NON-INTEREST INCOME

For the second quarter of 2004, non-interest income totaled $21.5 million and increased $2.4 million compared to the prior year second quarter. The increase in non-interest income is primarily a result of increased revenue from wealth management, higher gain on sale of premium finance receivables and the impact of the recent acquisitions. The additional non-interest income added by the acquisitions of Advantage, Village, WAMC and Guardian helped offset the decline in mortgage banking revenue at the Wintrust banking subsidiaries. The acquisitions contributed $3.5 million of non-interest income ($2.8 million in mortgage banking revenue, $84,000 in service charges on deposits, and $535,000 in other) in the second quarter of 2004. Non-interest income as a percentage of net revenue decreased to 37% in the second quarter of 2004, down from 40% in the second quarter of 2003. The addition of WAMC and Guardian in May of 2004 helped increase non-interest income as a percentage of net revenue from 34% in the first quarter of 2004.

The following table presents non-interest income by category for the three months ended June 30, 2004 and 2003:

| | Three Months Ended June 30, | | $ | % |
|---|---|---|---|---|
| (Dollars in thousands) | 2004 | 2003 | Change | Change |
| Brokerage | $5,862 | $5,185 | 677 | 13.1 |
| Trust and asset management | 2,161 | 1,817 | 344 | 18.9 |
| Total wealth | | | | |

| | | | | |
|---|---|---|---|---|
| management | 8,023 | 7,002 | 1,021 | 14.6 |
| Mortgage banking revenue | 4,966 | 4,961 | 5 | 0.1 |
| Service charges on deposit accounts | 973 | 867 | 106 | 12.2 |
| Gain on sale of premium finance receivables | 2,064 | 1,108 | 956 | 86.3 |
| Administrative services revenue | 945 | 1,068 | (123) | (11.5) |
| Net available-for-sale securities gains | 1 | 220 | (219) | (99.5) |
| Other: | | | | |
| Fees from covered call options | 2,441 | 2,636 | (195) | (7.4) |
| Bank Owned Life Insurance | 513 | 487 | 26 | 5.3 |
| Miscellaneous | 1,569 | 756 | 813 | 107.5 |
| Total other | 4,523 | 3,879 | 644 | 16.6 |
| Total non-interest income | $21,495 | $19,105 | 2,390 | 12.5 |

Wealth management fees are comprised of the trust and asset management revenue of Wayne Hummer Trust Company and the asset management fees, brokerage commissions, trading commissions and insurance product commissions at Wayne Hummer Investments, Wayne Hummer Asset Management Company and Focused Investments. Wealth management fees totaled $8.0 million in the second quarter of 2004, a $1.0 million increase from the $7.0 million recorded in the second quarter of 2003.

Mortgage banking revenue includes revenue from activities related to originating and selling residential real estate loans into the secondary market. With the addition of WAMC and Guardian in May of 2004, this revenue line now includes gains on the sale of mortgage loans to the secondary market, origination fees, rate lock commitment fees, document preparation fees, the impact of capitalizing servicing rights on loans sold and serviced by certain Wintrust subsidiary banks and the impact of amortizing and valuing the capitalized servicing right asset. For the quarter ended June 30, 2004, this revenue source totaled $5.0 million, essentially unchanged from the second quarter of 2003. Excluding the impact of $2.8 million of mortgage banking revenue from WAMC and Guardian in the second quarter of 2004, the mortgage banking revenue generated by the Wintrust subsidiary banks was $2.1 million, compared to the $2.3 million recorded in the first quarter of 2004.

Service charges on deposit accounts totaled $973,000 for the second quarter of 2004, an increase of $106,000, or

12%, when compared to the same quarter of 2003. This increase was mainly due to $84,000 from Advantage and Village in the second quarter of 2004 and a larger deposit base and a greater number of accounts at the banking subsidiaries. The majority of deposit service charges relates to customary fees on overdrawn accounts and returned items. The level of service charges received is substantially below peer group levels, as management believes in the philosophy of providing high quality service without encumbering that service with numerous activity charges.

