

2002 Highlights – It Was Quite A Year

Wintrust Financial Corporation

Increased earnings 51%

Increased diluted earnings per share 26%

Increased non-interest income 111%

Increased net revenue 54%

Increased total assets 38%

Increased total deposits 33%

Increased total loans 27%

Net overhead ratio improved to 1.41%

Increased return on average assets 10%

Increased book value per common share 36%

Increased market price per common share 54%

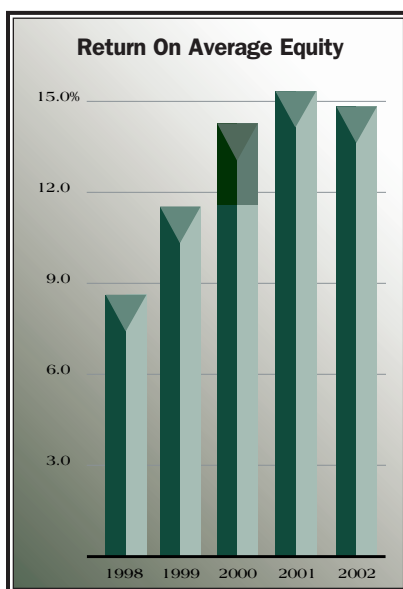
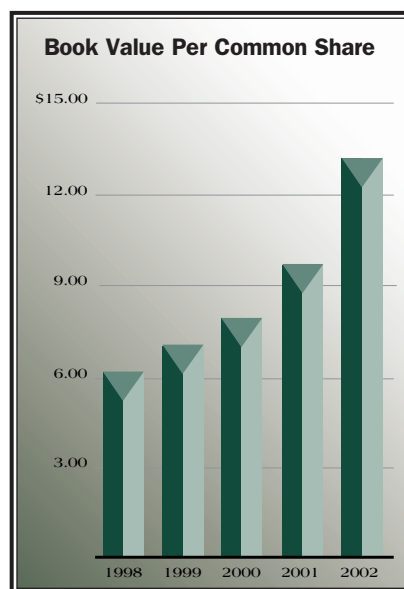
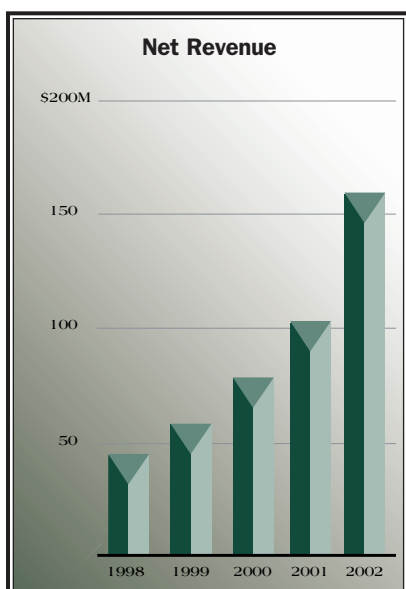
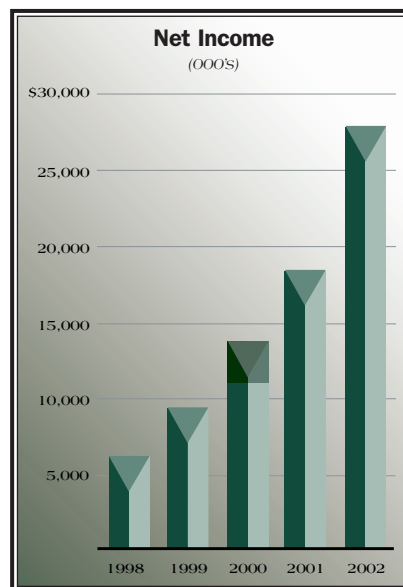
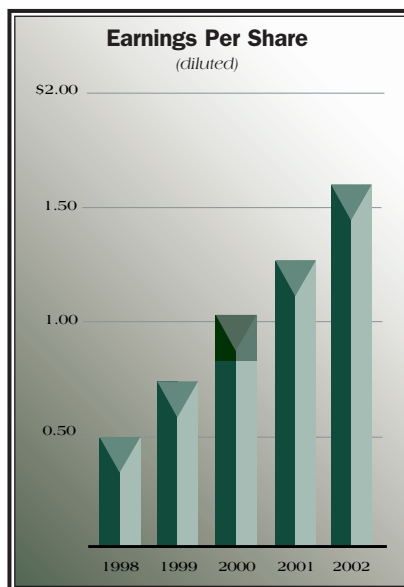
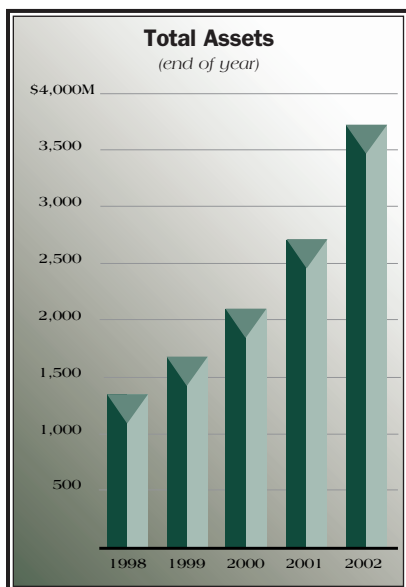
Enhanced full-service wealth management capabilities

- Wayne Hummer Investments
- Wayne Hummer Trust Company
- Wayne Hummer Asset Management Company
- Lake Forest Capital Management
- Wayne Hummer Mutual Funds

We have always had a policy of presenting our goals, objectives and financial results in an up front manner to our shareholders. In this annual report, we are confirming our policy of reporting thoroughly the financial results, accounting policies and objectives of Wintrust Financial Corporation and our operating subsidiaries. We hope you enjoy the report.

All share and per share amounts in this report reflect the 3-for-2 stock split, effected in the form of a 50% stock dividend, declared in January 2002, paid on March 14, 2002 to shareholders of record on March 4, 2002.

Selected Financial Trends



Effect of a non-recurring charge in 2000

Note: All share and per share amounts in this annual report reflect the 3-for-2 stock split, effected in the form of a 50% stock dividend, declared in January 2002, paid on March 14, 2002 to shareholders of record on March 4, 2002.

Selected Financial Highlights

All share and per share amounts reflected in this annual report reflect the 3-for-2 stock split, effected in the form of a 50% stock dividend, declared in January 2002 and paid on March 14, 2002.

Years Ended December 31,					
	2002	2001	2000	1999	1998
(dollars in thousands, except per share data)					
Selected Financial Condition Data					
(at end of year):					
Total assets	\$ 3,721,555	\$ 2,705,422	\$ 2,102,806	\$ 1,679,382	\$ 1,348,048
Total loans	2,556,086	2,018,479	1,547,596	1,270,126	974,031
Total deposits	3,089,124	2,314,636	1,826,576	1,463,622	1,229,154
Notes payable	44,025	46,575	27,575	8,350	-
Subordinated note	25,000	-	-	-	-
Federal Home Loan Bank advances	140,000	90,000	-	-	-
Long term debt — trust preferred securities	50,894	51,050	51,050	31,050	31,050
Total shareholders' equity	227,002	141,278	102,276	92,947	75,205
Selected Statements of Operations Data:					
Net interest income	\$ 98,128	\$ 74,014	\$ 61,000	\$ 47,734	\$ 36,764
Net revenue	158,800	102,812	79,306	57,542	44,839
Net income	27,875	18,439	11,155	9,427	6,245
Net income per common share - Basic	1.71	1.34	0.85	0.76	0.51
Net income per common share - Diluted	1.60	1.27	0.83	0.73	0.49
Cash dividends declared per common share	0.12	0.093	0.067	-	-
Selected Financial Ratios and Other Data:					
<i>Performance Ratios:</i>					
Net interest margin	3.34%	3.49%	3.66%	3.54%	3.43%
Core net interest margin ⁽¹⁾	3.51	3.73	3.91	3.75	3.50
Non-interest income to average assets	1.89	1.24	0.99	0.66	0.69
Non-interest expense to average assets	3.30	2.83	3.12	2.65	3.04
Net overhead ratio ⁽²⁾	1.41	1.59	2.13	2.00	2.36
Efficiency ratio ⁽³⁾	66.41	63.66	72.33	68.63	79.75
Return on average assets	0.87	0.79	0.60	0.63	0.53
Return on average equity	14.76	15.24	11.51	11.58	8.68
Average total assets	\$ 3,212,467	\$ 2,328,032	\$ 1,853,582	\$ 1,496,566	\$ 1,177,745
Average total shareholders' equity	188,849	120,995	96,918	81,381	71,906
Ending loan-to-deposit ratio	82.7%	87.2%	84.7%	86.8%	79.2%
Average loans to average deposits ratio	88.5	87.4	87.7	86.6	80.1
Average interest earning assets to average interest bearing liabilities	109.86	109.35	107.24	106.96	108.92
<i>Asset Quality Ratios:</i>					
Non-performing loans to total loans	0.49%	0.64%	0.63%	0.55%	0.56%
Non-performing assets to total assets	0.34	0.48	0.46	0.41	0.45
Allowance for loan losses to:					
Total loans	0.72	0.68	0.67	0.69	0.72
Non-performing loans	146.63	105.63	107.75	126.10	129.66
<i>Common Share Data at end of year:</i>					
Market price per common share	\$ 31.32	\$ 20.38	\$ 10.63	\$ 10.17	\$ 13.09
Book value per common share	\$ 13.19	\$ 9.72	\$ 7.92	\$ 7.06	\$ 6.15
Common shares outstanding	17,216,270	14,531,665	12,921,592	13,156,207	12,224,919
<i>Other Data at end of year:</i>					
Number of:					
Bank subsidiaries	7	7	7	6	6
Non-bank subsidiaries	7	3	3	3	2
Banking offices	31	29	28	24	21

(1) The core net interest margin excludes the interest expense associated with the Company's Long-Term Debt — Trust Preferred Securities.

(2) The net overhead ratio is calculated by netting total non-interest expense and total non-interest income and dividing by that period's total average assets. A lower ratio indicates a higher degree of efficiency.

(3) 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.

To Our Fellow Shareholders,

Welcome to Wintrust Financial Corporation's seventh annual report. And thank you for being a shareholder.

Who We Are . . . And How We Have Grown

For those of you new to Wintrust, here's a brief resume of our growing organization:

- It all began in 1991 when we launched a de novo community bank in Lake Forest, Illinois—no customers, no assets, but a lot of dreams.
- We became a publicly traded company in 1996.
- And we are now a \$3.7 billion financial services holding company.
- We provide commercial and community banking services to approximately 60,000 customer households via our seven bank charters and 32 banking facilities located in some of the most affluent suburban markets in Chicago.
- Through our Wayne Hummer Companies we provide wealth management services to approximately 20,000 customer households, including retail brokerage, asset management, trust services, proprietary mutual funds, annuities and a wide array of other financial products.
- We also augment our earning assets and fee revenue through a number of non-bank businesses and bank asset niches including First Insurance Funding's premium finance business, Tricom's payroll funding and processing business for the temporary staffing industry, Lake Forest Bank's MMF Leasing, Hinsdale Bank's mortgage warehousing and indirect auto lending, Barrington Bank's Community Advantage condominium association lending, and Crystal Lake Bank's North American Aviation Finance aircraft lending.

A Quick Overview

2002 was again a very good year for our young organization and its growing family of companies. Through our continuing de novo bank expansion, wealth management acquisitions, and successful loan generation

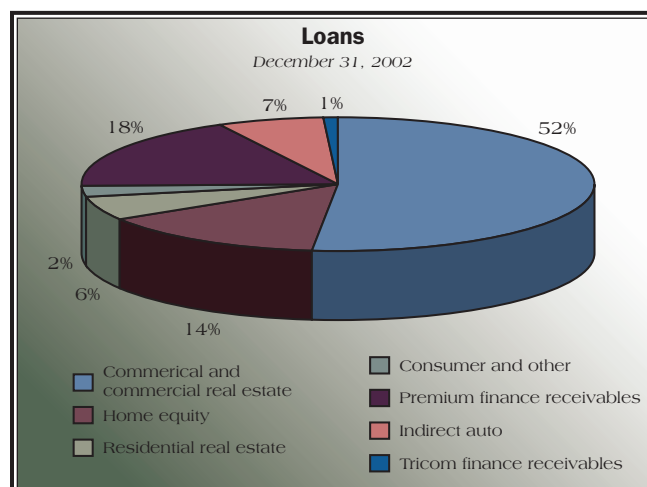
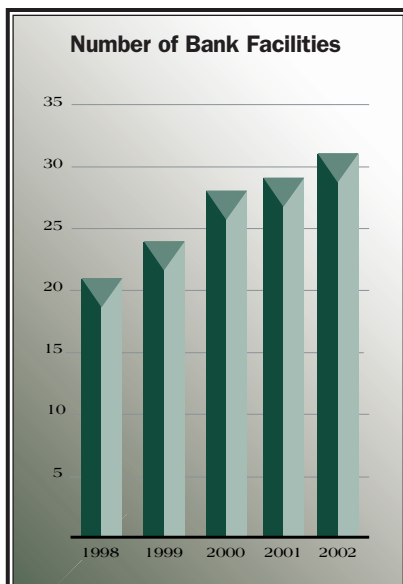
efforts, we have achieved solid growth in assets (up \$1.0 billion or 38%), loans (up \$538 million or 27%), and non-interest income (up 111% for the year).

We achieved record net revenue levels (54% increase versus 2001) while positioning our organization for the future. Net interest income increased by one third. And non-interest income, which now accounts for 38% of revenue, more than doubled for the year. This diversification of our revenue stream is important to position the firm to weather changing economic conditions.

While eleven rate cuts by the Federal Reserve in 2001 and one additional cut in November of 2002 have reduced loan rates to record lows and

squeezed our net interest margin, our balance sheet is now positioned to benefit from eventual future rate increases. This strategy reduced our interest margin and earnings somewhat in 2002, but we think it positions us well for the future.

We achieved this growth while managing to reduce non-performing assets from 0.48% of total assets in 2001 to 0.34% of total assets in 2002. In an economic time where many banks are struggling with bad loans, our conservative approach and diligence in pursuing past due loans continues to result in a better non-performing loan level than our peer group.



As a result of all of the above, our earnings grew 51% for the year. And this makes us, once again, one of the fastest growing financial services groups in the U.S. in terms of assets and earnings.

We accomplished these earnings levels even as we began to invest in building the infrastructure required to grow our wealth management capabilities. In February 2002 we completed the acquisition of a venerable Chicago wealth management brand, Wayne Hummer. Wayne Hummer is one of the oldest brokerage firms in Chicago and their expertise nicely complements our own trust and banking capabilities. And in December 2002 we reached an agreement to acquire Lake Forest Capital Management, a Lake Forest-based asset management firm. This acquisition closed in February 2003.

The opportunities to grow Wintrust's wealth management services are enormous as we 1) expand the Wayne Hummer brand name and capabilities across metropolitan Chicago and 2) distribute Wayne Hummer's products and services to customers of our community banks which are located in some of the most affluent suburban markets in Chicago. Our long-term goal is to be the best wealth management services provider in the Chicago area.

Needless to say, Wintrust is well positioned for 2003 and beyond.

And the market place must agree. Our stock price increased 54% for the year and closed 2002 at \$31.32.

Thank You, Thank You, Thank You

It is our tradition (and rightly so) to start off by thanking all of our dedicated employees who continue to provide our customers with the best service around, bar none. At the end of the day, this is the most important thing we do-take care of our customers' needs. And to our clients-banking, investment, trust, premium finance, employment agencies-we thank you for allowing us to

assist with your financial affairs. And to our more than 100 directors of Wintrust Financial Corporation and our subsidiaries, we would like to thank you for your lead-

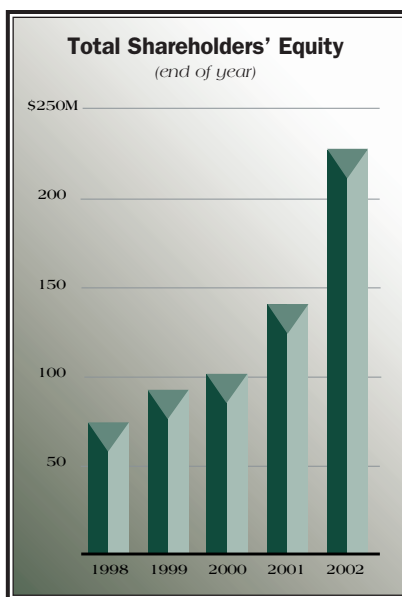
ership. And finally to our shareholders, we'd like to thank you for keeping us focused on what we do best-profitably growing our franchises by delivering our unique brand of superior customer service and products uniquely targeted to meet local needs.

Corporate Governance and A Special Thanks To Our Retiring Directors

In response to extreme failures in corporate governance of a few large U.S. corporations, Congress enacted the Sarbanes-Oxley Act of 2002 and the Nasdaq proposed rules relating to corporate governance for its members.

Wintrust is proud to say that we have a solid foundation of corporate governance and the new governance requirements will not significantly impact our method of governing your Company. A majority of our directors were considered independent before the new rules were enacted, and we will obviously continue with a majority of independent directors serving on our board. Our Compensation and Nominating Committee and our Audit Committee are and will continue to be comprised solely of independent directors.

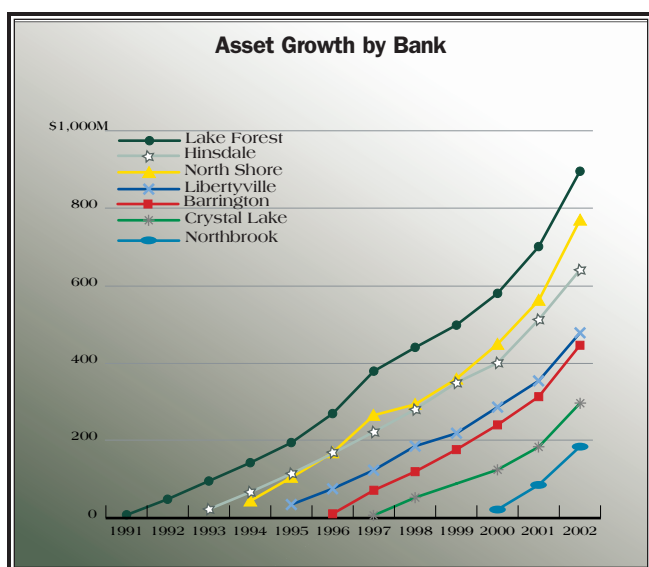
We are making some changes to enhance our governance process. The Board and its committees routinely convened executive sessions without management present but we now require such executive sessions to be held at each meeting of the Board and its committees. At each meeting, the Board also convenes an executive session exclusively with independent directors. The functions of our Compensation and Nominating Committee will be realigned into two separate committees: a Compensation Committee and a Corporate Governance Committee. The Board also decided that a 24-member board was too large to operate effectively, and the Board was reduced to 14 members in March 2003.