As a result of continued strong loan originations of premium finance receivables, Wintrust sold excess premium finance receivables volume to an unrelated third party financial institution in the second quarter of 2004 and recognized gains of $2.1 million related to this activity, compared with $1.1 million of recognized gains in the second quarter of 2003. Wintrust has a philosophy of maintaining its average loan-to-deposit ratio in the range of 85-90%. During the first quarter of 2004, the ratio was approximately 88%. Consistent with Wintrust's strategy to be asset-driven and the desire to maintain our loan-to-deposit ratio in the aforementioned range, it is probable that similar sales of premium finance receivables will occur in the future.

The administrative services revenue contributed by Tricom added $945,000 to total non-interest income in the second quarter of 2004, a decrease of $123,000 from the second quarter of 2003. This revenue comprises income from administrative services, such as data processing of payrolls, billing and cash management services, to temporary staffing service clients located throughout the United States. The revenue decrease, when compared to the second quarter of 2003 is primarily attributable to competitive rate pressures in the industry. Administrative services revenue contributed by Tricom in the second quarter of 2004 was up slightly from $942,000 recorded in the first quarter of 2004. Tricom also earns interest and fee income from providing short-term accounts receivable financing to this same client base, which is included in the net interest income category.

Other non-interest income for the second quarter of 2004 totaled $4.5 million compared to $3.9 million in the second quarter of 2003. Premium income from certain covered call option transactions totaled $2.4 million in the second quarter of 2004 compared to $2.6 million in the same period of 2003. Management is able to effectively use the proceeds from selling covered call options to offset net interest margin compression and administers such sales in a coordinated process with the Company's overall asset/liability management. Miscellaneous income was positively impacted in the second quarter of 2004 due to a gain of approximately $525,000 on the sale of real estate which was previously acquired as part of a real estate purchase in connection with the Company's branch expansion.

The following table presents non-interest income by category for the six months ended June 30, 2004 and 2003:

| | Six Months Ended |
|---|---|

| (Dollars in thousands) | June 30, 2004 | 2003 | $ Change | % Change |
|---|---|---|---|---|
| Brokerage | $12,158 | $9,522 | 2,636 | 27.7 |
| Trust and asset management | 4,338 | 3,431 | 907 | 26.4 |
| Total wealth management | 16,496 | 12,953 | 3,543 | 27.4 |
| Mortgage banking revenue | 7,256 | 9,797 | (2,541) | (25.9) |
| Service charges on deposit accounts | 1,946 | 1,722 | 224 | 13.0 |
| Gain on sale of premium finance receivables | 3,539 | 2,270 | 1,269 | 55.9 |
| Administrative services revenue | 1,887 | 2,159 | (272) | (12.6) |
| Net available-for-sale securities gains | 853 | 606 | 247 | 40.8 |
| Other: | | | | |
| Fees from covered call options | 4,615 | 4,780 | (165) | (3.5) |
| Bank Owned Life Insurance | 1,022 | 969 | 53 | 5.5 |
| Miscellaneous | 2,567 | 1,592 | 975 | 61.2 |
| Total other | 8,204 | 7,341 | 863 | 11.8 |
| Total non-interest income | $40,181 | $36,848 | 3,333 | 9.0 |

On a year-to-date basis, non-interest income totaled $40.2 million and increased $3.3 million compared to the prior year. The increase in non- interest income is primarily a result of increased revenue from wealth management, higher gain on sale of premium finance receivables, the impact of the recent acquisitions offset by lower mortgage banking revenues. The additional non-interest income added by the acquisitions of Advantage, Village, WAMC and Guardian helped offset the decline in mortgage banking revenues at the Wintrust banking subsidiaries. The acquisitions contributed $3.9 million in non-interest income ($2.8 million in mortgage banking revenue, $167,000 in service charges on deposits, $35,000 of net securities gains and $882,000 in other) in the first six months of 2004.

The largest changes in non-interest income, on a year-to-date basis, were the revenue recognized from the wealth management segment and the impact of acquiring WAMC and Guardian in May of 2004. Wealth management revenue increased $3.5 million, or 28%, over the amounts recorded in the first six months of 2003. Mortgage banking revenue declined $2.6 million on a year-to- date basis, due to a decline of $5.4 million in mortgage banking revenue generated by Wintrust's subsidiary banks offset by the impact of WAMC and Guardian which added $2.8 million to mortgage banking revenue.

NON-INTEREST EXPENSE

Non-interest expense for the second quarter of 2004 totaled $37.4 million and increased $6.9 million, or 23%, from the second quarter 2003 total of $30.5 million. The increase in non-interest expense, particularly salaries and employee benefits, over the second quarter of 2003, reflects the continued growth and expansion of the banks with additional branches, the growth in the premium finance business, and the addition of Advantage, Village, WAMC and Guardian. The acquisitions contributed $5.0 million of non-interest expense ($3.1 million in salaries and benefits and $1.9 million in all other categories) in the second quarter of 2004.

The following table presents non-interest expense by category for the three months ended June 30, 2004 and 2003:

| | Three Months Ended | | | |
|---|---|---|---|---|
| (Dollars in thousands) | June 30, 2004 | 2003 | $ Change | % Change |
| Salaries and employee benefits | $22,294 | $18,265 | 4,029 | 22.1 |
| Equipment | 2,182 | 1,916 | 266 | 13.9 |
| Occupancy, net | 2,319 | 1,887 | 432 | 22.9 |
| Data processing | 1,350 | 1,026 | 324 | 31.6 |
| Advertising and marketing | 866 | 504 | 362 | 71.8 |
| Professional fees | 1,175 | 922 | 253 | 27.4 |
| Amortization of other intangibles | 193 | 159 | 34 | 21.4 |
| Other: | | | | |
| Commissions - 3rd party brokers | 1,222 | 756 | 466 | 61.6 |
| Loan expenses | 419 | 765 | (346) | (45.2) |
| Postage | 723 | 596 | 127 | 21.3 |
| Miscellaneous | 4,643 | 3,713 | 930 | 25.0 |
| Total other | 7,007 | 5,830 | 1,177 | 20.2 |
| Total non-interest expense | $37,386 | $30,509 | 6,877 | 22.5 |

Salaries and employee benefits totaled $22.3 million for the second quarter of 2004, an increase of $4.0 million, or 22%, as compared to the prior year's second quarter total of $18.3 million. Advantage, Village, WAMC and Guardian accounted for $3.1 million of the increase in salary and employee benefit costs. The remainder of the increase is attributable to the continued growth and expansion of the existing banks with additional branches, the opening of Beverly Bank & Trust in April 2004, the growth in the premium finance business and higher commission expense as

a result of increased wealth management revenues. Lower commissions in the second quarter of 2004 associated with decreased mortgage loan origination activity at Wintrust's subsidiary banks offset these increases.

The remaining categories of non-interest expense, such as occupancy costs, equipment expense, professional fees and other, increased $2.9 million over the prior year second quarter with $1.9 million of this increase being directly attributable to the acquisitions of Advantage, Village, WAMC and Guardian.

The following table presents non-interest expense by category for the six months ended June 30, 2004 and 2003:

| | Six Months Ended June 30, | | $ | % |
|---|---|---|---|---|
| (Dollars in thousands) | 2004 | 2003 | Change | Change |
| Salaries and employee benefits | $43,073 | $35,715 | 7,358 | 20.6 |
| Equipment | 4,351 | 3,758 | 593 | 15.8 |
| Occupancy, net | 4,497 | 3,785 | 712 | 18.8 |
| Data processing | 2,652 | 2,079 | 573 | 27.6 |
| Advertising and marketing | 1,590 | 1,043 | 547 | 52.4 |
| Professional fees | 2,143 | 1,704 | 439 | 25.8 |
| Amortization of other intangibles | 393 | 298 | 95 | 31.9 |
| Other: | | | | |
| Commissions - 3rd party brokers | 2,234 | 1,377 | 857 | 62.2 |
| Loan expenses | 796 | 1,362 | (566) | (41.6) |
| Postage | 1,348 | 1,155 | 193 | 16.7 |
| Miscellaneous | 8,566 | 7,144 | 1,422 | 19.9 |
| Total other | 12,944 | 11,038 | 1,906 | 17.3 |
| Total non-interest expense | $71,643 | $59,420 | 12,223 | 20.6 |

Year-to-date non-interest expense for 2004 totaled $71.6 million and increased $12.2 million, or 21%, from the 2003 total of $59.4 million. The increase in non-interest expense, particularly salaries and employee benefits over 2003 reflects the continued growth and expansion of the banks with additional branches, the growth in the premium finance business, and the addition of Advantage, Village, WAMC and Guardian. The acquisitions contributed $7.0 million in non-interest expense ($4.1 million in salaries and benefits and $2.9 million in all other categories) in the first six months of 2004.