We would like to thank Joseph Alaimo, William C. Graft, Raymond L. Kratzer, Dorothy M. Mueller, Christopher J. Perry, Penelope J. Randel, Peter P. Rusin, John N. Schaper, Katharine V. Sylvester, Larry V. Wright, Maurice F. Dunne, Jr. (Emeritus) and Lemuel H. Tate (Emeritus), all of whom retired from our Board in 2002 or in early 2003. Their guidance and leadership were greatly appreciated. Their input and counsel clearly were vital to our success and our positioning for further growth.

"I couldn't do that? Could you do that? How can they do that? Who are those guys?"

This famous line from the 1969 movie classic, Butch Cassidy and the Sundance Kid, captures some of the pride we have in our employees' accomplishments. Through their hard work and superior local marketing strategies, our community banks have achieved a leadership market share position in all of our mature markets. Not bad considering all of these banks started life with no customers and no deposits not very many years ago.



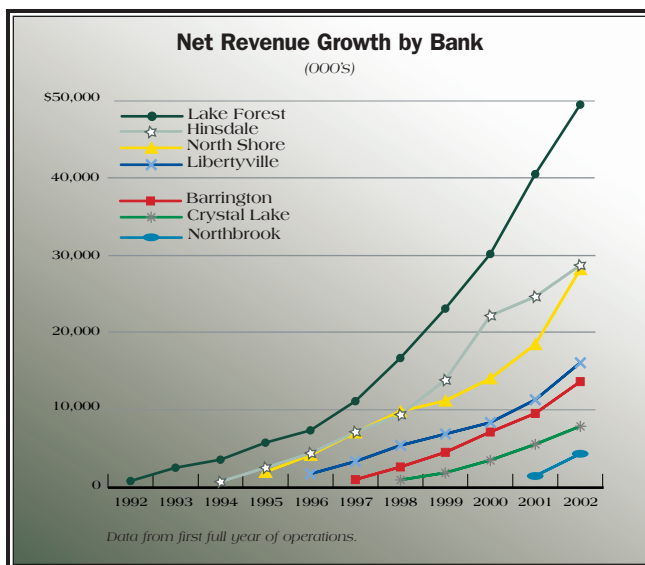
Bank	Initial Opening	Deposit Market Share Rank*
1. Lake Forest Bank & Trust	12/91	2 (out of 7)
2. Hinsdale Bank & Trust	10/93	2 (out of 14)
3. North Shore Community Bank & Trust	09/94	1 (out of 9)
4. Libertyville Bank & Trust	10/95	1 (out of 8)
5. Barrington Bank & Trust	12/96	2 (out of 8)
6. Crystal Lake Bank & Trust	12/97	2 (out of 13)
7. Northbrook Bank & Trust	11/00	5 (out of 11)

*FDIC deposit market share as of June 30, 2002

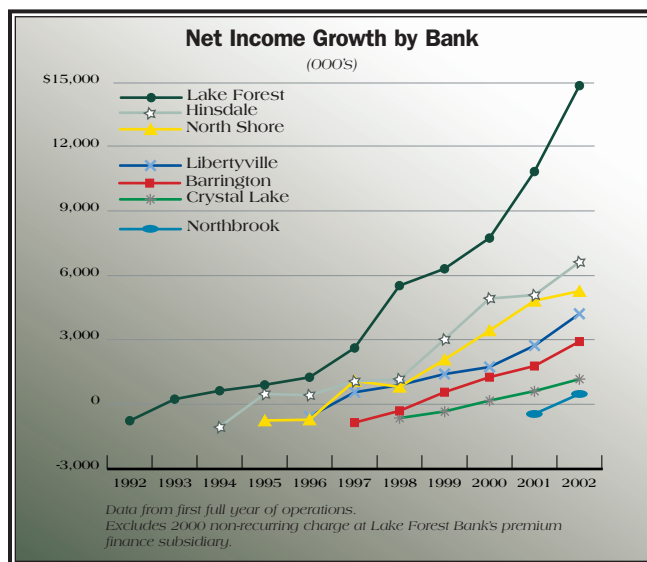
In our sixth full year as a public company, we continued to execute our strategic plan and improved our performance measurements. Through our continued expansion, aggressive sales and marketing efforts, and select acquisitions, we have been able to achieve something that few financial services groups around the country can boast about these days—compound growth rates in assets, revenues and earnings that consistently exceed our peer group.

	Compound Growth Rates				
	1 year	2 year	3 year	4 year	5 year
Total Assets	37.6%	33.0%	30.4%	28.9%	28.7%
Total Loans	26.6%	28.5%	26.3%	27.3%	29.5%
Total Deposits	33.5%	30.0%	28.3%	25.9%	27.5%
Total Revenue	54.5%	41.5%	40.3%	37.2%	38.0%
Net Income	51.2%	58.1%	43.5%	45.4%	41.9%
Earnings Per Share	26.0%	38.8%	29.9%	34.4%	32.0%

Stifel, Nicolaus & Company, a respected market maker, publishes quarterly data for the 65 bank holding companies they regularly track. Their most recent analysis once again ranks Wintrust's five year annual compound growth rate in earnings per share performance in the top two of those bank holding companies that they track.



While some banks and financial services groups are successful in growing earnings, by consolidating and shrinking operations, or growing assets with significantly reduced earnings or lowered share price due to acquisitions, few have been able to simultaneously grow both earnings and assets at the levels we have achieved. And not only for a one year period, but consistently during our young life as a public company.



Accelerating Earnings Growth

Our earnings are accelerating as our portfolio of young banks mature and we continue to reap the benefits of being an asset-driven organization. Past trends indicate that this earnings acceleration should continue for a number of reasons.

In reviewing historical trends, we have generally been able to grow our recently introduced banks at relatively the same historical rate as we grew our initial banks. That is because we use the same proven "recipe" for starting and growing each of our banks—local decision making and aggressive share-building marketing. And the earnings performance of our young banks is also enhanced as our banks mature and grow into their infrastructure. We have also been able to continue to grow our mature banks by adding de novo branches in new markets and improving their market penetration in existing markets.

We fully expect that our young banks will follow the same improving trend lines (assets, revenues, and earnings) as their more mature siblings. And our ability to now cross-sell wealth management services and add this non-interest income should further improve Wintrust's overall performance.

What Comes Next

Please enjoy the remainder of our 2002 Annual Report, which highlights the following areas:

- Overall Financial Performance
- Wintrust Financial Corporation Locations
- An Update On Our Banking Companies
- An Update On Our Wealth Management Companies
- An Update On Our Other Companies
- Growth and Earnings Strategies for the Future
- Our Customer-First Philosophy
- Consolidated Financial Statements
- Notes to Consolidated Financial Statements
- Report of Independent Auditors
- Management's Discussion and Analysis
- Directors & Officers
- Corporate Locations
- Corporate Information

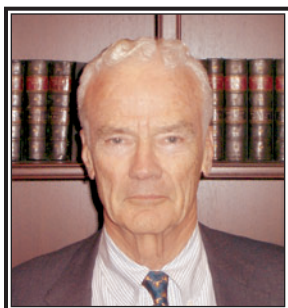
Summary

In summary, we are pleased with the Company's results in 2002. It again was a very good year in terms of executing our strategy of balancing growth of the balance sheet with growth in earnings. We are excited about our opportunities, especially in the area of wealth management.

We continue to be grateful for your support of our organization and are enthusiastic about making 2003 and the years ahead even better.

Thank you again for being a shareholder and supporting our business.

Sincerely,



A handwritten signature in black ink that reads "John S. Lillard".

John S. Lillard
Chairman



A handwritten signature in black ink that reads "Edward J. Wehmer".

Edward J. Wehmer
President & Chief Executive Officer



A handwritten signature in black ink that reads "David A. Dykstra".

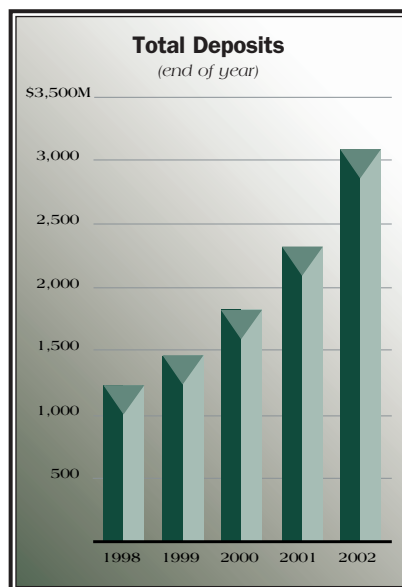
David A. Dykstra
Senior Executive Vice President & Chief Operating Officer

Overall Financial Performance

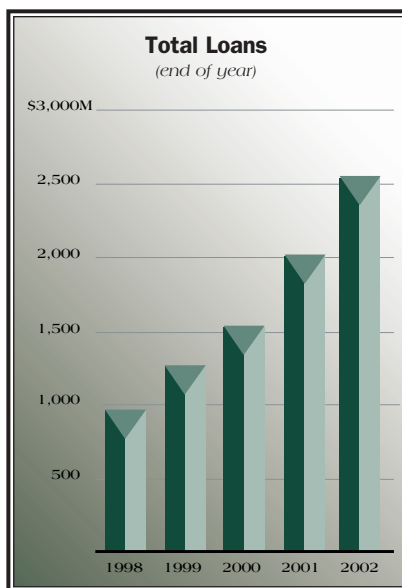
In 2002 we again achieved record earnings as we pushed through the \$3.7 billion asset level. Here is an overview summarizing our financial and other accomplishments during the year:

- Wintrust generated record earnings for the year with net income of \$27.9 million in 2002 compared with \$18.4 million in 2001, an increase of 51%;
- On a year-to-date basis, net income per diluted common share totaled \$1.60 compared to the \$1.27 reported in 2001, a 26%. The lower growth rate in the earnings per share as compared to net income was primarily due to the issuance of 762,742 shares in conjunction with the February 2002 acquisition of the Wayne Hummer Companies and the issuance in a secondary public offering of 1,362,750 additional shares of common stock in June and July of 2002 through an underwritten offering;
- Return on average equity for 2002 stood at 14.8%, down slightly from last year's 15.2% due to the issuance of additional shares;
- Total assets grew to \$3.7 billion as of December 31, 2002, an increase of \$1.0 billion, or 38%, compared to a year ago;
- Total deposits rose to \$3.1 billion as of year-end 2002, an increase of \$774 million, or 33%, compared to December 31, 2001;
- Total loans reached \$2.6 billion as of December 31, 2002, an increase of \$538 million, or 27%, compared to a year ago;
- On February 20, 2002, we completed the acquisition of Wayne Hummer Investments, LLC and Wayne Hummer Asset Management Company. Also, in December 2002, Wintrust announced the signing of an agreement to acquire Lake Forest Capital Management Company based in Lake Forest, Illinois. We closed on this acquisition

in February 2003. These acquisitions provide Wintrust with the wealth management services our customers need and non-interest income that helps diversify revenues.



that the trends are in place for Wintrust to have another strong year in 2003.



Our "Run Rate" Is Even Better

As a relatively young financial services group that continues to grow our earnings on a sequential quarter basis, just looking at "total year" results understates our potential performance. If we annualize our fourth quarter's earnings, we would generate net income in 2003 of \$31.7 million. This would represent a 14% increase over 2002 results, before expected improvements. If we were to factor in expected growth, which is reasonable given our track record and the continued maturation of our young franchise, it would appear

How Did We Do Versus Our Goals?

At Wintrust, we set aggressive goals and evaluate our performance versus those goals. Progressing towards these financial goals over the next few years will make our Company a high performing bank. In 2002, we made good progress towards achieving most of these goals and expect continued improvement as our young franchises—the community banks and our other subsidiaries—grow, mature and integrate. Some highlights include:

- Our core net interest margin contracted 22 basis points in 2002 versus year ago and 40 basis points from 2000, primarily due to compression of rates, our desire to maintain an asset-sensitive balance sheet, and the nature of community banking. However, we are positioned well for expected future rate increases;

- Our net overhead ratio, a measure of operating efficiency, improved to 1.41% for the year, compared to 1.59% in 2001;
- Return on average assets improved to 0.87% for the year, compared to 0.79% for 2001; and
- Non-performing assets were reduced to 0.34% of total assets at year-end, compared to 0.48% at year-end 2001.

Performance Measurements

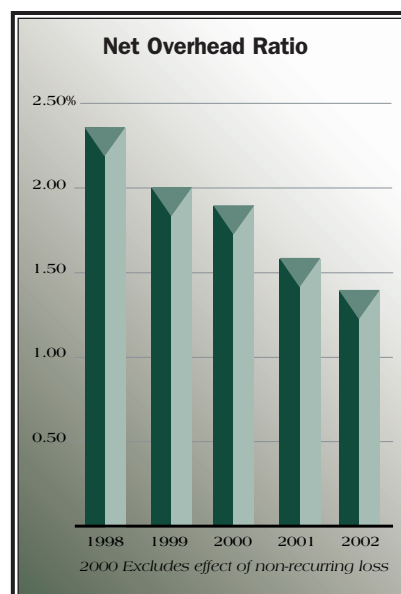
	Our Goal	Year ended 12/31,		
		2002	2001	2000
Core Net Interest Margin ⁽¹⁾	4 - 4.5%	3.51%	3.73%	3.91%
Net Overhead Ratio	1.5 - 2.0%	1.41%	1.59%	2.13%
Return on Average Equity	20 - 25%	14.76%	15.24%	11.51%
Return on Average Assets	1.5%	0.87%	0.79%	0.60%
Earnings per Diluted Common Share		\$1.60	\$1.27	\$0.83
Non-Performing Assets as a Percent of Total Assets		0.34%	0.48%	0.46%

(1) By definition, our Core Net Interest Margin excludes the impact of interest expense associated with the Company's Trust Preferred Securities offerings.

Positioning To Improve Our Core Interest Margin and Fee Income

Despite 2002's economic weaknesses and the current low interest rate environment, net interest income totaled \$98.1 million, an increase of 33% compared to 2001. The increase in net interest income was fueled by consistent strong loan growth throughout the year, but dampened by a 22 basis point decline in the core net interest margin for 2002.

During 2001, the Federal Reserve Bank cut short-term interest rates eleven times, resulting in a decrease in short-term rates totaling 475 basis points. In 2002, the Federal Reserve cut rates one additional time, resulting in



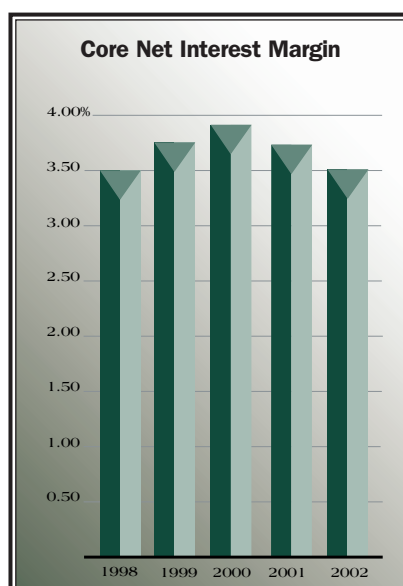
another 50 basis point drop in short-term borrowing rates. Compression resulted when deposit rates could not be reduced in the same magnitude due to the low rate already paid on certain deposit accounts. However, the Company has positioned its balance sheet to benefit

from expected future rising interest rates while mitigating the impact of any further rate cuts.

Non-interest income totaled \$60.7 million in 2002, more than doubling in size over the 2001 level of \$28.8 million. The primary contributor to this increase was the additional fees realized from the asset management and brokerage services of the recently acquired Wayne Hummer Companies. Fees on mortgage loans sold was another major contributor to the increase in non-interest income. One of our strategies is to diversify our revenue sources so we can weather any adverse economic condition that may impact a sector of our operations. With the 2002 improvements in non-interest income, you can plainly see the results of this effort.

Recovery of a Loss

In the first quarter of 2002, as a result of continuing efforts to obtain recovery of a loss recorded in 2000, we were able to secure proceeds of \$1.25 million (in pre-tax dollars) as a partial settlement in the matter. The recovery relates to a loss that we recorded in the third quarter of 2000 where we recognized a one-time charge of \$4.5 million to our pre-tax earnings. The charge was attributable to the discovery of a series of fraudulent loan transactions at the



Company's premium finance subsidiary perpetrated by and isolated to one independent insurance agency. We are pleased with the progress to date and will continue our efforts to seek further recovery.

Asset Quality—Good and Ever Diligent

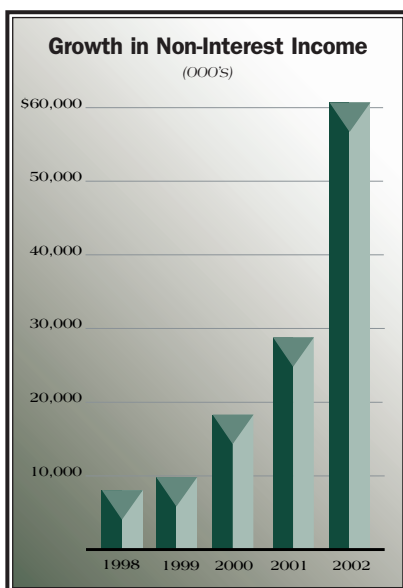
Maintaining good credit quality is extremely important to overall profitability. To that end, we are pleased to report that non-performing asset levels remain relatively low. And despite adding \$538 million of new loans to our balance sheet, our non-performing assets actually decreased in 2002. Non-performing assets totaled \$12.6 million, or 0.34% of total assets, at December 31, 2002, reflecting a decrease from the year ago level of \$13.1 million, or 0.48% of total assets. The level of non-performing assets in the Company's loan portfolio remains low and manageable. However, we continue to be diligent in monitoring of our loans.

While you read about many other banks experiencing higher levels of problem loans, our conservative lending strategy is resulting in a low level of non-performing assets. In fact, only a small number of credits comprise the non-performing loan total related to our general banking portfolio. The small number of such non-performing loans allows management to effectively monitor the status of these credits. Careful underwriting of loans and diversification of credit risks contribute to the low level of problem loans.

Raised \$36.5 Million in New Capital

In mid-June, we announced the closing of an underwritten offering of 1,185,000 shares of common stock at a price of \$28.70 per share. We also granted the underwriters of the offering a 30-day over-allotment option to purchase up to an additional 177,750 shares, which was also exercised. Net proceeds, after commissions and costs, to the Company of approximately \$36.5 million is being used to increase the capital at our existing banks, to pursue growth opportunities (internal, addi-

tional de novo locations and possible acquisitions) and for general corporate purposes.

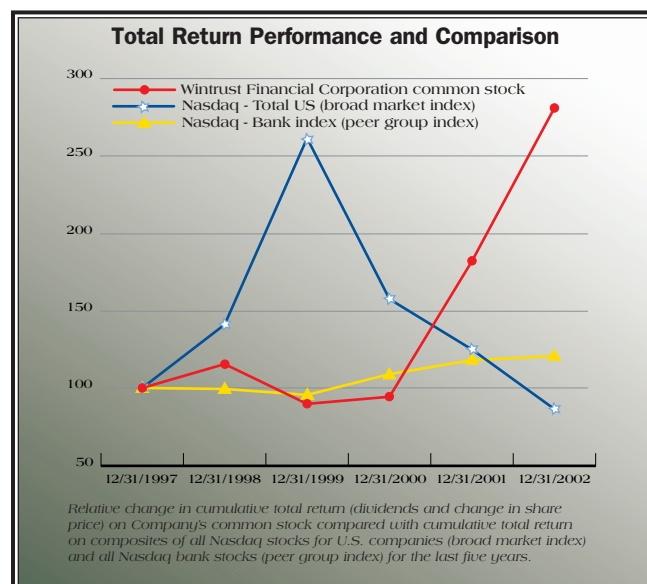


We always consider shareholder value and returns while managing this organization. Accordingly, we take the issuance of additional capital seriously because of the potential dilutive effects of such issuance. Prior to the recent common stock offering, the Company's growth in deposits, loans and assets had fully utilized our existing capital base. We needed to raise the additional capital in order to continue to grow our franchise in a marketplace that still favors our style of personalized service and products.

The additional equity has helped to increase the liquidity of our stock in the marketplace and raised our market capitalization to the \$500 million level. We are very pleased with the results of the offering and pledge to utilize the additional capital in an effective manner.

A Stock Split to Improve Liquidity

In January 2002 our Board of Directors declared a 3-for-2 stock split of the Company's common stock effected in the form of a 50% stock dividend, paid on March 14, 2002, to shareholders of record as of March 4, 2002.



This was our first stock split and was designed to improve the liquidity of the Company's stock.

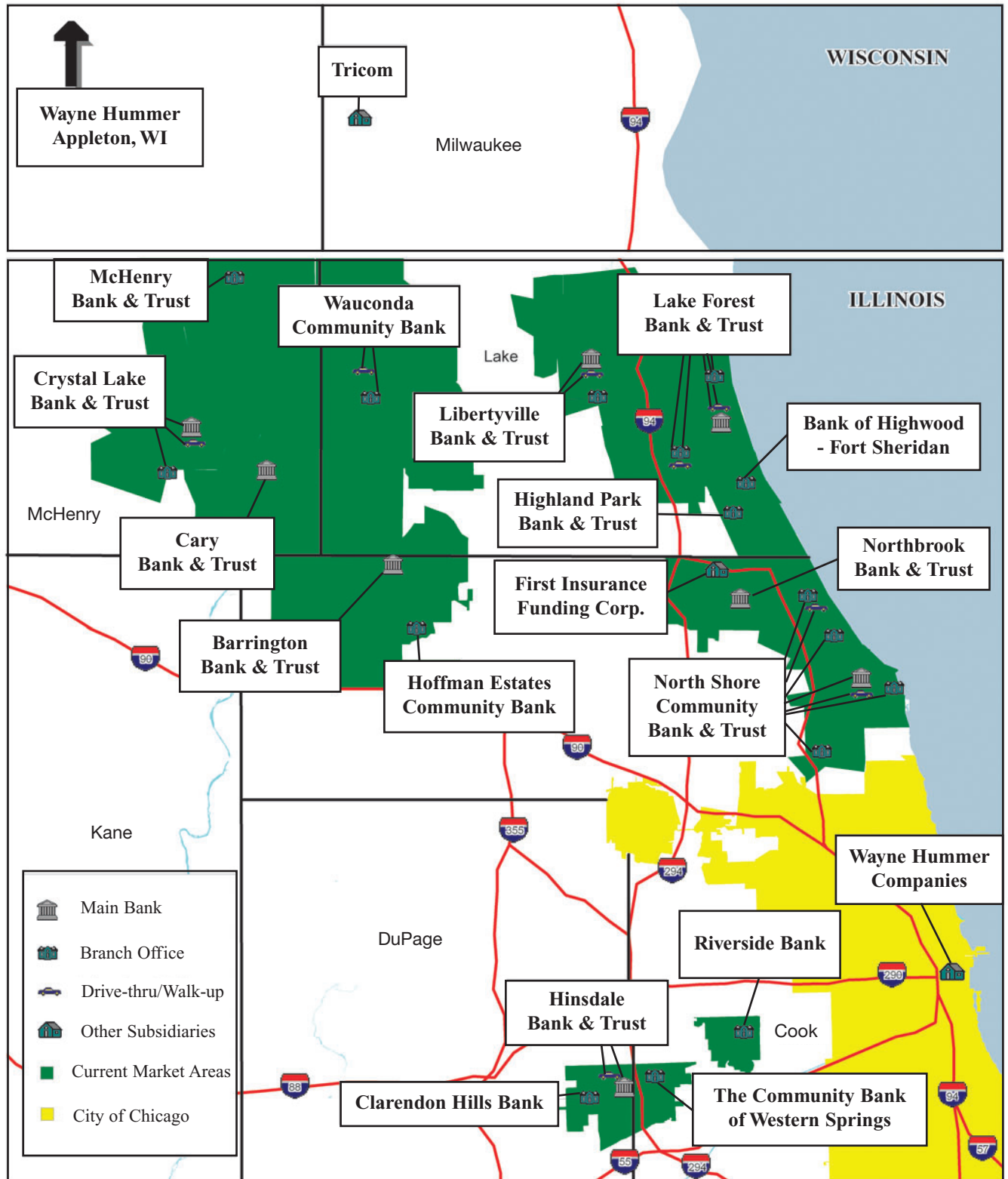
And More Dividends

In January and July of 2002, our Board of Directors approved semi-annual cash dividends of \$0.06 per share of outstanding common stock. The dividends were paid in February and August. The annual total of \$0.12 per share was 29% higher than the dividend paid in 2001.

And in January 2003, our Board of Directors approved a semi-annual cash dividend of \$0.08 per common share outstanding. The dividend was paid on February 20, 2003 to shareholders of record as of February 6, 2003. This cash dividend, on an annualized basis, represents a 33% increase over the per share common stock dividends paid during 2002.

Although we have increased the dividend rate every year since we initiated payment of dividends, as a growing company we continue to retain approximately 90% of our earnings to fund future growth and to build our franchise.

Wintrust Financial Corporation Locations



An Update On Our Banking Companies

Our Community Banks

In total we now have 32 banking facilities serving 21 suburban Chicago communities. Here is our updated, and ever growing, list:

Bank/Branch	Initial Opening
1. Lake Forest Bank & Trust (LFB&T)-Main	12/91
2. LFB&T-Lake Forest Drive-Through	4/93
3. LFB&T- Lake Bluff	12/94
4. LFB&T- West Lake Forest	5/95
5. LFB&T- West Lake Forest Drive-Through	4/96
6. LFB&T-Bank Of Highwood-Fort Sheridan	2/00
7. LFB&T-Highland Park Bank & Trust	6/02
8. Hinsdale Bank & Trust (HB&T)-Main	10/93
9. HB&T-Hinsdale Drive-Through	10/95
10. HB&T- Clarendon Hills Bank	7/96
11. HB&T- The Community Bank of Western Springs	11/97
12. HB&T-Riverside Bank	1/02
13. North Shore Community Bank & Trust (NSCB&T)-Wilmette	9/94
14. NSCB&T-Glencoe	10/95
15. NSCB&T-Wilmette Drive-Through	11/95
16. NSCB&T-Winnetka	5/96
17. NSCB&T-Glencoe Drive-Through	3/98
18. NSCB&T-Wilmette 4TH & Linden	4/98
19. NSCB&T-Skokie	9/99
20. Libertyville Bank & Trust (LB&T)-Main	10/95
21. LB&T-Libertyville Drive-Through	10/95
22. LB&T-South Libertyville	10/98
23. LB&T-Wauconda Community Bank-North Drive-Through	5/00
24. LB&T-Wauconda Community Bank-Main	7/00
25. Barrington Bank & Trust (BB&T)-Main	12/96
26. BB&T-Hoffman Estates Community Bank	9/01
27. Crystal Lake Bank & Trust (CLB&T)-Main	12/97
28. CLB&T-Crystal Lake Drive-Through	4/99
29. CLB&T-South Crystal Lake	9/99
30. CLB&T-McHenry Bank & Trust	2/01
31. CLB&T-Cary Bank & Trust	1/03
32. Northbrook Bank & Trust (NB&T)	11/00

Each of our seven community banks posted record levels in assets, deposits, loans and improvements in earnings in 2002. Congratulations to our Wintrust community bankers! In recognition of the outstanding performance

of our subsidiary management teams and board members, we wanted to include a short update on their achievements in 2002 and plans for 2003.

Lake Forest Bank & Trust

Lake Forest Bank & Trust® (LFB&T), which celebrated its 11th anniversary in 2002, reached \$897 million in assets, an increase of \$194 million, or 28%, over 2001, a strong growth rate for the most mature Wintrust community bank. LFB&T generated a 1.77% return on average assets in 2002.

LFB&T operates seven banking facilities in Lake Forest, West Lake Forest, Lake Bluff, Highwood and Highland Park. FDIC data as of June 30, 2002 indicated that LFB&T had the #2 market share in deposits in Lake Forest and was also #2 in Lake Bluff. The Bank of Highwood-Fort Sheridan®, a branch of LFB&T that we opened in 2000, now has the #1 deposit share in that market. Our newest branch, Highland Park Bank & Trust® (HPB&T), is off to a great start, despite opening in a temporary location without a drive-through.

In 2003, we plan to start construction on a new main bank facility with a drive-through facility for HPB&T and a drive through for Lake Bluff. We will also be reconfiguring space at our main bank in downtown Lake Forest and our West Lake Forest facility to handle the expanding Wayne Hummer presence.

ANOTHER REASON TO SUPPORT HOMETOWN BANKING

When it comes to his bank, Ken Hartley makes a perfect spokes-person.

Photo: Ken Hartley and his father Charlie

Ken Hartley started working for his dad at Hartley's Cycle Shop when he was only in the third grade. Now, as the owner of Hinsdale's favorite bike store, Ken strives to uphold the same caring service, wide range of selection and family-oriented products for which they've always been known.

To Ken, his customers come first... and he looked for a bank that felt the same way. That's why he banks at Hinsdale Bank and Trust. We do business like Ken does with a premium on friendly but professional service and quality products for all ages. Ken likes the fact he was

the same people on every visit, and that they knew his name and always greet him with a smile. He also appreciates our interest in his business and our helpful advice and know-how.

Ken and his bike store sure have come a long way since he was in the third grade. And we like to think we're making his ride a little smoother.

To find out more about our commercial banking services, call Dennis Jones or Rick Murphy at 630-323-4464.

HINSDALE BANK & TRUST COMPANY
25 East First Street, Hinsdale, IL 60521-4464
Oliver Street, 100 West Commerce Street
www.hinsdalebank.com

Member FDIC
©2002 Hinsdale Bank & Trust Company

Hinsdale Bank & Trust

Hinsdale Bank & Trust® (HB&T), which will be celebrating its 10th anniversary in October 2003, reached \$642 million in assets, an increase of \$129 million from 2001. HB&T operated with an efficient 1.41% net overhead ratio and generated a 1.16% return on average assets in 2002.

HB&T operates five banking facilities in Hinsdale, Clarendon Hills (Clarendon Hills Bank®), Western Springs (The Community Bank of Western Springs®), and Riverside. Our newest branch, Riverside Bank™, opened in January 2002. As of June 30, 2002, FDIC data indicated that HB&T had grown to be the #2 bank in its original market area based on deposits and again won the local newspaper's award for the best bank in the area. HB&T continues to generate additional loans and fee income from their mortgage warehouse and indirect auto operations.

HB&T has one new branch location and a Hinsdale train station ATM location planned in 2003. A full service Wayne Hummer office has been established on the second floor of the main Hinsdale Bank and is now fully staffed with investment, asset management and trust professionals.

North Shore Community Bank & Trust

North Shore Community Bank & Trust® (NSCB&T), which was opened eight years ago, reached \$771 million in assets in 2002, an increase of \$208 million, or 37%, over the prior year. NSCB&T operated with a respectable 1.17% net overhead ratio and generated a 0.82% return on average assets.

NSCB&T operates seven banking facilities in Wilmette, Winnetka, Glencoe, and Skokie. NSCB&T has now grown to be the #1 bank in its initial market area, Wilmette,

and #2 in Glencoe according to FDIC data for the 12 months ending June 30, 2002.

In early 2003, we will be opening a new full service facility with a drive-through in southern Skokie. NSCB&T has also purchased property for an eighth branch location.

Libertyville Bank & Trust

Libertyville Bank & Trust® (LB&T), which opened in October 1995, reached \$479 million in assets in 2002, an increase of \$124 million, or 35%, from 2001. LB&T operated with a 1.16% net overhead ratio, much better than the Wintrust and peer average, and generated a 0.98% return on average assets.

LB&T operates five banking facilities, three located in Libertyville and two in Wauconda (Wauconda Community Bank). In 2002, Wauconda Community Bank® moved into our beautiful new permanent facility right across the street from our key big bank competitor. As of June 30, 2002, FDIC data indicated that, based on deposit share, LB&T was the #1 bank in Libertyville and the #2 bank in Wauconda.

LB&T will be completing construction on a new full service facility with drive-through in South Libertyville. We are also in the process of identifying a location and purchasing property for one new branch location in 2003.

Barrington Bank & Trust

Barrington Bank & Trust® (BB&T), which was opened six years ago, reached \$447 million in assets in 2002, an increase of \$133 million, or 42%, over a year ago. BB&T operated with a 1.52% net overhead ratio, and generated a 0.77% return on average assets-impressive for a relatively young bank.

BB&T operates two banking facilities, a main bank in Barrington and a branch facility in Hoffman Estates named Hoffman Estates Community Bank®. As of June 30,

• ANOTHER REASON TO SUPPORT HOMETOWN BANKING •

FJ KERRIGAN WANTED A BANK
WHERE SUPERIOR SERVICE IS
ALWAYS AT THEIR DISPOSAL.

For three generations, FJ Kerrigan Plumbing Company has thrived — what started with only two employees now reaches 65. FJ Kerrigan can handle just about anything from a dripping kitchen sink to the plumbing needs of an entire school district. They even service, repair and replace heating and air conditioning systems. How have they attained their success? By remaining dedicated to unparalleled customer service, solid family values and a strong work ethic.

Mike, Jerry and Pat Kerrigan wanted a bank with those same impressive qualities. They weren't getting it from their big bank. So they made a change to North Shore Community Bank & Trust. They're glad they did. They like our commitment to the community and the personalized attention we extend to our customers. Our friendly smiles, our sincere hellos. How our staff, like their own, always goes the extra mile. The Kerrigans tell everyone they really appreciate their bank. Let us join you in thanking the staff that we really appreciate them, too.

To find out more about our commercial banking services, call Bob Muehlen at 847-555-1145. Ask about our commercial checking, working capital lines of credit, construction loans, commercial and industrial mortgages, land development loans and cash management services.

**NORTH SHORE
COMMUNITY BANK
& TRUST**

Wilmette: 1145 Wilmette Avenue, 847-853-1145
Winnetka: 576 Lincoln Avenue, 847-441-2205
Glencoe: 362 Park Avenue, 847-435-1700
Skokie: 5000 Oakton Street, 847-933-9900
www.nsbk.com

Member FDIC

©2002 North Shore Community Bank & Trust Company

BB&T is in the process of identifying a new branch location in 2003.

Crystal Lake Bank & Trust® (CLB&T), which has been opened for five years, reached \$297 million in assets in 2002, an increase of \$113 million, or 61%, over 2001. CLB&T operated with a 1.50% net overhead ratio, and generated a 0.49% return on average assets.

CLB&T now operates five banking facilities in Crystal Lake, South Crystal Lake, McHenry, and Cary. In 2002, McHenry Bank & Trust® moved into their spacious new permanent facility with drive-through service. And Cary Bank & Trust™, which opened its doors in January 2003, now services the Cary and Fox River Grove markets. By the end of 2002, CLB&T has now grown to be the #2 bank in its primary market according to FDIC data for the 12 months ending June 30, 2002.

A branch of Crystal Lake Bank & Trust, N.A.

Cary Bank & Trust is off to a great start, despite opening in a small temporary facility. A new permanent facility with a drive-through on the same property as our temporary facility is under construction and should be ready for opening in late 2003.

Northbrook Bank & Trust™ (NB&T), which was opened in late 2000, reached \$185 million in assets in 2002 as we celebrated our second birthday, an increase of \$100 million, or 116%, over year ago. This would make NB&T one of the fastest growing Wintrust banks ever. NB&T operated with a 1.58 net overhead ratio, and generated a 0.33% return on average assets—terrific numbers for such a young bank.

NB&T has purchased property for a new branch and is also actively scouting other potential branch locations.

Home Equity Rates haven't been this low since ...

Phil Offring, President

Mel Frost, Executive Vice President

Rose Smith, Vice President

We'll you get the picture

Rates this low don't come around every day. At McHenry Bank & Trust, you'll find the lowest home equity rates in town. Sure, these rates may seem old fashioned, but that doesn't mean we're behind the times.

Community banking still exists at McHenry Bank & Trust. We place our neighbors and the community first—before the numbers. Plus, we offer customized products, services and the most modern banking conveniences.

Line of credit rates as low as

3.75%
APR*

Call a personal banker at 815-344-6600 for more information

- No Closing Costs
- No Application Fees
- No Annual Fees

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A Division of Crystal Lake Bank & Trust

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*The lowest APR available for qualified borrowers. The actual rate will vary based on your creditworthiness, loan-to-value ratio, and other factors. This advertisement does not constitute an offer or solicitation of any financial product. Please contact your personal banker for more information. ©2008 McHenry Bank & Trust. All rights reserved.

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An Update On Our Wealth Management Companies

Wayne Hummer . . . Welcome to the Family

In February 2002, we announced the completion of our acquisition of the Chicago-based Wayne Hummer Investments LLC, Wayne Hummer Management Company and Focused Investments LLC, a third party marketer of financial services to community banks.

As one of Chicago's oldest brokerage firms, Wayne Hummer has seventy-one years of history providing financial services to individuals and institutions. The venerable Wayne Hummer brand name is well respected in Chicago and the Midwest.



Trusted Financial Advisors Since 1931

One Brand Name, Wayne Hummer

In May, we formally changed the name of our Wintrust Asset Management Company to Wayne Hummer Trust Company (WHTC), thus unifying all of our wealth management services under the Wayne Hummer brand name. Three Wayne Hummer companies will provide this full array of wealth management services:

- Wayne Hummer Investments, LLC
- Wayne Hummer Trust Company
- Wayne Hummer Asset Management Company

We are developing new integrated marketing materials that will bring together our brokerage, trust and asset management services under the Wayne Hummer brand name. And we are designing a new integrated marketing campaign to increase our brand awareness in the Chicago area and to further build Wayne Hummer brand equity.