Salaries and employee benefits totaled $43.1 million for the first six months of 2004, an increase of $7.4 million, or 21%, as compared to the prior year's total of $35.7 million. Advantage, Village, WAMC and Guardian accounted for

$4.1 million of the increase in salary and employee benefit costs. The remainder of the increase is attributable to the continued growth and expansion of the existing banks with additional branches, the opening of Beverly Bank & Trust in April 2004, the growth in the premium finance business and higher commission expense as a result of increased wealth management revenues. Lower commissions in the first six months of 2004 associated with decreased mortgage loan origination activity at Wintrust's subsidiary banks offset these increases.

The remaining categories of non-interest expense, such as occupancy costs, equipment expense, professional fees and other, increased $4.8 million over the first six months of 2003 with $2.9 million of this increase being directly attributable to the acquisitions of Advantage, Village, WAMC and Guardian.

ASSET QUALITY

Allowance for Loan Losses

A reconciliation of the activity in the balance of the allowance for loan losses for the three months and six months ended June 30, 2004 and 2003 is shown as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (Dollars in thousands) | 2004 | 2003 | 2004 | 2003 |
| Balance at beginning of period | $27,083 | $19,773 | $25,541 | $18,390 |
| Provision for loan losses | 1,198 | 2,852 | 3,762 | 5,493 |
| Charge-offs: | | | | |
| Commercial and commercial real estate loans | 517 | 366 | 1,246 | 811 |
| Home equity loans | - | - | - | - |
| Residential real estate loans | - | - | - | - |
| Consumer and other loans | 28 | 27 | 174 | 130 |
| Premium finance receivables | 506 | 817 | 861 | 1,490 |
| Indirect automobile loans | 84 | 314 | 194 | 530 |
| Tricom finance receivables | 10 | - | 10 | - |
| Total charge-offs | 1,145 | 1,524 | 2,485 | 2,961 |
| Recoveries: | | | | |
| Commercial and commercial real estate loans | 725 | 95 | 865 | 138 |
| Home equity loans | 6 | - | 6 | - |
| Residential real estate loans | - | 13 | - | 13 |
| Consumer and other loans | 46 | 1 | 78 | 24 |

| | | | | |
|---|---|---|---|---|
| Premium finance receivables | 154 | 58 | 257 | 125 |
| Indirect automobile loans | 24 | 42 | 67 | 84 |
| Tricom finance receivables | - | - | - | 4 |
| Total recoveries | 955 | 209 | 1,273 | 388 |
| Net charge-offs | (190) | (1,315) | (1,212) | (2,573) |
| | | | | |
| Balance at June 30 | $28,091 | $21,310 | $28,091 | $21,310 |
| | | | | |
| Annualized net charge-offs (recoveries) as a percentage of average: | | | | |
| Commercial and commercial real estate loans | (0.05)% | 0.08% | 0.04% | 0.10% |
| Home equity loans | - | - | - | - |
| Residential real estate loans | - | (0.02) | - | (0.01) |
| Consumer and other loans | (0.10) | 0.18 | 0.29 | 0.37 |
| Premium finance receivables | 0.17 | 0.52 | 0.15 | 0.49 |
| Indirect automobile loans | 0.14 | 0.65 | 0.14 | 0.52 |
| Tricom finance receivables | 0.17 | - | 0.09 | (0.03) |
| Total loans, net of unearned income | 0.02% | 0.18% | 0.07% | 0.19% |
| | | | | |
| Net charge-offs as a percentage of the provision for loan losses | 15.86% | 46.11% | 32.22% | 46.84% |
| | | | | |
| Loans at June 30 | | | $3,695,551 | $2,896,148 |
| | | | | |
| Allowance as a percentage of loans at period-end | | | 0.76% | 0.74% |