Tremendous Growth Opportunity

The Wayne Hummer transaction is a win-win situation for both companies, and more importantly, for our customers. Wayne Hummer clients will now have access to the banking, trust and expanded asset management services that other Wintrust companies offer.

And as we expand Wayne Hummer distribution to our banks, our bank customers will have access to wealth management services via their hometown bank. We now can provide a full range of wealth management services—including banking, brokerage, trust administration, asset management, and one-stop-shopping for these services at their hometown bank.

This represents a sizeable growth opportunity for us. We have almost 60,000 bank customer households in some of the most affluent markets in the Midwest. Many of these bank customers have significant investment and trust needs, but as of now, less than 1% of those customer households use any of our Wayne Hummer Companies to meet these needs. The cross-selling

opportunities for providing wealth management services to our bank customers are tremendous.

We have plans to eventually double the size of Wayne Hummer's sales force and will be adding additional office space to accommodate this change. We are also broadening our product offerings and adding technologically advanced desktop financial solutions for our sales force. At a time when other brokerage firms are retreating, we are going on the offensive. Our ultimate goal is to be the best wealth management firm in the Chicago area.

TRUSTED FINANCIAL ADVISORS SINCE 1931.
AND THEY'RE RIGHT UPSTAIRS.

The Wayne Hummer Team joined from left to right: Jeff Kraus - First Vice President, Investments; Ann Winfield - Vice President, Trust Officer; Craig Lindholm - Vice President, Portfolio Manager; Anne Marler - Vice President, Equity Research; and Jeff Kraus - Vice President, Portfolio Manager.

The Wayne Hummer Companies are proud to announce we've joined forces with our affiliate, Hinsdale Bank & Trust. This means a full range of wealth management services, including banking, brokerage, trust administration and asset management are now conveniently available at your hometown bank.

Wayne Hummer is one of the oldest and most respected investment firms in Chicago. With our expertise, impressive list of products and services, and our family of highly regarded financial banks, we've been a leader in Chicago from the start. Like Hinsdale Bank & Trust, this isn't a big, impersonal, multinational investment firm. Wayne Hummer is a well-regarded, local investment firm that is renowned for its superior customer service, prudent investment strategies, and client loyalty. As trusted financial advisors since 1931, Wayne Hummer has helped generations of clients and their families achieve their financial goals.

To learn more, please call Jeff Kraus at 630-675-8485 or stop by the second floor of Hinsdale Bank & Trust.

Securities provided through Wayne Hummer Investments, member of the New York Stock Exchange and other principal exchanges. Member SEC. Trust Services provided by Wayne Hummer Trust Company. Asset Management Services provided by Wayne Hummer Asset Management Company. Insurance provided by The Wayne Hummer Companies are not FDIC insured, may lose value, and are not bank deposits.

Wayne Hummer
INVESTMENTS
TRUST SERVICES
ASSET MANAGEMENT
Hinsdale's Wealth Management Solution
25 East First Street, Hinsdale, IL 60521
630-675-8485 • www.waynehummer.com

Unique Unified Sales and Service

Our strategy for selling investment services in our banks is a little different than the strategy used by most banks. We plan to hire experienced outside brokers who have an established customer following and bring them into our banks. For the most part, these would be brokers

who are tired of the big brokerage house routine, who want to work in the same town in which they live, and who want to be part of the fast growing and successful Wintrust team.

These new brokers have established client followings and will be the key customer contact for selling not only our brokerage services, but trust and asset management as well. This creates a fully unified sales and service approach. These new brokers will work along side our current trust and asset management staff and thereby form a full service Wayne Hummer team at each of our banks. For the most part, these teams will reside on the second or third floor of our banks to deliver wealth management services to our clients in a more exclusive environment.

New Sales and Marketing Tools

We will soon be adding Wayne Hummer signage to our community bank doors and free standing Wayne Hummer kiosks in visible locations on the first floor of our banks. These kiosks will be "silent salesmen" for Wayne Hummer and will include logo, products and services offered, name of contact, business cards, broker profiles, seminar announcement, racks for brochures, our Market Letter, and reprints of recent ads and articles.

We are also investing in our downtown Chicago Wayne Hummer office to improve the sales and marketing tools available. On the sales side, broker desktops will be enhanced so that they have state-of-the-art tools available to them and their clients. Offices and workspaces will be added and improved. Wayne Hummer signage on the outside of the 300 S. Wacker Drive building is being investigated. A new phone center is being planned. And a new cash management account will soon be launched.

On the marketing side a new video is in production, as is a Co-op Advertising Tool Kit, a library of PowerPoint presentations, and an upgraded Market Letter. We have hired an outside PR firm to help build our Wayne Hummer brand awareness and brand equity via a national and Chicago media relations program. We are also developing a Chicago area brand advertising campaign for Wayne Hummer.

Trusted Financial Advisors Since 1931

While there are many new initiatives going on at Wayne Hummer, the key beliefs of its founder will never change. Wayne Hummer's mission is to provide the highest quality financial services to its clients. We know

our future success is built on steadfast adherence to our founding principals: the highest ethical standards, secure capital, and a conservative investment philosophy. Wayne Hummer has been a trusted financial advisor to generations of clients and their families. And this will never change.

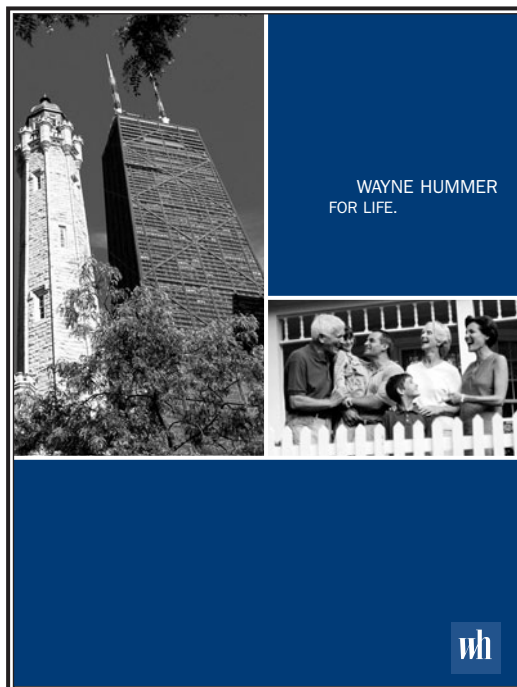
Insured Bank Deposits

In June, we kicked off our Insured Bank Deposits™ program and to date have "migrated" nearly a quarter-billion dollars from the Wayne Hummer money market mutual funds to FDIC insured deposit accounts at our affiliated banks. This program provides

Wintrust with additional low cost funds that can be invested in earning assets at our banks. The additional profitability of this migration is a unique benefit of the Wayne Hummer acquisition. It also gives Wayne Hummer clients access to FDIC insured accounts. And using the deposit insurance provided by our seven Wintrust banks, our clients can obtain FDIC coverage of up to \$700,000.

Wayne Hummer Investments Update

Although WHI's financial results were constrained by not only the impact of skidding and nervous equity markets



but also the costs attendant with our merger, the absolute contribution to Wintrust—inclusive of the Insured Bank Deposits product—was meaningful.

WHI confidently anticipates a return to a constructive stock market in 2003 and building relationships with the many Wintrust bank clients who value the high level of personal service and expertise provided by their hometown bank.

As the oldest Chicago-based brokerage firm still operating under the same name, our challenge is to not merely maintain our clientcentered philosophy, but to enhance and strengthen it during a time of strategic growth. While others are cutting back on their private-client advisers, WHI is focused on growing our points of contact—certainly with introductions to the many Wintrust banking relationships that exist but also to other investors seeking significant objective and personalized advice and service.

Focused Investments Update

Focused Investments, a wholly owned subsidiary of WHI, currently provides a full range of investment and financial solutions to clients through a network of community-based financial institutions.

Despite poor market conditions, gross profits for the full-service operation increased by 9% over last year. Focused spent much of the year re-evaluating current customers and future prospects, and will explore new markets and opportunities going forward. The majority of the first quarter of 2003 will concentrate on an aggressive marketing campaign. By "unbundling" the services Focused already provides, we hope to attract a new and expanded client base. We look forward to continued growth for Focused Investments.

Wayne Hummer Trust Company Update

Wayne Hummer Trust Company provides asset administration and investment management services for individuals, corporations and charitable institutions. The Trust Company provides Wayne Hummer Investments the ability to offer its clients fiduciary and administrative services that are consistent with the investment services and philosophy they have known for years.

In addition to Wayne Hummer's downtown Chicago location, all these services are delivered through the convenience of local offices located in Wintrust's banks in Lake Forest, Hinsdale, Wilmette, Barrington, and Northbrook. Our Investment Executives and Trust Officers are also available for consultation by appointment at any Wintrust banking location.


Wayne Hummer Asset Management Company Update

Through Wayne Hummer Asset Management Company, a registered investment advisor, we provide investment advisory and discretionary asset management services to individual and institutional clients throughout the Midwest.

Together with Wayne Hummer Trust Company, the firms currently administer over \$1.15 billion in client assets. Wayne Hummer Asset Management Company also serves as investment advisor to the Wayne Hummer Funds, a family of mutual funds that includes:

- Wayne Hummer Growth Fund
- Wayne Hummer Income Fund
- Wayne Hummer CorePortfolio Fund
- Wayne Hummer Money Market Fund

Fattening your bottom line won't be an illusion!



Are you happy with your investment center's profitability? Focused Investments delivers solutions to enhance market and revenue opportunities for financial institutions. Our SimpleSwitch® Conversion Program makes a successful broker/dealer change easy. We do the work. You concentrate on your clients. Plus, there are attractive benefits. Community banks have been our business for over 70 years. Join us and you'll know why – we're the "Banker's Broker."

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For revenue opportunities, please contact us at:
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(877) 78FOCUS (3-6287) Press 15
FISales@whummer.com

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Member NASD/SIPC

Please consult a Wayne Hummer Investment Executive for more information on how the investment professionals at Wayne Hummer can address your investment management needs or those of your company.

Lake Forest Capital Management . . . Another New Member Our Family

In December, we signed an agreement to acquire Lake Forest Capital Management Company (LFCM) based in Lake Forest, Illinois. This merger transaction was completed in early February 2003. LFCM was merged into and is operating as a separate division of Wayne Hummer Asset Management Company.

LFCM is a registered investment advisor with approximately \$300 million in assets under management. They are well-respected asset managers for high net worth individuals, corporations, foundations, endowments and public entities located primarily in the Chicago metropolitan area. LFCM, like Wayne Hummer, delivers its products with a highly personalized approach customized to each client's needs.

The newest member of the family has a terrific history, dedicated and highly experienced management team and outstanding growth and profit potential. Through this acquisition, the Company gained the expertise of three outstanding portfolio managers, who joined the Company as Managing Directors, an equity analyst and an outstanding support staff. All of the Managing Directors of LFCM have signed long-term contracts and have agreed to stay on to provide a seamless transition for their clients and actively participate in the management of our wealth management areas.



**Jim Richter, Sandy Lincoln, Bob Meyers
of Lake Forest Capital Management**

An Update On Our Other Companies

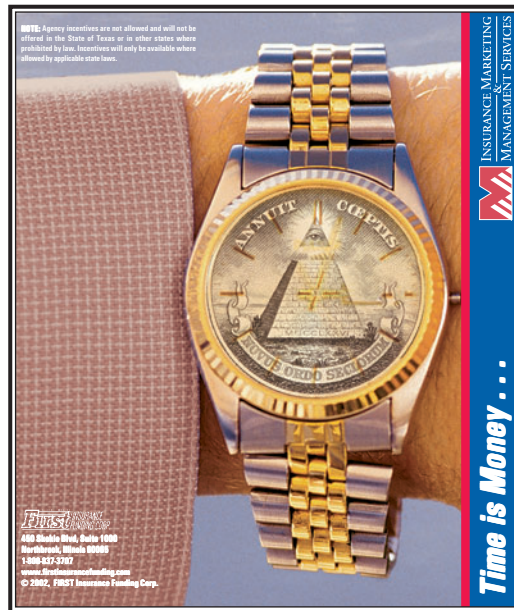
FIRST Insurance Funding Corp ... Saving the Best Until Last

FIRST Insurance Funding Corp. (FIRST) had a terrific year in 2002. With significant efficiency improvements to its customer service and operations completed, FIRST was again able to stretch its marketing and sales legs in 2002. Increasing loan production 34% to just over \$1.7 billion, FIRST grew its middle market customer base with a series of targeted mailings and significantly grew its book of business in Texas, California and the Southeast. FIRST also continued to pursue agents in its endorsing organizations: The Council of Insurance Agents & Brokers and The Professional Liability Agents Network, while securing new association endorsements from Insurance Marketing & Management Services, Group 500 and The Professional Liability Agents Network.

Its Agency Services Teams also helped FIRST to grow in 2002. These inside sales teams expanded their ability to properly handle large loans and gave FIRST's clients a single and knowledgeable point of contact, while working with FIRST's Relationship Managers to bring on new agents and gain more business from current customers.

Supporting this growth, FIRST's Credit Committee continued to refine agency approval, underwriting and credit procedures, ensuring that the rates, terms and procedures are appropriate for all agents and insurance companies that work with FIRST.

Even with this growth, FIRST's Asset Management Team reduced total delinquencies to a level well below the industry average.



However, Tricom was able to maintain its net revenue contribution compared to 2001 and contribute more net income than last year.

2002 also saw FIRST's continued commitment to technology and automation with the introduction of on-line quoting and e-mailed statements and reports, as well as expanded database management. Continued customer service improvements and automation coupled with aggressive marketing will allow FIRST to build on its growth, reaching record levels again in 2003.

Tricom, Inc.

As 2002 came to a close so did the second year of a stagnant

economy and a difficult year in the staffing industry. Tricom used the year to reposition itself relative to competition, while also improving profitability. In mid-2002, Tricom moved into a new facility. Later in the year, it introduced a new web-based processing system and established a new sales product, WINFUNDS, geared to customers requiring funding without administrative services. Additionally, in the first days of January 2003, Tricom completed an acquisition of a competitor's customer base. Results of this acquisition include a projected increase in net revenue of \$1.0 million, a 12.0% increase for 2003. With the economy slowly recovering, Tricom is off to a great start in 2003.

Is your funding source gobbling up your profits?

How much are you paying your funding source? If your profits are right, your funding source is probably eating more than you expected.

Count on WinFunds for:

- **Low Rates.** WinFunds can provide you with a low-cost daily interest rate that rewards you for invoices that turn quickly.
- **Flexibility.** With short-term contracts, WinFunds can handle just one or all of your invoices. You decide how much to assign and for how long.
- **Experience.** Specialists to the staffing industry, WinFunds knows what your business needs. Does your bank or factoring company?
- **Real Management Tools.** WinFunds can help you manage your receivables and provide complete credit management, reporting and accounting services.
- **Deep Pockets.** Backed by Wintrust Financial Corporation's \$3 billion in assets, WinFunds provides up to a 100% advance rate.

Call us at 1-800-536-5236. We can get you started immediately and help you keep more of your profits.

WINFUNDS™
Do more. Make more. Keep more.
www.win-funds.com • 1-800-536-5236

Wintrust Information Technology Services

In early 2002, we created Wintrust Information Technology Services Company (WITS) in Villa Park, Illinois to house the operational end of a number of technology initiatives. Item imaging was the first major initiative for WITS.



In April 2002, we introduced our new image check service—CheckManager Plus. In place of actual checks in a monthly statement, this new technology provides exact image reproductions of checks for the month neatly printed out on 8.5" x 11" sheets of paper. (By the way, if you haven't signed up for this innovative and convenient service, you should!) Here is what is included in this program:

- Image reproductions of your checks for the month, organized by check number;
- Printed out on 8.5" x 11" three-hole punched sheets of paper;
- A special FREE three-ring binder with yearly tabs for easy storage;
- Instant on-line customer access to these images, anytime of the day
- Intranet access of item images for banking personnel; and
- An optional monthly/annual CD-ROM that conveniently contains all of the check images for that period.

The benefits to the customer are many, including the above noted conveniences and quicker receipt of their monthly statements. And our banks benefit from lowered handling costs, lowered mailing costs, and quicker statement rendering. Unlike many big banks which mandated this change, we marketed CheckManager Plus on an opt-in basis. That is, if customers would like to take advantage of this free service, they'll need to let us know. We don't force a change that might upset some

of our customers. As of the year-end, almost 13% of our checking and money market accounts have elected to convert, thus saving significant money for the banks.

Automated statement rendering services of non-enclosure statements were implemented late 2002. This process has taken 24 to 48 hours off the timeline to deliver statements without enclosures to our banking customers.

The above services greatly increased our banks ability to service their customers in a timely and accurate manner. Data that once had to be accessed by leaving a banking workstation, usually with a slight delay, can now be obtained in moments in the presence of the customer.

Image-based lock box operations were implemented at WITS and the Community Advantage lock box business was converted to the new in-house operation. The image-based operation has created a foundation for a more streamlined operation, which will allow us to compete more effectively in the lock box services arena. In 2002, we were processing in excess of 35,000 payments a month and our goal is to increase this volume to over 100,000 payments in 2003.

The advertisement for Check Manager Plus features a dark blue background with a circular inset showing a close-up of a clock face and a pen writing on a check. The text "Check Manager Plus..." is prominently displayed in a white, serif font. Below this, the text "No more disorganized check filing." is followed by a small icon of a binder. Further down, the text "Organizing your statement has never been easier!" is followed by three bullet points: "✓ Simple tax preparation", "✓ Easy reconciliation", and "✓ Enhanced research capabilities". At the bottom, the text "Sign up today and receive your complimentary 3-ring notebook!" is displayed, with a small icon of a notebook. The overall design is clean and professional, emphasizing the benefits of the service.

Growth and Earnings Strategies for the Future

Balancing Growth and Earnings

We believe that balancing growth and earnings is a key strategy in building long-term shareholder value. While we have historically experienced strong growth by adding new de novo banks and branches, aggressively growing market share in existing bank markets to reach critical mass, and acquiring wealth management services firms, we have balanced that expansion with reasonable growth in earnings as well. We could increase assets faster and hold down earnings growth. Or put the brakes on our growth and ratchet up earnings. However, we believe the current balance between earnings and asset growth is right for our shareholders.

Proven Strategies for the Future

Four primary strategies have been and will continue to fuel Wintrust's above-peer growth and earnings:

1. Development of a base of community banks and branches in a continuous and measured fashion, either on a *de novo* basis or by acquisition of an existing organization;
2. Acquisition and expanded distribution of wealth management services;
3. Decentralized management structure that allows for local decision making; and
4. Developing asset niches and other income generators to provide aggressive growth.

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Open a holiday CD and receive an *It's a Wonderful* Life DVD!

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20 month CD • \$5,000 minimum deposit

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Happy Holidays from your Hometown Bank!

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*Rate and offer subject to change. The Annual Percentage Yield (APY) is calculated on a simple interest rate with interest compounded annually. Minimum deposit of \$5,000. Not all services available in all areas. Services may vary by location. ©2003 Wintrust Bank. All rights reserved.

Expanded Distribution of Wealth Management Services

Clearly, one major opportunity for us is the expansion of our wealth management services. With our acquisition of the Wayne Hummer Companies and Lake Forest Capital Management, we have significantly increased our capabilities and expertise in this area. The cross sell opportunities as we roll these services out to our community banks and their affluent markets are tremendous. Now we can offer our banking customers a full range of non-bank financial services, including retail brokerage, managed investments, mutual funds, annuities, insurance and a wide array of other financial services products.

We relish the opportunity to take head-on the big multi-national investment firms and position ourselves as the superior, high-touch, local alternative, much like we have done with our community bank

**Financial Empowerment
for Women & A Guide to
Creating an Investment Portfolio**

The most important time in a woman's life for directing her financial future is NOW. No matter what your marital or financial status is...whether you are in your 20s or 70s or somewhere in between...if you are a stay-at-home mom, career professional, or a grandmother...NOW is the time to start learning.

Join us on Tuesday, March 18th from 7pm to 9pm as Ginny Primack (Assistant Vice President, Trust Officer) of Wayne Hummer Trust Company presents "Financial Empowerment for Women" and Katy Burno (First Vice President, Investments) of Wayne Hummer Investments presents "A Guide to Creating an Investment Portfolio".

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Securities offered through Wayne Hummer Investments, member of the New York Stock Exchange and other principal exchanges. Member SIPC. Trust Services provided by Wayne Hummer Trust Company. Asset Management Services provided by Wayne Hummer Asset Management Company. Investments provided by the Wayne Hummer Companies are not FDIC insured, may lose value, and are not bank guaranteed.

franchises. With Wayne Hummer's history of no investment banking, no market making, no research writing, we only offer our customers what is in their best interest. Combine this with Wayne Hummer's strong company ethics and conservative investing philosophy, and we have a superior solution to those big competitors. We think our customers would rather trust their local community banker and our Wayne Hummer sister companies to handle their personal and business financial affairs, all from the convenience of their hometown bank.

Decentralized Management Structure That Allows For Local Decision Making

A critical factor in our ability to deliver better banking products and service is our decentralized management structure. A bank can only be real community bank if it has local roots and local decision making. That's what separates them from the big regional or national banks that have one product line that serves all and make decisions on a global level that may not be in the best interest of serving local customers.

Our banks have profit responsibilities and authority to make decisions locally. That means they determine product, pricing, personnel, loan approvals, new locations, etc. The bank management team is essentially running a small bank group and has autonomy as long as they deliver upon their goals.

That local decision making structure results in more customized products, sharper pricing, quicker decisions, more community involvement, and better customer service. And that results in more satisfied customers whose needs are better taken care of by our local bank.



Putting off your repairs?

The longer you wait, the worse the problem can get. But there is a solution. COMMUNITY ADVANTAGE is the first choice of associations needing financial backing for a large-scale project or repair. That's because we go that extra mile to make your loan experience understandable and simple. With less paperwork, quicker turnaround, and competitive programs and rates. Make sure your new project doesn't end up in ruins, call Linda J. Schiff, President or Peter J. Samanillo, Vice President at 847.304.5940.

COMMUNITY ADVANTAGE
www.communityadvantage.com
BANKERS: BOB & TRACY COTTON, N.A.

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"Customized Financial Services Provided by Trained Industry Experts"

Because we let our management teams really run their banks, we are able to attract and retain the best and most entrepreneurial bankers in the area. Needless to say, we are very proud of our bank management teams and their staffs of committed community bankers.

Developing Asset Niches and Other Income Generators

To bring in additional loan and other income to fuel our aggressive growth strategies, we have developed non-traditional loans in the banking arena and operate a number of non-bank financial services companies. Examples of the above loan generators include:

Banking Asset Niches

- Mortgage Warehouse Lending (HB&T)
- Indirect auto lending (HB&T)
- Condominium and association lending (Community Advantage-BB&T)
- Small craft aviation lending (North American Aviation Finance-CLB&T)
- Medical and municipal leasing (MMF Leasing-LFB&T)

Non-Bank Asset Niches

- Commercial premium finance lending (FIRST Insurance Funding)
- Temporary staffing industry financing (Tricom)

First Insurance Funding, now one of the largest commercial insurance premium finance companies operating in the United States, serves customers throughout the country. Tricom, Inc. of Milwaukee provides short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management serv-

These asset niches and other income sources are the "fuel" that helps us continue our aggressive growth. Without compromising credit quality, we believe the typical community bank can only generate loans from local consumers and small businesses that represent about 60% of their lending capacity. That's because in most suburban communities, there are more consumer and small business deposit opportunities than there are loans. Most community banks can't overcome this limitation and are unable to grow beyond a certain size without stretching for credit quality.

Our Drive To Be Asset Driven

• To increase our overall profitability now by providing additional fee income through loan sales. In 2002, we sold approximately \$311 million of excess premium finance receivables to an unrelated financial institution. We anticipate continuing this practice in the future to the extent that excess loans continue to be generated;

- increase market share or defend our turf against a new big bank competitor, because we can generate sufficient higher yielding assets to invest these new deposits; and
- To diversify our asset mix into various different loan types, thereby reducing any concentration of credit risk.

We continue to be approached by other Chicagoland banks who want to partner with us by merging their bank into the Wintrust family. As we have said in the past, Wintrust is a logical partner for many smaller community

banks because of the liquidity and value-added operational benefits we could bring, and the fact that we would allow the bank to continue to operate locally with their own name and management team.

2002 ANNUAL REPORT

In addition to the Wayne Hummer and Lake Forest Capital Management acquisitions, we continue to look at other managed investments acquisitions that will "bulk up" this important fee generator. We also continue to look to add earning asset niches, either as start-up operations or through acquisition.

The rise in our stock price in 2002 means our "currency" has become more valuable. Therefore, acquisitions become a more viable avenue for future growth and enhanced shareholder value. Your management team and Board of Directors continue to be disciplined with regard to pricing potential acquisitions to be accretive to earnings per share. We will keep evaluating potential acquisitions and will update you on our progress as warranted.

Technology Initiatives for 2003

Wintrust is a firm believer in investing in technology to improve our services and operating efficiency. To that end, our Wintrust Information Technology Services (WITS) operational facility in Villa Park, Illinois was created to house the operational functions of a number of technology initiatives. Here are our key technology initiatives for 2003:

- Update bank web sites—improved navigation and format;
- Introduce improved retail lock box and cash management services;
- Launch i-businessbanking.com—improved on-line business banking services;
- Introduce e-mail statements and check images
- Unify Wayne Hummer web site-one site for all trust and investment needs;

- Develop and introduce a new Wayne Hummer cash management account;
- Convert all our trust and asset management organizations to one data processing system;
- Further refine of our internet branch,

TheCDBank.com;

- Rollout a new telecommunications system for superior customer service; and
- Develop an internal Intranet for Wintrust employees.


Improved Internal Marketing Capabilities

Over the last few years, the Wintrust Marketing Group has implemented a number of systems designed specifically to generate new assets in the most efficient (and quickest) manner possible.

Our Wintrust MCIF (Marketing Customer Information File) system combines all our bank, trust, and investment customer data into one system, thus allowing for extremely sophisticated and in-depth customer analysis. When combined with our Chicago market area non-customer data, it acts as a very powerful tool that allows our staff to cross-sell existing customer households and target non-customer households for acquisition, with pin-point accuracy. As an adjunct to our MCIF system, we have installed integrated

mailing equipment and technology to produce direct mail projects internally, thus saving lots of time and money.

One of the things we haven't changed are our "David versus Goliath" approach to taking on the big banks in our advertising. You'll see examples of these ads scattered throughout this report.



Exactly who benefits from your big bank's new "benefits"?

Sure, added benefits sound like a good idea. For the big bank. But for you? That's a different story. With change come charges, plus new account numbers, reduced levels of service... If you have to make a change, then maybe it's time to change banks.

At Northbrook Bank and Trust you'll notice the difference as soon as you walk in the doors. You're greeted with a friendly hello, not indifference. You're helped by people who care about you, not their bank books. You'll find accounts especially designed for the community, like our Northbrook Account.™ And switching banks couldn't be easier. With our "SimpleSwitch" program we do all the work to start up your new account. We'll even buy back the big bank checks you haven't used. So if your big bank is making a "simple" change, why not simply change banks — to Northbrook Bank & Trust.

The Northbrook Account™ features:

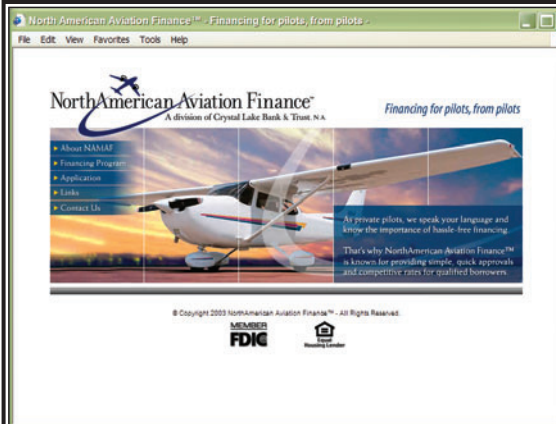
- An interest-bearing NOW Checking Account with:
- NO monthly service charge and NO minimum monthly balance!
- Bonus CD rates above our national rates
- NO FEE for ATM Card
- FREE on-line banking and internet checks
- option with CheckImage Plus™
- A low rate Home Equity line of credit with no closing cost!

\$50 Blue Cactus Restaurant Gift Certificate*

*Available on new CD's only. See us for details. *Not available with other offers. *Limit one per customer. *See us for details.

As an added bonus, we're offering a special CD:
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MEMBER FDIC

Internet

More Big Bank Competition? Bring 'Em On

We have grown our community bank franchises from zero to \$3.7 billion in assets in less than 12 years. We do this with great products and services, aggressive marketing, and by taking market share from our big bank competitors. Needless to say we are not afraid of competition. In fact, we revel in it.

In the last year, a number of big banks have announced they are coming to Chicago. In reaction to this, some existing big banks in Chicago are also expanding their locations. This competition is nothing new for us. And we say, bring 'em on!

At Wintrust our competitive nature dictates that no one is going to beat us in our markets. We have worked too hard to build these franchises and will defend our turf with what we call "full contact banking". When these competitors offer introductory products and rates, we will defend our franchises with marketing tactics like our "Beat Any Rate Pledge," superior customer service, and local



OUR PLEDGE
We'll match or beat any offer or rate advertised by one of our local competitors. It's that simple.




There has been a lot of news recently about a bevy of new banking big bank branches coming to town. Maybe you've seen them. Most of them offer some special "introductory" deal to get new customers in their doors. Some of them even sound pretty good. Unfortunately, they're short-term... and then you're stuck with big bank service and big bank fees and big bank, well, bigness.


We've decided our friends and neighbors shouldn't have to go open up an account at one of those banks to get one of their deals. After all, we've always prided ourselves on not only having the best service in town, but the best rates and offers. That's why we came up with our "Beat Any Other" Pledge. It says just that. We'll match or beat any offer or rate advertised by one of our local competitors. It's that simple.

So if you find a competitive promotion with an attractive rate, but prefer our superior hometown service, come on in. Talk with a personal banker and we'll match or beat those new bank offers. That's part of our continuing pledge to be the best bank in town.

It's a pledge we made when we first opened our doors eleven years ago this month (how time flies). And we think we've lived up to those high standards pretty well with unique products and services like our Lake Bluff AccountsSM, Buy One Get One Free MortgageSM, and our OOPS! GuaranteeSM (where we pay you back if we make a mistake). So come on in... you have our pledge you'll be mighty glad you did.




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Downers Grove: 740 North Oak Lane
West Lake Forest: 800 West Washington Road, 847-457-4000
Downers Grove: 511 South Washington Road
Lake Bluff: 101 East Superior Avenue, 847-457-4000
Highland Park: 807 Sheridan Road, 847-266-7000
Highland Park: 401 East Central Avenue, 847-457-457-0000
www.lakeforestbank.com



What do you have to do to get your big bank to listen to you?

Tired of your voice getting lost? Then switch to your hometown bank, managed by people who care about the community, and you as a customer. We're staffed by your neighbors and friends - people who listen, and go that extra mile to greet you with a friendly hello. All with lower fees and products specifically designed with you in mind, like our Community ClassicSM Checking Account. So get on the horn - and tell everyone about the bank that puts people first.




LIBERTYVILLE BANK & TRUST
When you bank with us, you're at home.
207 North Milwaukee Avenue | 847-347-6800
1147 North Milwaukee Avenue | 847-347-6800
Downers Grove | 201 East Hubbard Street
www.libertyvillebank.com

Community ClassicSM Checking Account

<ul style="list-style-type: none"> • No Annual Fee (SMP) ATM or Visa Debit card • No minimum balance required • No charge for first order of certified checks 	<ul style="list-style-type: none"> • No per check or monthly service charges • FREE online banking • FREE Budget Checks with Check Manager Plus
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This program cannot be combined with any other offer or may be withdrawn at any time. This is a certified deposit and deposit may vary. You must use for qualified customers only. One of our employees is available to assist you with the Community ClassicSM Checking Account. For more information, please call 847-347-6800 or visit www.libertyvillebank.com.



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community involvement. And we will continue to attack the big banks in our marketing and position them as the profits-instead-of-customer-service operations that they really are. The best defense is a good offense.

Investor Relations Paying Dividends

In 2003 we are continuing our investor relations program which includes: presentations at investor conferences, providing interviews and story ideas to financial publications, distributing investor packages to interested investors through various programs, and making presentations to interested institutional buyers. We believe that communicating our story is important to creating awareness about our Company and thereby creating demand for our stock which will help us raise capital in a cost effective manner.

Community banking, Wintrust style, had its modest beginnings in Lake Forest, Illinois in 1991. It was founded on the principal of

Our Customer-First Philosophy

always providing superior customer service. We have attached, for your reading pleasure, an employee handbook that captures the essence of our philosophy. We provide these booklets to all current and new employees so that they can appreciate and understand our roots and the importance of providing the best customer service around, bar none.

Here are some excerpts from that booklet:

What Is Community Banking?

It all begins with the customer

It's important that the first group of people to meet and discuss starting our bank were not only professional bankers, but were also long time residents. Their idea for a new bank was not based on profit projections, asset management or bottom lines. It was based, instead, on people's wants and needs.

They knew people wanted a bank where they are known by name and made to feel welcome as soon as they walk in the door; a place where when somebody says, "Can I help you?" they mean it, and where no one ever has to pay a fee for visiting with a teller.

People want the kind of bank that will service them for life - where parents can take their kids to learn about banking and saving, and maybe even meet the bank's president. They want a bank where older kids can get help all the way through college; where all of a family's financial events, from the household checking account to trust and estate planning, will be as important to the bank as they are to the family; where older folks can find security and comfort in specially tailored senior products and services.

People want to keep it local. A bank's management should live nearby, and be involved with community events. The bank should become an important part of the community, help it solve its problems and plan for its future. And, the bank's profits should stay close to home and be used to help local business and community development.

They want their bank to be so efficient and smart and innovative that it can match or do better than any rate or promise its largest competitors would offer.

And finally, people want a bank that is a good neighbor, friendly, helpful and generous.

As it turns out, local residents wanted a community bank like ours. As soon as it opened in 1991, it became one of the fastest growing new banks in Illinois history.

Guiding Principles

Just to make sure future bank directors, management teams, and staff don't forget the kind of bank the founders wanted, we've developed the following six important reminders to keep everybody on track.

Our Purpose

We will provide families, individuals and businesses with a modern, full-service banking facility that's unique because it's run by local people who are meeting the area's need for a friendly, neighborly, well-run community bank.

Our Customer

We will treat every customer as an important depositor, a stockholder and a good neighbor. They must receive "the best darn customer service around - bar none!"

Our Product

Our basic product is service. We help our customers save, spend, borrow and invest their money safely and wisely. If we are to be successful as a community bank, we must put the welfare of our customers first. It's as simple as that.

Our Community

We believe that a true community bank should be active in bringing about positive change in the community. We must be good citizens of our village and encourage all our staff to become involved with local events. And we must, to the extent possible,

endeavor to hire employees, contract for services and buy products from our community.

Our Stockholders

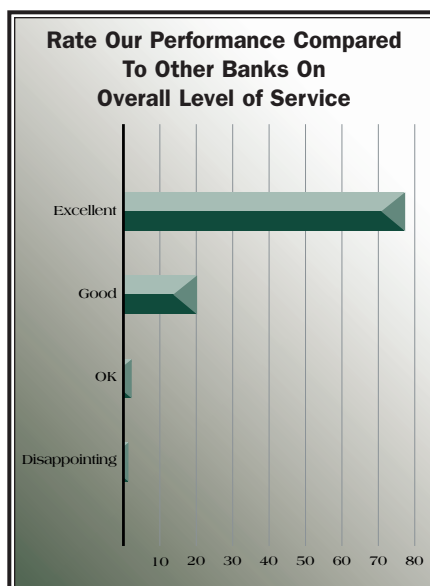
Our stockholders are also very important to us. Most of them have invested their trust and their beliefs as well as their money into the idea and future of our banks. The management, directors and staff should always work to justify that investment.

Our Employees

We must work hard to attract the brightest and friendliest employees possible and let them know how critical they are to our success. The best way to attract the kind of employees we want is to offer good pay, job security, generous benefits, advancement potential, a pleasant working environment and the opportunity to be part of a successful team. We encourage our employees to purchase stock so that they can become owners of the bank and share in the profits they help generate.

Over the years we continue to execute a "How Are We Doing?" survey where we measure customer satisfaction. In 2002 we conducted the most recent version of this survey, and every Wintrust bank improved their customer service performance versus the previous research wave. And not only has our level of service improved, but it is at a very high level relative to our competition. When we ask our bank customers to rate our "Level of Service" performance compared to other banks, 77% responded "Excellent" and over 96% responded "Excellent" or "Good".

It's interesting that the big banks still don't get this customer service thing. Perhaps that may be one of the reasons we keep taking market share from them.