Past Due Loans and Non-performing Assets

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

| June 30, (Dollars in thousands) | December 31, 2004 | June 30, 2003 | 2003 |
|---|---|---|---|
| Past Due greater than 90 days and still accruing: | | | |
| Residential real estate and home equity | $- | $- | $61 |

| | | | |
|---|---|---|---|
| Commercial, consumer and other | 662 | 1,024 | 2,829 |
| Premium finance receivables | 3,627 | 3,439 | 2,673 |
| Indirect automobile loans | 204 | 313 | 324 |
| Tricom finance receivables | - | - | - |
| Total past due greater than 90 days and still accruing | 4,493 | 4,776 | 5,887 |
| | | | |
| Non-accrual loans: | | | |
| Residential real estate and home equity | 448 | 3,217 | 415 |
| Commercial, consumer and other | 3,925 | 9,646 | 2,543 |
| Premium finance receivables | 5,678 | 5,994 | 4,575 |
| Indirect automobile loans | 137 | 107 | 196 |
| Tricom finance receivables | - | - | 8 |
| Total non-accrual | 10,188 | 18,964 | 7,737 |
| | | | |
| Total non-performing loans: | | | |
| Residential real estate and home equity | 448 | 3,217 | 476 |
| Commercial, consumer and other | 4,587 | 10,670 | 5,372 |
| Premium finance receivables | 9,305 | 9,433 | 7,248 |
| Indirect automobile loans | 341 | 420 | 520 |
| Tricom finance receivables | - | - | 8 |
| Total non-performing loans | 14,681 | 23,740 | 13,624 |
| Other real estate owned | 1,819 | 368 | 921 |
| Total non-performing assets | $16,500 | $24,108 | $14,545 |
| | | | |
| Total non-performing loans by category as a percent of its own respective category: | | | |
| Residential real estate and home equity | 0.07% | 0.48% | 0.09% |
| Commercial, consumer and other | 0.23 | 0.63 | 0.35 |
| Premium finance receivables | 1.18 | 1.26 | 1.16 |
| Indirect automobile loans | 0.19 | 0.24 | 0.31 |
| Tricom finance receivables | - | - | 0.03 |
| Total non-performing loans | 0.40% | 0.72% | 0.47% |
| | | | |
| Total non-performing assets as a percentage of total assets | 0.31% | 0.51% | 0.35% |
| | | | |
| Allowance for loan losses as a percentage of non-performing loans | 191.34% | 107.59% | 156.42% |

The provision for loan losses totaled $1.2 million for the second quarter of 2004 and $2.9 million for the second quarter of 2003. For the quarter ended June 30, 2004, net charge-offs totaled $190,000, down from the $1.3 million

of net charge-offs recorded in the same period of 2003. On a ratio basis, annualized net charge-offs as a percentage of average loans decreased to 0.02% in the second quarter of 2004 from 0.18% in the same period in 2003.

On a year-to-date basis, the provision for loan losses totaled $3.8 million for the first six months of 2004 and $5.5 million for the first six months of 2003. For the for the six months ended June 30, 2004 net charge- offs totaled $1.2 million, down from the $2.6 million of net charge-offs recorded in the same period of 2003. On a ratio basis, annualized net charge- offs as a percentage of average loans decreased to 0.07% in the first six months of 2004 from 0.19% in the same period in 2003. The lower provision for loan losses, for the second quarter of 2004 and the first half of 2004 are primarily the result of an improving level of non-performing loans and a much reduced level of net loan charge-offs in 2004.

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

Non-performing Residential Real Estate and Home Equity

The non-performing residential real estate and home equity loans totaled $448,000 at June 30, 2004. The balance declined $2.8 million from December 31, 2003. Each non-performing credit is well secured and in the process of collection. Management does not expect any material losses from the resolution of any of the credits in this category.

Non-performing Commercial, Consumer and Other

The commercial, consumer and other non-performing loan category totaled $4.6 million as of June 30, 2004. The balance in this category decreased $6.1 million from December 31, 2003. Management does not expect any material losses from the resolution of any of the relatively small number of credits in this category.