Consolidated Financial Statements

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share data)

	December 31,	
	2002	2001
Assets		
Cash and due from banks	\$ 105,671	71,575
Federal funds sold and securities purchased under resale agreements	151,251	51,955
Interest bearing deposits with banks	4,418	692
Available-for-sale securities, at fair value	547,679	385,350
Trading account securities	5,558	-
Brokerage customer receivables	37,592	-
Mortgage loans held-for-sale	90,446	42,904
Loans, net of unearned income	2,556,086	2,018,479
Less: Allowance for loan losses	18,390	13,686
Net loans	2,537,696	2,004,793
Premises and equipment, net	118,961	99,132
Accrued interest receivable and other assets	95,852	38,936
Goodwill	25,266	9,976
Other intangible assets	1,165	109
Total assets	\$ 3,721,555	2,705,422
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing	\$ 305,540	254,269
Interest bearing	2,783,584	2,060,367
Total deposits	3,089,124	2,314,636
Notes payable	44,025	46,575
Federal Home Loan Bank advances	140,000	90,000
Subordinated note	25,000	-
Other borrowings	46,708	28,074
Long-term debt - trust preferred securities	50,894	51,050
Accrued interest payable and other liabilities	98,802	33,809
Total liabilities	3,494,553	2,564,144
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, of which 100,000 shares are designated as Junior Serial Preferred Stock A; no shares issued and outstanding at December 31, 2002 and 2001	-	-
Common stock, no par value; \$1.00 stated value; 30,000,000 shares authorized; 17,216,270 and 14,531,665 shares issued at December 31, 2002 and 2001, respectively	17,216	14,532
Surplus	153,614	97,956
Common stock warrants	81	99
Retained earnings	56,967	30,995
Accumulated other comprehensive loss	(876)	(2,304)
Total shareholders' equity	227,002	141,278
Total liabilities and shareholders' equity	\$ 3,721,555	2,705,422

See accompanying notes to consolidated financial statements

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Years Ended December 31,		
	2002	2001	2000
Interest income			
Interest and fees on loans	\$ 158,314	149,057	130,910
Interest bearing deposits with banks	45	10	26
Federal funds sold and securities purchased under resale agreements	1,774	5,632	1,627
Securities	19,797	11,756	15,621
Trading account securities	165	-	-
Brokerage customer receivables	2,138	-	-
Total interest income	182,233	166,455	148,184
Interest expense			
Interest on deposits	70,061	83,503	78,670
Interest on Federal Home Loan Bank advances	4,954	942	-
Interest on subordinated note	305	-	-
Interest on notes payable and other borrowings	3,854	2,845	4,371
Interest on long-term debt - trust preferred securities	4,931	5,151	4,143
Total interest expense	84,105	92,441	87,184
Net interest income	98,128	74,014	61,000
Provision for loan losses	10,321	7,900	5,055
Net interest income after provision for loan losses	87,807	66,114	55,945
Non-interest income			
Wealth management fees	25,229	1,996	1,971
Fees on mortgage loans sold	12,259	7,831	2,911
Service charges on deposit accounts	3,121	2,504	1,936
Gain on sale of premium finance receivables	3,374	4,564	3,831
Administrative services revenue	3,501	4,084	4,402
Net available-for-sale securities gains (losses)	107	337	(40)
Fees from covered call options	5,959	4,344	882
Other	7,122	3,138	2,413
Total non-interest income	60,672	28,798	18,306
Non-interest expense			
Salaries and employee benefits	63,442	35,628	28,119
Equipment expense	7,191	6,297	5,101
Occupancy, net	6,691	4,821	4,252
Data processing	4,161	3,393	2,837
Advertising and marketing	2,302	1,604	1,309
Professional fees	2,801	2,055	1,681
Amortization of goodwill	-	616	644
Amortization of other intangibles	324	69	69
Premium finance defalcation	-	-	4,320
Other	19,072	11,300	9,471
Total non-interest expense	105,984	65,783	57,803
Income before income taxes and cumulative effect of accounting change	42,495	29,129	16,448
Income tax expense	14,620	10,436	5,293
Income before cumulative effect of accounting change	27,875	18,693	11,155
Cumulative effect of change in accounting for derivatives, net of tax of \$161	-	(254)	-
Net income	\$ 27,875	18,439	11,155
Basic earnings per share:			
Income before cumulative effect of accounting change	\$ 1.71	1.36	0.85
Cumulative effect of accounting change, net of tax	-	(0.02)	-
Net income per common share - Basic	\$ 1.71	1.34	0.85
Diluted earnings per share:			
Income before cumulative effect of accounting change	\$ 1.60	1.29	0.83
Cumulative effect of accounting change, net of tax	-	(0.02)	-
Net income per common share - Diluted	\$ 1.60	1.27	0.83

See accompanying notes to consolidated financial statements

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

(In thousands, except share data)

	Compre- hensive income (loss)	Common stock	Surplus	Common stock warrants	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 1999	\$ 13,156	78,407	100	-	3,555	(2,271)	92,947	
Comprehensive income:								
Net income	\$ 11,155	-	-	-	-	11,155	-	11,155
Other comprehensive income, net of tax:								
Unrealized gains on securities, net of reclassification adjustment	1,908	-	-	-	-	-	1,908	1,908
Comprehensive income	13,063							
Cash dividends declared on common stock		-	-	-	-	(875)	-	(875)
Purchase of 363,450 shares of common stock		-	-	-	(3,863)	-	-	(3,863)
Common stock issued for:								
Exercise of stock options		115	763	-	-	-	-	878
Employee stock purchase plan		14	112	-	-	-	-	126
Balance at December 31, 2000	13,285	79,282	100	(3,863)	13,835	(363)	102,276	
Comprehensive income:								
Net income	18,439	-	-	-	-	18,439	-	18,439
Other comprehensive loss, net of tax:								
Unrealized losses on securities, net of reclassification adjustment	(1,378)	-	-	-	-	-	(1,378)	(1,378)
Unrealized losses on derivative instruments	(563)	-	-	-	-	-	(563)	(563)
Comprehensive income	16,498							
Cash dividends declared on common stock		-	-	-	-	(1,279)	-	(1,279)
Common stock issued for:								
New issuance, net of costs		1,125	17,234	-	3,863	-	-	22,222
Exercise of stock options		106	1,190	-	-	-	-	1,296
Employee stock purchase plan		15	239	-	-	-	-	254
Exercise of common stock warrants		1	11	(1)	-	-	-	11
Balance at December 31, 2001	14,532	97,956	99	-	30,995	(2,304)	141,278	
Comprehensive income:								
Net income	27,875	-	-	-	-	27,875	-	27,875
Other comprehensive income (loss), net of tax:								
Unrealized gains on securities, net of reclassification adjustment	1,994	-	-	-	-	-	1,994	1,994
Unrealized losses on derivative instruments	(566)	-	-	-	-	-	(566)	(566)
Comprehensive income	\$ 29,303							
Cash dividends declared on common stock		-	-	-	-	(1,903)	-	(1,903)
Purchase of fractional shares resulting from stock split		-	(10)	-	-	-	-	(10)
Common stock issued for:								
New issuance, net of costs		1,363	35,149	-	-	-	-	36,512
Acquisition of the Wayne Hummer Companies		763	14,237	-	-	-	-	15,000
Exercise of stock options		492	5,012	-	-	-	-	5,504
Employee stock purchase plan		34	940	-	-	-	-	974
Exercise of common stock warrants		28	267	(18)	-	-	-	277
Director compensation plan		4	63	-	-	-	-	67
Balance at December 31, 2002	\$ 17,216	153,614	81	-	56,967	(876)	227,002	

See accompanying notes to consolidated financial statements

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31,		
	2002	2001	2000
Operating Activities:			
Net income	\$ 27,875	18,439	11,155
Adjustments to reconcile net income to net cash (used for) provided by operating activities:			
Cumulative effect of accounting change	-	254	-
Provision for loan losses	10,321	7,900	5,055
Depreciation and amortization	8,611	8,082	6,619
Deferred income tax expense	1,176	1,791	597
Tax benefit from exercises of stock options	2,809	312	151
Net (accretion) amortization of (discount) premium on securities	3,133	(578)	1,775
Originations of mortgage loans held-for-sale	(990,713)	(515,170)	(161,017)
Proceeds from sales of mortgage loans held-for-sale	943,171	482,690	158,716
Gain on sale of premium finance receivables	(3,374)	(4,564)	(3,831)
Purchase of trading securities, net	(747)	-	-
Decrease in brokerage customer receivables, net	25,390	-	-
(Gain) loss on sale of available-for-sale securities	(107)	(337)	40
(Gain) loss on sale of premises and equipment, net	101	(209)	18
Increase in accrued interest receivable and other assets, net	(10,799)	(6,031)	(404)
Increase (decrease) in accrued interest payable and other liabilities, net	42,359	(17,720)	28,120
Net Cash Provided by (Used for) Operating Activities	59,206	(25,141)	46,994
Investing Activities:			
Proceeds from maturities of available-for-sale securities	491,601	484,292	235,275
Proceeds from sales of available-for-sale securities	2,794,029	1,260,838	675,458
Purchases of available-for-sale securities	(3,447,617)	(1,938,546)	(896,922)
Proceeds from sales of premium finance receivables	311,225	244,684	229,277
Acquisition of Wayne Hummer Companies, net of cash acquired	(7,738)	-	-
Net (increase) decrease in interest bearing deposits with banks	(3,434)	(510)	2,365
Net increase in loans	(851,831)	(715,894)	(506,321)
Purchases of Bank Owned Life Insurance	(41,144)	-	-
Purchases of premises and equipment, net	(27,373)	(19,934)	(19,459)
Net Cash Used for Investing Activities	(782,282)	(685,070)	(280,327)
Financing Activities:			
Increase in deposit accounts	774,488	488,060	362,954
Decrease in other borrowings, net	(29,015)	(15,565)	(16,204)
Increase (decrease) in notes payable, net	(2,550)	19,000	19,225
Proceeds from Federal Home Loan Bank advances	50,000	90,000	-
Proceeds from issuance of subordinated note	25,000	-	-
Proceeds from trust preferred securities offering	-	-	20,000
Issuance of common stock, net of issuance costs	36,512	22,222	-
Common stock issued upon exercise of stock options	2,695	984	727
Common stock issued through employee stock purchase plan	974	254	126
Proceeds from conversion of common stock warrants	277	11	-
Purchases of common stock, including fractional shares from stock split	(10)	-	(3,863)
Dividends paid	(1,903)	(1,279)	(875)
Net Cash Provided by Financing Activities	856,468	603,687	382,090
Net Increase (Decrease) in Cash and Cash Equivalents	133,392	(106,524)	148,757
Cash and Cash Equivalents at Beginning of Year	123,530	230,054	81,297
Cash and Cash Equivalents at End of Year	\$ 256,922	123,530	230,054
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 83,531	92,802	85,581
Income taxes, net	10,568	8,023	4,241
Acquisition of Wayne Hummer Companies:			
Fair value of assets acquired, including cash and cash equivalents	76,458	-	-
Value ascribed to goodwill and intangible assets	16,670	-	-
Fair value of liabilities assumed	64,514	-	-
Non-cash investing activities:			
Common stock issued for acquisition of Wayne Hummer Companies	15,000	-	-
Transfer to other real estate owned from loans	756	244	-

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Description of the Business

Wintrust Financial Corporation ("Wintrust" or "Company") is a financial holding company currently engaged in the business of providing community banking services, wealth management services, commercial insurance premium financing, high-yielding short-term accounts receivable financing and certain administrative services, such as data processing of payrolls, billing and cash management services. Wintrust provides banking services to customers in the Chicago metropolitan area through its seven wholly-owned banking subsidiaries (collectively, "Banks"), all of which started as de novo institutions, including Lake Forest Bank & Trust Company ("Lake Forest Bank"), Hinsdale Bank & Trust Company ("Hinsdale Bank"), North Shore Community Bank & Trust Company ("North Shore Bank"), Libertyville Bank & Trust Company ("Libertyville Bank"), Barrington Bank & Trust Company, N.A. ("Barrington Bank"), Crystal Lake Bank & Trust Company, N.A. ("Crystal Lake Bank") and Northbrook Bank & Trust Company ("Northbrook Bank"). Wintrust provides trust and investment services to each of the Wintrust banks through its wholly-owned subsidiary, Wayne Hummer Trust Company, N.A., ("WHTC"), formerly known as Wintrust Asset Management Company, N.A. Wayne Hummer Investments, LLC ("WHI") is a broker-dealer providing a full range of private client and securities brokerage services to clients located primarily in the Midwest and is a wholly-owned subsidiary of North Shore Bank. Focused Investments, LLC ("FI") is a broker-dealer that provides a full range of investment services to individuals through a network of relationships with community-based financial institutions primarily in Illinois. FI is a wholly-owned subsidiary of WHI. Wayne Hummer Asset Management Company ("WHAMC") provides money management services and advisory services to individuals, institutions, municipal and tax-exempt organizations, as well as four proprietary mutual funds, in addition to portfolio management and financial supervision for a wide range of pension and profit-sharing plans. WHAMC is a wholly-owned subsidiary of Wintrust. Collectively, WHI, WHAMC and FI are referred to as the "Wayne Hummer Companies" or "WHC". The Company provides financing for the payment of commercial insurance premiums ("premium finance receivables"), on a national basis, through First Insurance Funding Corp. ("FIFC"), a wholly-owned subsidiary of Crabtree Capital Corporation ("Crabtree"), which is a wholly-owned subsidiary of Lake Forest Bank. Tricom, Inc. ("Tricom"), a wholly-owned subsidiary of Hinsdale Bank, provides high-yielding short-term accounts receivable financing ("Tricom finance receivables") and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to the temporary staffing industry with clients

located throughout the United States. Wintrust Information Technology Services Company ("WITS") provides information technology support, item capture and statement preparation services to the Wintrust subsidiaries and is a wholly-owned subsidiary of Wintrust.

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of Wintrust and its subsidiaries conform to generally accepted accounting principles in the United States and prevailing practices of the banking industry. In the preparation of the consolidated financial statements, management is required to make certain estimates and assumptions that affect the reported amounts contained in the consolidated financial statements. Management believes that the estimates made are reasonable; however, changes in estimates may be required if economic or other conditions change beyond management's expectations. Reclassifications of certain prior year amounts have been made to conform with the current year presentation. The following is a summary of the more significant accounting policies of the Company.

Principles of Consolidation

The consolidated financial statements of Wintrust include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Stock Split and Earnings per Share

On January 24, 2002, the Company's Board of Directors declared a 3-for-2 stock split of the Company's common stock, which was effected in the form of a 50% stock dividend. It was paid on March 14, 2002 to shareholders of record as of March 4, 2002. All per-share computations and references to number of shares presented in this report have been restated to reflect the stock split.

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of this entity.

Business Combinations

Business combinations are accounted for by the purchase method of accounting. Under the purchase method, net assets of the business acquired are

recorded at their estimated fair value as of the date of acquisition with any excess of the cost of the acquisition over the fair value of the net tangible and intangible assets acquired recorded as goodwill. Results of operations of the acquired business are included in the income statement from the effective date of acquisition.

Cash Equivalents

For purposes of the consolidated statements of cash flows, Wintrust considers 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, to be cash equivalents.

Securities

The Company classifies securities upon purchase in one of three categories: trading, held-to-maturity, or available-for-sale. Trading securities are bought principally for the purpose of selling them in the near term. Held-to-maturity securities are those debt securities in which the Company has the ability and positive intent to hold until maturity. All other securities are currently classified as available-for-sale as they may be sold prior to maturity.

Held-to-maturity securities are stated at amortized cost, which represents actual cost adjusted for premium amortization and discount accretion using methods that approximate the effective interest method. Available-for-sale securities are stated at fair value. Unrealized gains and losses on available-for-sale securities, net of related taxes, are included as accumulated other comprehensive income and reported as a separate component of shareholders' equity.

Trading account securities are stated at fair value. Realized and unrealized gains and losses from sales and fair value adjustments are included in other non-interest income.

A decline in the market value of any available-for-sale or held-to-maturity security below cost that is deemed other than temporary is charged to earnings, resulting in the establishment of a new cost basis for the security. Interest and dividends, including amortization of premiums and accretion of discounts, are recognized as interest income when earned. Realized gains and losses for securities classified as available-for-sale are included in non-interest income and are derived using the specific identification method for determining the cost of securities sold.

Securities Purchased Under Resale Agreements and Securities Sold Under Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions and are recorded at the amount at which the securities were acquired or sold plus accrued interest. Securities, generally U.S. government and Federal agency securities, pledged as collateral under these financing arrangements cannot be sold by the secured party. The fair value of collateral either received from or provided to a third party is monitored and additional collateral obtained or requested as deemed appropriate.

Brokerage Customer Receivables

The Company extends credit to its brokerage customers to finance their purchases of securities on margin. The Company receives income from interest charged on such extensions of credit. Brokerage customer receivables represent amounts due on margin balances. Securities owned by customers are held as collateral for these receivables.

Loans and Allowance for Loan Losses

Loans, which include premium finance receivables, Tri-com finance receivables and lease financing, are recorded at the principal amount outstanding. Interest income is recognized when earned. Loan origination fees and certain direct origination costs associated with loans retained in the portfolio are deferred and amortized over the expected life of the loan as an adjustment to the yield using methods that approximate the effective interest method. Finance charges on premium finance receivables are earned over the term of the loan based on actual funds outstanding, beginning with the funding date, using a method which approximates the effective yield method.

Mortgage loans held-for-sale are carried at the lower of aggregate cost or market, after consideration of related loan sale commitments, if any. Fees received from the sale of these loans into the secondary market are included in non-interest income.

Interest income is not accrued on loans where management has determined that the borrowers may be unable to meet contractual principal and/or interest obligations, or where interest or principal is 90 days or more past due, unless the loans are adequately secured and in the process of collection. Cash receipts on non-accrual loans are generally applied to the principal balance until the remaining balance is considered collectible, at which time interest income may be recognized when received.

The allowance for loan losses is maintained at a level believed adequate by management to cover losses inherent in the portfolio and is based on an assessment of individual problem loans, actual and anticipated loss experience and other pertinent factors. The allowance for loan losses consists of an allocated and unallocated component. The Company reviews potential problem loans on a case-by-case basis to allocate a specific dollar amount of reserves, whereas all other loans are reserved for based on assigned reserve percentages evaluated by loan groupings. The loan groupings utilized by the Company are commercial, commercial real estate, residential real estate, home equity, premium finance receivables, indirect automobile, Tricom finance receivables and consumer. The reserve percentages applied to these loan groups attempt to account for the inherent risk in the portfolio based upon various factors including industry concentration, geographical concentrations, local and national economic indicators, levels of delinquencies, historical loss experience including an analysis of the lack of maturity in the loan portfolio, changes in trends in risk ratings assigned to loans, changes in underwriting standards and other pertinent factors. The unallocated portion of the allowance for loan losses reflects management's estimate of probable inherent but undetected losses within the portfolio due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition, the difficulty in identifying triggering events that correlate perfectly to subsequent loss rates, and risk factors that have not yet manifested themselves in loss allocation factors. Management believes the unallocated portion of the allowance for loan losses is necessary due to the imprecision inherent in estimating expected credit losses. The amount of future additions to the allowance for loan losses will be dependent upon the economy, changes in real estate values, interest rates, the regulatory environment, the level of past-due and non-performing loans, and other factors.

In estimating potential losses, the Company evaluates loans for impairment in accordance with SFAS 114, "Accounting by Creditors for Impairment of a Loan". A loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due. Impaired loans are generally considered by the Company to be commercial and commercial real estate loans that are non-accrual loans, restructured loans or loans with principal and/or interest at risk, even if the loan is current with all payments of principal and interest. Impairment is 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. If the

estimated fair value of the loan is less than the recorded book value, a valuation allowance is established as a component of the allowance for loan losses.

Mortgage Servicing Rights

The Company originates mortgage loans for sale to the secondary market, the majority of which are sold without retaining servicing rights. There are certain loans, however, that are originated and sold to a governmental agency, with servicing rights retained. Mortgage servicing rights associated with loans originated and sold, where servicing is retained, are capitalized at the time of sale and included in other assets in the consolidated statements of condition. The total cost of loans sold is allocated between the loan balance and the servicing asset based on their relative fair values. The capitalized value of loan servicing rights is amortized in proportion to, and over the period of, estimated net future servicing revenue. Mortgage servicing rights are carried at the lower of the initial carrying value, adjusted for amortization, or estimated fair value. The carrying values are periodically evaluated for impairment. For purposes of measuring impairment, the servicing rights are stratified into pools based on product type and interest rate. Impairment represents the excess of the remaining capitalized cost of a stratified pool over its fair value, and is recorded through a valuation allowance. The fair value of each servicing rights pool is calculated based on the present value of estimated future cash flows using a discount rate commensurate with the risk associated with that pool, given current market conditions. Estimates of fair value include assumptions about prepayment speeds, interest rates and other factors which are subject to change over time. Changes in these underlying assumptions could cause the fair value of mortgage servicing rights, and the related valuation allowance, if any, to change significantly in the future.

Sales of Premium Finance Receivables

Transfers of premium finance receivables to an unrelated third party are recognized as sales in accordance with SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." The Company recognizes as a gain or loss the difference between the proceeds received and the allocated cost basis of the loans. The allocated cost basis of the loans is determined by allocating the Company's initial investment in the loan between the loan and the Company's retained interests, based on their relative fair values. The retained interests include assets for the servicing rights and interest only strip and a liability for the Company's guarantee obligation pursuant to the terms of the sale agreement. The servicing assets and interest only strips

are included in other assets and the liability for the guarantee obligation is included in other liabilities. If actual cash flows are less than estimated, the servicing assets and interest only strips would be impaired and charged to earnings. Loans sold in these transactions have terms of less than twelve months, resulting in minimal prepayment risk. The Company typically makes a clean up call by repurchasing the remaining loans in the pools sold after approximately 10 months from the sale date. Upon repurchase, the loans are recorded in the Company's premium finance receivables portfolio and any remaining balance of the Company's retained interest is recorded as an adjustment to the gain on sale of premium finance receivables.

Administrative Services Revenue

Administrative services revenue is recognized as services are performed, in accordance with the accrual method of accounting. These services include providing data processing of payrolls, billing and cash management services, to Tricom's clients in the temporary staffing services industry.

Rental Income from Equipment Leases

Rental income from equipment leases owned by the Company is accrued over the period earned and recorded in other non-interest income. Rental income is not accrued on leases where management has determined that the lessees may be unable to meet contractual obligations under the lease agreement, or where payments are 90 days or more delinquent, unless the lease contracts are adequately secured and in the process of collection.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. Useful lives range from two to ten years for furniture, fixtures and equipment, two to five years for software and computer-related equipment and seven to 50 years for buildings and improvements. Land improvements are amortized over a period of 15 years and leasehold improvements are amortized over the term of the respective lease. Land and antique furnishings and artwork are not subject to depreciation. Expenditures for major additions and improvements are capitalized, and maintenance and repairs are charged to expense as incurred. Internal costs related to the configuration and installation of new software and the modification of existing software that provides additional functionality are capitalized. Equipment owned that is leased to customers under leas-

ing contracts characterized as operating leases is also included in premises and equipment.

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. At December 31, 2002, and 2001, other real estate owned totaled \$76,000 and \$100,000 respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of net assets acquired. Other intangible assets represent purchased assets that also lack physical substance but can be distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged either on its own or in combination with a related contract, asset or liability. On January 1, 2002, the Company adopted SFAS 142, "Goodwill and Other Intangible Assets." Under the provisions of SFAS 142, goodwill is no longer ratably amortized over an estimated life, but rather is tested at least annually for impairment. Intangible assets which have finite lives continue to be amortized over their estimated useful lives and also continue to be subject to impairment testing. All of the Company's other intangible assets have finite lives and are amortized over varying periods not exceeding seven years.

Bank-Owned Life Insurance

The Company purchased bank-owned life insurance ("BOLI") on certain executives during the third quarter of 2002. The BOLI balances are included in other assets. These policies are recorded at their cash surrender values, or the amounts that can be realized currently. Adjustments to the cash surrender values are included in non-interest income.

Derivative Instruments

The Company enters into derivative transactions principally to protect against the risk of adverse price or interest rate movements on the future cash flows or the value of certain assets and liabilities. The Company is also required to recognize certain contracts and commitments

as derivatives when the characteristics of those contracts and commitments meet the definition of a derivative. Effective January 1, 2001, the Company adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which requires that all derivative instruments be recorded in the statement of condition at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship.

Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset or liability attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. The Company formally documents relationships between derivative instruments and hedged items, as well as its risk-management objective and strategy for undertaking each hedge transaction.

Fair value hedges are accounted for by recording the fair value of the derivative instrument and the fair value related to the risk being hedged of the hedged asset or liability on the statement of condition with corresponding offsets recorded in the income statement. The adjustment to the hedged asset or liability is included in the basis of the hedged item, while the fair value of the derivative is recorded as a freestanding asset or liability. Actual cash receipts or payments and related amounts accrued during the period on derivatives included in a fair value hedge relationship are recorded as adjustments to the interest income or expense recorded on the hedged asset or liability.

Cash flow hedges are accounted for by recording the fair value of the derivative instrument on the statement of condition as either a freestanding asset or liability, with a corresponding offset recorded in other comprehensive income within shareholders' equity, net of deferred taxes. Amounts are reclassified from other comprehensive income to interest expense in the period or periods the hedged forecasted transaction affects earnings.

Under both the fair value and cash flow hedge scenarios, changes in the fair value of derivatives not considered to be highly effective in hedging the change in fair value or the expected cash flows of the hedged item are recognized in earnings as non-interest income or non-interest expense during the period of the change.

Derivative instruments that do not qualify as hedges pursuant to SFAS 133 are reported on the statement of con-

dition at fair value and the changes in fair value are recognized in earnings as non-interest income or non-interest expense, as appropriate, during the period of the change. Periodically, the Company sells options to a bank or dealer for the right to purchase certain securities held within the Banks' investment portfolios. These covered call option transactions are designed primarily to increase the total return associated with holding these securities as earning assets. These transactions do not qualify as hedges pursuant to SFAS 133, and accordingly, changes in fair values of these contracts, are reported in other non-interest income. There were no call options outstanding as of December 31, 2002 or 2001.

Trust Preferred Securities Offering Costs

In connection with the Company's October 1998 and June 2000 offerings of Cumulative Trust Preferred Securities ("Trust Preferred Securities"), approximately \$1.4 million and \$1.1 million, respectively, of offering costs were incurred, including underwriting fees, legal and professional fees, and other costs. These costs are included in other assets and are being amortized over a ten year period as an adjustment of interest expense using a method that approximates the effective interest method. See Note 15 for further information about the Trust Preferred Securities.

Trust Assets and Assets Under Management

Assets held in fiduciary or agency capacity for customers are not included in the consolidated financial statements as they are not assets of Wintrust or its subsidiaries. Fee income is recognized on an accrual basis for financial reporting purposes and is included as a component of non-interest income.

Income Taxes

Wintrust and its subsidiaries file a consolidated Federal income tax return. The subsidiaries provide for income taxes on a separate return basis and remit to Wintrust amounts determined to be currently payable.

Income tax expense is recorded based on the liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using currently enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock-Based Compensation Plans

The Company follows Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. APB 25 uses the intrinsic value method and provides that compensation expense for employee stock options is generally not recognized if the exercise price of the option equals or exceeds the fair value of the stock on the date of grant. The Company follows the disclosure requirements of SFAS 123, "Accounting for Stock-Based Compensation", rather than the recognition provisions of SFAS 123, as allowed by the statement. Compensation expense for restricted share awards is ratably recognized over the required period of service, usually the restricted period, based on the fair value of the stock on the date of grant.

Had compensation cost for the Company's stock option plan been determined based on the fair value at the date of grant consistent with the recognition method of SFAS 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below (in thousands, except per share data):

	Year Ended December 31,		
	2002	2001	2000
Net income:			
As reported	\$ 27,875	18,439	11,155
Pro forma	26,651	17,742	10,453
Earnings per share - Basic:			
As reported	\$ 1.71	1.34	0.85
Pro forma	1.63	1.29	0.80
Earnings per share - Diluted:			
As reported	\$ 1.60	1.27	0.83
Pro forma	1.53	1.22	0.78

The fair values of stock options granted were estimated at the date of grant using the Black-Scholes option-pricing model. The following weighted average assumptions were used in the option pricing model for options granted in each of the last three years: a dividend yield of 0.5%, 0.6% and 0.7% for 2002, 2001 and 2000, respectively; an expected volatility of 26.1%, 25.7% and 25.6% for 2002, 2001 and 2000, respectively; a risk free rate of return of 4.4%, 4.9% and 6.2% for 2002, 2001 and 2000, respectively; and an expected life of 8.5 years, 6.8 years and 7.3 years, respectively. The per share weighted average fair value of stock options granted during 2002, 2001 and 2000 was \$8.67, \$4.91 and \$4.05, respectively.

The Black-Scholes model is sensitive to changes in the subjective assumptions, which can materially affect the fair value estimates. Employee stock options have characteristics that are significantly different from those of traded options, including vesting provisions and trading limitations, that impact their liquidity. Therefore, existing pricing models, such as the Black-Scholes model, do not necessarily provide a reliable measure of the fair value of employee stock options. As a result, the pro forma amounts indicated above may not be representative of the effects on reported net income for future years.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

Start-up Costs

Start-up and organizational costs are expensed in the period in which they are incurred.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available-for-sale, net of deferred taxes, and adjustments related to cash flow hedges that are also recognized as separate components of equity.

(2) Recent Accounting Pronouncements

Accounting for Long-Lived Assets

On January 1, 2002, the Company adopted SFAS 144, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," which addresses how and when to measure impairment on long-lived assets and how to account for long-lived assets that an entity plans to dispose of either through sale, abandonment, exchange, or distribution to owners. The new provisions supersede SFAS 121, which addressed asset impairment, and certain provisions of APB 30 related to reporting the effects of the disposal of a business segment. SFAS 144 requires expected future operating losses from discontinued operations to be recorded in the period in which the losses are incurred rather than the measurement date. Under SFAS 144, more dispositions may qualify for discontinued operations treatment in the income statement. The adoption of SFAS 144 did not have a material impact on the Company's financial position or results of operations.

Acquisitions of Certain Financial Institutions

In October 2002, the Financial Accounting Standards Board (FASB) issued SFAS 147, "Acquisitions of Certain Financial Institutions", which provides guidance on the accounting for the acquisition of a financial institution and supersedes the specialized accounting guidance provided in SFAS 72, "Accounting for Certain Acquisitions of Banking or Thrift Institutions." SFAS 147 became effective upon issuance and requires companies to cease amortization of unidentified intangible assets associated with certain branch acquisitions and reclassify these assets to goodwill. SFAS 147 also modifies SFAS 144 to include in its scope long-term customer-relationship intangible assets and thus subjects those intangible assets to the same undiscounted cash flow recoverability test and impairment loss recognition and measurement provisions required for other long-lived assets.

While SFAS 147 may affect how future business combinations are accounted for and disclosed in the financial statements, the issuance of the new guidance had no effect on the Company's results of operations, financial position, or liquidity as the Company does not have any assets subject to the specialized accounting guidance provided in SFAS 72 or SFAS 147.

Guarantees

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". This interpretation expands the disclosure to be made by a guarantor in its financial statements about its obligations under certain guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements of FIN 45 are effective for the Company as of December 31, 2002, and require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of FIN 45 are to be applied prospectively to guarantees issued or modified after December

31, 2002. Significant guarantees that have been entered into by the Company are disclosed in Note 20. The Company does not expect the requirements of FIN 45 to have a material impact on results of operations, financial position, or liquidity.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interest, and results of operations of a VIE need to be included in a company's consolidated financial statements. Because the Company does not have an interest in any VIE's, the Company does not expect the adoption of FIN 46 to have a material impact on its results of operations, financial position, or liquidity.

Accounting for Stock Based Compensation

In December 2002, the FASB issued SFAS 148, "Accounting for Stock-Based Compensation – Transition and Disclosure", which provides guidance on how to transition from the intrinsic value method of accounting for stock-based employee compensation under APB 25 to SFAS 123's fair value method of accounting, if a company so elects. The Statement also amends the disclosure provisions of SFAS 123 and APB 25 to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While SFAS 148 does not amend SFAS 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of SFAS 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of SFAS 123 or the intrinsic value method of APB 25. Although the recognition provisions of SFAS 148 are not applicable to the Company at this time as it continues to account for stock-based compensation using the intrinsic value method, the Company has provided the required disclosures in Note 1.

(3) Available-for-Sale Securities

A summary of the available-for-sale securities portfolio presenting carrying amounts and gross unrealized gains and losses as of December 31, 2002 and 2001 is as follows (in thousands):

	December 31, 2002				December 31, 2001			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale:								
U.S. Treasury	\$ 34,150	12	(140)	34,022	3,045	3	-	3,048
U.S. Government agencies	139,707	1,045	-	140,752	151,911	295	(21)	152,185
Municipal securities	6,311	156	-	6,467	6,507	179	-	6,686
Corporate notes and other	76,809	160	(1,776)	75,193	26,691	599	(1,395)	25,895
Mortgage-backed securities	270,091	871	-	270,962	184,483	761	(3,819)	181,425
Federal Reserve/FHLB stock and other equity securities	20,221	62	-	20,283	15,384	727	-	16,111
Total available-for-sale securities	\$ 547,289	2,306	(1,916)	547,679	388,021	2,564	(5,235)	385,350

The amortized cost and fair value of securities as of December 31, 2002 and 2001, 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 any penalties (in thousands):

	December 31, 2002		December 31, 2001	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities:				
Due in one year or less	\$ 87,223	87,184	139,245	139,591
Due in one to five years	56,176	56,264	32,971	32,979
Due in five to ten years	84,399	84,695	3,032	3,181
Due after ten years	29,179	28,291	12,906	12,063
Mortgage-backed securities	270,091	270,962	184,483	181,425
Federal Reserve/FHLB stock and other equity securities	20,221	20,283	15,384	16,111
Total available-for-sale securities	\$ 547,289	547,679	388,021	385,350

In 2002, 2001 and 2000, the Company had gross realized gains on sales of available-for-sale securities of \$604,000, \$524,000 and \$79,000, respectively. During 2002, 2001 and 2000, gross realized losses on sales of available-for-sale securities totaled \$497,000, \$187,000 and \$119,000, respectively. Proceeds from sales of available-for-sale securities during 2002, 2001 and 2000, were \$2.8 billion, \$1.3 billion and \$675.5 million, respectively. At December 31, 2002 and 2001, securities having a carrying value of \$143.2 million and \$116.0 million, respectively, were pledged as collateral for public deposits, trust deposits and securities sold under repurchase agreements.

(4) Loans

A summary of the loan portfolio at December 31, 2002 and 2001 is as follows (in thousands):

	2002	2001
Commercial and commercial real estate	\$ 1,320,598	1,007,580
Home equity	365,521	261,049
Residential real estate	156,213	140,041
Premium finance receivables	461,614	348,163
Indirect auto loans	178,234	184,209
Tricom finance receivables	21,048	18,280
Consumer and other loans	52,858	59,157
Total loans, net of unearned income	\$ 2,556,086	2,018,479

Certain real estate loans, including mortgage loans held-for-sale, and home equity loans with balances totaling approximately \$313.4 million and \$312.8 million, at December 31, 2002 and 2001, respectively, were pledged as collateral to secure the availability of borrowings from certain Federal agency banks. The majority of these pledged loans are included in a blanket pledge of qualifying loans by five of the Banks to the Federal Home Loan Bank (FHLB). At December 31, 2002 and 2001, the Banks borrowed \$140.0 million and \$90.0 million, respectively, from the FHLB in connection with these collateral arrangements. See Note 12 for a summary of these borrowings.

The Company's loan portfolio is generally comprised of loans to consumers and small to medium-sized businesses located within the geographic market areas that the Banks serve. The premium finance and Tricom receivables portfolios are made to customers on a national basis and the indirect auto loans are generated through a network of local automobile dealers. As a result, 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.

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 in making a loan. The type of collateral, when required, will vary in ranges from liquid assets to real estate. The Company seeks to assure access to collateral, in the event of default, through adherence to state lending laws and the Company's credit monitoring procedures.

Certain officers and directors of Wintrust and certain corporations and individuals related to such persons borrowed funds from the Banks. These loans were made at substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other borrowers. A rollforward of these loans, including loans made by the Company to certain executive officers, during 2002 is as follows (in thousands):

Balance at December 31, 2001	\$ 8,871
New loans and advances	8,693
Maturities and paydowns	(5,666)
Balance at December 31, 2002	\$ 11,898

(5) Allowance for Loan Losses

A summary of the activity in the allowance for loan losses for the years ended December 31, 2002, 2001, and 2000 is as follows (in thousands):

	Year Ended December 31,		
	2002	2001	2000
Allowance at beginning of year	\$ 13,686	10,433	8,783
Provision	10,321	7,900	5,055
Charge-offs	(6,589)	(5,322)	(3,756)
Recoveries	972	675	351
Allowance at end of year	\$ 18,390	13,686	10,433

A summary of non-accrual loans and their impact on interest income and impaired loans and their impact on interest income is as follows (in thousands):

	Year Ended December 31,		
	2002	2001	2000
Total non-accrual loans (as of year end)	\$ 6,842	8,967	4,329
Reduction of interest income from non-performing loans	79	91	111
Average balance of impaired loans	767	503	1,212
Interest income recognized on impaired loans	26	9	6

Management evaluates the value of the impaired loans primarily by using the fair value of the collateral. A summary of impaired loan information at December 31, 2002 and 2001 is as follows (in thousands):

	2002	2001
Impaired loans	\$ 983	641
Impaired loans that had allocated specific allowance for loan losses	965	500
Allocated allowance for loan losses	200	347

(6) Mortgage Servicing Rights

The outstanding principal balance of mortgage loans serviced for others totaled \$239 million at December 31, 2002, \$132 million at December 31, 2001 and \$97 million at December 31, 2000. The following is a summary of the changes in mortgage servicing rights for the years ended December 31, 2002, 2001 and 2000 (in thousands):

	Year Ended December 31,		
	2002	2001	2000
Balance at beginning of year	\$ 906	633	648
Servicing rights capitalized	1,727	775	146
Amortization of servicing rights	(872)	(502)	(161)
Valuation allowance	(241)	-	-
Balance at end of year, net	\$ 1,520	906	633

At December 31, 2002, 2001 and 2000, the aggregate fair value of mortgage servicing rights was \$1.5 million, \$950,000 and \$895,000, respectively. Fair values are determined by discounting anticipated future net cash flows from servicing activities considering market consensus loan prepayment speeds, interest rates, servicing costs and other economic factors.