Non-performing Premium Finance Receivables

The table below presents the level of non-performing premium finance receivables as of June 30, 2004 and 2003, and the amount of net charge-offs for the periods then ended.

| (Dollars in thousands) | June 30, 2004 | June 30, 2003 |
|---|---|---|
| Non-performing premium finance receivables | $9,305 | $7,248 |
| - as a percent of premium finance receivables outstanding | 1.18% | 1.16% |
| Net charge-offs of premium finance receivables | $604 | $1,365 |
| - annualized as a percent of average premium finance receivables | 0.15% | 0.49% |

The level of non-performing premium finance receivables as a percent of total premium finance receivables is down from the prior year-end level and up slightly from the level at June 30, 2003. As noted below, fluctuations in this category may occur due to timing and nature of account collections from insurance carriers. Management is comfortable with administering the collections at this level of non-performing premium finance receivables and expects that such ratios will remain at relatively low levels.

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

Non-performing Indirect Automobile Loans

Total non-performing indirect automobile loans were $341,000 at June 30, 2004, compared to $520,000 at June 30, 2003. The ratio of these non- performing loans to total indirect automobile loans was 0.19% at June 30, 2004 compared to 0.31% at June 30, 2003. As noted in the Allowance for Loan Losses table, net charge-offs as a percent of total indirect automobile loans were 0.14% for the quarter ended June 30, 2004 compared to 0.65% in the same period in 2003. The level of non-performing and net charge-offs of indirect automobile loans continues to be below standard industry ratios for this type of lending.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements related to Wintrust's financial performance that are based on estimates. Wintrust intends such forward-looking statements to be covered by the safe harbor provision 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. Actual results could differ materially from those addressed in the forward-looking statements due to factors such as changes in economic conditions, competition, or other factors that may influence the anticipated growth rate of loans and deposits, the quality of the loan portfolio and loan and deposit pricing, unanticipated changes in interest rates that negatively impact net interest income, lower than anticipated residential mortgage loan originations, future events that may cause unforeseen loan or lease losses, slower than anticipated development and growth of Tricom and the trust and investment business, unanticipated changes in the temporary staffing industry, the ability to adapt successfully to technological changes to compete effectively in the marketplace, competition and the related pricing of brokerage and asset management products, unforeseen difficulties in integrating the acquisitions of Advantage National Bancorp, Inc., Village Bancorp, Inc., WestAmerica Mortgage Company and Guardian Real Estate Services, Inc. with Wintrust, unforeseen difficulties or unanticipated delays or developments relating to our pending acquisitions of Northview Financial Corporation and Town Bankshares, Ltd., the ability to pursue acquisition and expansion strategies and the ability to attract and retain experienced senior management. Therefore, there can be no assurances that future actual results will correspond to these forward-looking statements.

Note: the following notice is included to meet certain legal requirements

Wintrust will be filing registration statements with the Securities and Exchange Commission in connection with its previously announced proposed acquisitions of Northview Financial Corporation ("Northview") and Town Bankshares, Ltd. ("Town Bankshares") in separate stock and cash merger transactions. Each registration statement will include a proxy statement/prospectus that will be sent to the shareholders of Northview and Town Bankshares, respectively, seeking their approval of the proposed transaction. Shareholders of Northview and Town Bankshares are advised to read the important information concerning the proposed transactions contained in the proxy statements/prospectuses and other documents filed by Wintrust with the Securities and Exchange Commission when they become available. When filed, these documents can be obtained free of charge from the web site maintained by the Securities and Exchange Commission at **http://www.sec.gov** or upon written request to Wintrust Financial Corporation, Attn: Investor Relations, 727 North Bank Lane, Lake Forest, Illinois 60045 or by calling (847) 615-4096, or, for Northview shareholders, upon written request to Northview Financial Corporation, Attn: President, 245 Waukegan Road, Northfield, Illinois 60093 or by calling (847) 446-0245, or, for Town Bankshares shareholders, upon written request to Town Bankshares, Ltd., Attn: Investor Relations, 400 Genesee Street, Delafield, Wisconsin 53018 or by calling (262) 646-6888.

SOURCE  Wintrust Financial Corporation
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