Amortization of existing balances of mortgage servicing rights is expected to approximate \$559,000 in 2003, \$331,000 in 2004, \$240,000 in 2005, \$191,000 in 2006 and \$162,000 in 2007.

(7) Goodwill and Other Intangible Assets

Upon the adoption of SFAS 142 on January 1, 2002, the Company had unamortized goodwill of \$10.0 million and unamortized identifiable intangible assets of \$109,000, all of which were subject to the transition provisions of SFAS 141 and SFAS 142. As part of its adoption of SFAS 142, the Company performed a transitional impairment test on its goodwill assets, which indicated that no impairment charge was required. In addition, no material reclassifications or adjustments to the useful lives of finite-lived intangible assets were made as a result of adopting the new guidance.

In accordance with SFAS 142, the Company ceased amortizing goodwill effective January 1, 2002. The following table shows the pro forma effects of applying SFAS 142 to the years ending December 31, 2001 and 2000 (in thousands, except per share data).

	Year Ended December 31,		
	2002	2001	2000
Net income as reported	\$ 27,875	18,439	11,155
Add back: goodwill amortization	-	616	644
Less: related taxes	-	(208)	(219)
Net income – pro forma	\$ 27,875	18,847	11,580

Earnings per share – Basic

As reported	\$ 1.71	1.34	0.85
Add back:			
goodwill amortization per share	-	0.03	0.04
Pro forma	\$ 1.71	1.37	0.89

Earnings per share – Diluted

As reported	\$ 1.60	1.27	0.83
Add back:			
goodwill amortization per share	-	0.03	0.03
Pro forma	\$ 1.60	1.30	0.86

A summary of goodwill by business segment is as follows (in thousands):

	January 1 2002	Goodwill Acquired	Impairment Losses	Dec. 31 2002
Banking	\$ 1,018	-	-	1,018
Premium finance	-	-	-	-
Indirect auto	-	-	-	-
Tricom	8,958	-	-	8,958
Wealth management	-	15,290	-	15,290
Parent and other	-	-	-	-
Total	\$ 9,976	15,290	-	25,266

Approximately \$17.0 million of the December 31, 2002 balance of goodwill is deductible for tax purposes.

At December 31, 2002 and 2001, the Company had \$1.2 million and \$109,000, respectively, of unamortized finite-lived intangible assets. As a result of the acquisition of WHAMC, \$1.4 million of the purchase price was assigned to the customer list of WHAMC and is being amortized over a seven-year period on an accelerated basis. Total amortization expense associated with intangible assets in 2002, 2001 and 2000, was \$324,000, \$69,000 and \$69,000, respectively. Amortization expense for these finite-lived intangible assets is expected to total \$310,000 in 2003, \$229,000 in 2004, \$202,000 in 2005, \$168,000 in 2006 and \$139,000 in 2007.

(8) Business Combinations

In February, 2002, Wintrust completed its acquisition of Wayne Hummer Companies. The results of the Wayne Hummer Companies have been included in Wintrust's consolidated financial statements since the effective date (February 1, 2002) of the acquisition.

The acquisition of the Wayne Hummer Companies augments the Company's fee-based revenues and diversifies its revenue stream by adding brokerage services as well as offering traditional banking products to the customers of the Wayne Hummer Companies, thereby providing a more comprehensive menu of financial products and services to the customers of the Banks and the Wayne Hummer Companies.

The aggregate purchase price was \$28.6 million consisting of \$8.6 million in cash, 762,742 shares of Wintrust's common stock (then valued at \$15 million) and \$5.0 million of deferred cash payments to be made over a three-year period subsequent to the closing date. Wintrust is obligated to pay additional consideration contingent upon the attainment of certain performance measures over the next five years. The additional consideration, if any, will be recorded as additional goodwill at its fair value when paid, or when the additional consideration is deemed, beyond a reasonable doubt, to have been earned. The value of Wintrust's common stock issued was determined based on the unweighted average of the high and low sales prices of Wintrust's common stock on the Nasdaq National Market for the 10 trading days ending on the second trading day preceding the effective date of the acquisition. The Company recorded \$15.3 million of goodwill and \$1.4 million of finite-lived intangible assets related to the customer list of WHAMC.

Following is a condensed balance sheet of the Wayne Hummer Companies as of the effective date of acquisition, reflecting the amount assigned to each major asset and liability category (in thousands):

Assets:	
Cash and due from banks	\$ 440
Interest bearing deposits with banks	292
Available-for-sale securities, at fair value	304
Trading account securities	4,811
Brokerage customer receivables	62,982
Goodwill	15,290
Other intangible assets	1,380
Other assets	7,629
Total assets	<u>93,128</u>
Liabilities and Equity:	
Other borrowings	42,648
Other liabilities	21,866
Equity	<u>28,614</u>
Total liabilities and equity	<u>\$ 93,128</u>

The following pro forma information reflects the Company's results of operations for the periods shown as if the results of the Wayne Hummer Companies were included from the beginning of the periods shown. The "Wintrust as reported" results include the results of the Wayne Hummer Companies since the effective date of the acquisition (in thousands, except for per share data):

	Year Ended December 31,	
	2002	2001
Net revenue:		
Wintrust as reported		
(includes WHC from February 1, 2002)	\$ 158,800	102,812
WHC (results prior to February 1, 2002)	2,919	31,488
Pro forma net revenue	<u>\$ 161,719</u>	<u>134,300</u>
Income before taxes and cumulative effect of accounting change:		
Wintrust as reported		
(includes WHC from February 1, 2002)	\$ 42,495	29,129
WHC (results prior to February 1, 2002)	108	1,637
Pro forma income before taxes and cumulative effect of accounting change	<u>\$ 42,603</u>	<u>30,766</u>
Net Income:		
Wintrust as reported		
(includes WHC from February 1, 2002)	\$ 27,875	18,439
WHC (results prior to February 1, 2002)	70	1,064
Pro forma net income	<u>\$ 27,945</u>	<u>19,503</u>
Basic EPS:		
Wintrust as reported		
(includes WHC from February 1, 2002)	\$ 1.71	1.34
WHC (results prior to February 1, 2002)	(0.01)	-
Pro forma basic EPS	<u>\$ 1.70</u>	<u>1.34</u>
Diluted EPS:		
Wintrust as reported		
(includes WHC from February 1, 2002)	\$ 1.60	1.27
WHC (results prior to February 1, 2002)	(0.01)	-
Pro forma diluted EPS	<u>\$ 1.59</u>	<u>1.27</u>

(9) Premises and Equipment, Net

A summary of premises and equipment at December 31, 2002 and 2001 is as follows (in thousands):

	2002	2001
Land	\$ 21,202	16,179
Buildings and leasehold improvements	80,601	64,497
Furniture, equipment and computer software	34,360	28,597
Construction in progress	8,669	8,215
	144,832	117,488
Less: Accumulated depreciation and amortization	27,785	21,495
	117,047	95,993
Equipment under leasing contracts, net of accumulated depreciation	1,914	3,139
Premises and equipment, net	\$ 118,961	99,132

Equipment under leasing contracts represents the Company's investment in equipment leased to others under operating lease agreements. The portfolio consists of various types of equipment including medical, technological and machine tools.

Depreciation and amortization expense related to premises and equipment, excluding equipment under leasing contracts, totaled \$7.3 million and \$6.1 million in 2002 and 2001, respectively. Depreciation expense related to equipment under leasing contracts totaled \$974,000 and \$1.3 million in 2002 and 2001, respectively.

(10) Deposits

The following is a summary of deposits at December 31, 2002 and 2001 (in thousands):

	2002	2001
Non-interest bearing accounts	\$ 305,540	254,269
NOW accounts	354,499	286,860
NOW-Brokerage customer deposits	231,700	-
Money market accounts	399,441	335,881
Savings accounts	147,669	132,514
Time certificate of deposits	1,650,275	1,305,112
Total deposits	\$ 3,089,124	2,314,636

The scheduled maturities of time certificate of deposits at December 31, 2002 and 2001 are as follows (in thousands):

	2002	2001
Due in one year	\$ 1,033,840	1,012,626
Due in one to two years	373,047	164,487
Due in two to three years	106,345	99,705
Due in three to four years	43,803	15,544
Due after four years	93,240	12,750
Total time certificate of deposits	\$ 1,650,275	1,305,112

Certificates of deposit in amounts of \$100,000 or more approximated \$818.7 million and \$659.1 million at December 31, 2002 and 2001, respectively.

(11) Notes Payable

A summary of the outstanding balances of notes payable at December 31, 2002 and 2001 is as follows (in thousands):

	2002	2001
Maturity less than one year	\$ 19,025	21,575
Maturity greater than one year	25,000	25,000
Total notes payable	\$ 44,025	46,575

The notes payable balance represents the outstanding balance on a revolving loan agreement ("Agreement") with an unaffiliated bank. At December 31, 2002, the total amount of the Agreement is \$75.0 million, comprised of a \$50.0 million revolving note that matures on May 15, 2003 and a \$25.0 million revolving note that matures on February 27, 2006. Interest is calculated at a floating rate equal to, at the Company's option, either the lender's prime rate or LIBOR plus 140 basis points. At December 31, 2002 and 2001, the interest rates on the notes payable were 2.78% and 3.42% respectively. At December 31, 2002 and 2001, \$25.0 million of notes payable were effectively converted to fixed-rate debt through the use of an interest rate swap. See Notes 1 and 21 for further discussion on derivative instruments.

The Agreement is secured by the stock of all Banks and contains 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 December 31, 2002, the Company is in compliance with all debt covenants. The Agreement may be utilized, as needed, to provide capital to fund continued growth at the Company's Banks, expand its asset management business, fund possible acquisitions of financial institutions or other finance related companies, purchase treasury stock or for other general corporate matters.

(12) Federal Home Loan Bank Advances

A summary of the outstanding balances of Federal Home Loan Bank ("FHLB") advances at December 31, 2002 and 2001, is as follows (in thousands):

	2002	2001
4.60% advance due July 2011	\$ 30,000	30,000
3.95% advance due November 2011	35,000	35,000
3.30% advance due November 2011	25,000	25,000
4.17% advance due June 2012	25,000	-
4.79% advance due June 2012	25,000	-
Federal Home Loan Bank advances	\$ 140,000	90,000

The FHLB advances bear fixed rates with varying one-time call dates ranging from July 2004 to June 2007. The Company has an arrangement with the FHLB whereby based on available collateral (residential mortgages), the Company could have borrowed an additional \$20.2 million at December 31, 2002. The weighted-average interest rate on FHLB advances at December 31, 2002, was 4.16%.

(13) Subordinated Note

In 2002, the Company entered into a \$25.0 million subordinated note agreement with an unaffiliated bank. The note matures on October 29, 2012, requires annual principal payments of \$5.0 million beginning in 2008 and may be redeemed by the Company at any time prior to maturity. The note qualifies as Tier II capital for regulatory purposes. Interest is calculated at a floating rate equal to LIBOR plus 260 basis points. The Company effectively converted the subordinated note to a fixed-rate note through the use of an interest rate swap. See Notes 1 and 21 for further discussion on derivative instruments.

(14) Other Borrowings

The following is a summary of other borrowings at December 31, 2002 and 2001 (in thousands):

	2002	2001
Federal funds purchased	\$ 2,000	11,800
Securities sold under repurchase agreements	24,560	16,274
Wayne Hummer Companies funding	15,148	-
Other	5,000	-
Total other borrowings	\$ 46,708	28,074

As of December 31, 2002 and 2001, the interest rate on federal funds purchased were 1.50% and 1.99%, respectively. Securities sold under repurchase agreements represent sweep accounts in connection with master repurchase agreements at the Banks. Securities are maintained under the Company's control and are pledged

for balances of the customers' accounts. Securities underlying these agreements consist of U.S. Government agency, mortgage-backed and corporate securities and are included in the available-for-sale securities portfolio as reflected on Company's Consolidated Statements of Condition. As of December 31, 2002 and 2001, the weighted average interest rates of securities sold under repurchase agreements were 1.06% and 1.54%, respectively.

The Wayne Hummer Companies funding consists of collateralized demand obligations to brokers that are used to finance securities purchased by customers on margin and securities owned by WHI. At December 31, 2002, \$8.8 million of customers' securities and \$4.1 million of the Company's trading securities were pledged on behalf of these borrowings. These borrowings have interest rates approximating the federal funds rate. The weighted average interest rate at December 31, 2002 was 1.70%. Other represents the Company's interest-bearing deferred portion of the purchase price of the Wayne Hummer Companies.

(15) Long-term Debt - Trust Preferred Securities

The Company issued \$51,050,000 of Trust Preferred Securities through two separate issuances by Wintrust Capital Trust I and Wintrust Capital Trust II ("Trusts"). The Trusts issued \$1,579,000 of common securities, all of which are owned by the Company. The Trust Preferred Securities represent preferred undivided beneficial interests in the assets of the Trusts. The Trusts invested the proceeds from the issuances of the Trust Preferred Securities and the common securities in Subordinated Debentures ("Debentures") issued by the Company, with the same maturities and fixed interest rates as the Trust Preferred Securities. The debentures are the sole assets of the Trusts and are eliminated, along with the related income statement effects, in the consolidated financial statements.

A summary of the Company's trust preferred securities at December 31, 2002 and 2001, is as follows (in thousands):

	2002	2001
9.0% trust preferred securities of Wintrust Capital Trust I, due September 30, 2028	\$ 31,050	31,050
Less: adjustment for fair value hedge	(156)	-
	30,894	31,050
10.5% trust preferred securities of Wintrust Capital Trust II, due June 30, 2030	20,000	20,000
Total trust preferred securities	\$ 50,894	51,050

The Company has guaranteed the payment of distributions and payments upon liquidation or redemption of the Trust Preferred Securities, in each case to the extent of funds held by the Trusts. The Company and the Trusts believe that, taken together, the obligations of the Company under the guarantees, the subordinated debentures, and other related agreements provide, in the aggregate, a full, irrevocable and unconditional guarantee, on a subordinated basis, of all of the obligations of the Trusts under the Trust Preferred Securities. Subject to certain limitations, the Company has the right to defer payment of interest on the Debentures at any time, or from time to time, for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities are subject to mandatory redemption, in whole or in part, upon repayment of the Debentures at maturity or their earlier redemption. The Debentures are redeemable in whole or in part prior to maturity, at the discretion of the Company if certain conditions are met, and only after the Company has obtained Federal Reserve approval, if then required under applicable guidelines or regulations. The early redemption dates are on or after September 30, 2003 for Wintrust Capital Trust I and June 30, 2005 for Wintrust Capital Trust II.

The Trust Preferred Securities, subject to certain limitations, qualify as Tier 1 capital of the Company for regulatory purposes. Interest expense on the Trust Preferred Securities is deductible for tax purposes.

The Company has effectively converted the 9.0%, \$31.05 million, trust-preferred securities to a floating-rate basis with the use of an interest rate swap. The swap qualifies as a fair value hedge, and in accordance with SFAS 133, the carrying value of the trust-preferred securities was adjusted by the change in its fair value since designation as a hedged liability. See Notes 1 and 21 for further discussion on derivative instruments.

(16) Minimum Lease Commitments

The Company occupies certain facilities under operating lease agreements. Gross rental expense related to the Company's premises was \$2.1 million in 2002 and \$1.1 million in 2001 and 2000. The Company also leases certain owned premises and receives rental income from such agreements. Gross rental income related to the Company's buildings totaled \$646,000, \$502,000 and \$486,000, in 2002, 2001 and 2000, respectively. In 2002, 2001 and 2000, the Company also recorded equip-

ment lease income of approximately \$1.2 million, \$1.6 million and \$1.3 million, respectively. Future minimum gross rental payments for office space, future minimum gross rental income, and future minimum equipment lease income as of December 31, 2002 for all noncancelable leases are as follows (in thousands):

	Future minimum gross rental payments	Future minimum gross rental income	Future minimum equipment lease income
2003	\$ 1,884	437	860
2004	1,786	191	534
2005	1,671	92	216
2006	1,511	87	16
2007	1,312	88	-
2008 and thereafter	56	104	-
Total minimum future amounts	\$ 8,220	999	1,626

(17) Income Taxes

Income tax expense (benefit) for the years ended December 31, 2002, 2001 and 2000 is summarized as follows (in thousands):

	Year Ended December 31,		
	2002	2001	2000
Current income taxes:			
Federal	\$ 13,154	8,492	4,509
State	290	153	187
Total current income taxes	13,444	8,645	4,696
Deferred income taxes:			
Federal	446	1,348	847
State	730	443	(250)
Total deferred income taxes	1,176	1,791	597
Total income tax expense	\$ 14,620	10,436	5,293

The exercise of certain stock options produced tax benefits of \$2.8 million in 2002, \$312,000 in 2001 and \$151,000 in 2000 which were recorded directly to shareholders' equity.

A reconciliation of the differences between taxes computed using the statutory Federal income tax rate of 35% and actual income tax expense is as follows (in thousands):

	Year Ended December 31,		
	2002	2001	2000
Computed "expected" income tax expense	\$ 14,873	10,195	5,757
Increase (decrease) in tax resulting from:			
Tax-exempt interest, net of interest expense disallowance	(475)	(469)	(295)
State taxes, net of federal tax benefit	663	388	(40)
Income earned on life insurance policies	(291)	-	-
Decrease in valuation allowance for deferred tax assets	-	-	(346)
Other, net	(150)	322	217
Income tax expense	\$ 14,620	10,436	5,293

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2002 and 2001 are as follows (in thousands):

	2002	2001
Deferred tax assets:		
Allowance for loan losses	\$ 7,047	5,310
Net unrealized losses on securities (SFAS 115)	-	930
Net unrealized losses on derivatives (SFAS 133)	609	303
Federal net operating loss carryforward	3,529	4,091
State net operating loss carryforward	148	440
Deferred compensation	1,101	621
Other	127	292
Total gross deferred tax assets	12,561	11,987
Deferred tax liabilities:		
Premises and equipment	3,430	2,067
Deferred loan fees and costs	990	1,119
Capitalized servicing rights	1,056	780
Goodwill and intangible assets	1,013	137
Net unrealized gains on securities (SFAS 115)	137	-
Other	737	368
Total gross deferred tax liabilities	7,363	4,471
Net deferred tax assets	\$ 5,198	7,516

At December 31, 2002, Wintrust had Federal net operating loss carryforwards of \$10.1 million which are available to offset future taxable income. These net operating losses expire in years 2005 through 2010 and are subject to certain statutory limitations. In addition, the Company

had state net operating loss carryforwards of \$3.1 million which are available to offset future taxable income and expire in 2011 through 2020.

Management believes that it is more likely than not that the recorded net deferred tax assets will be fully realized and therefore no valuation allowance is necessary. The basis for the conclusion that it is more likely than not that the deferred tax assets will be realized is based on the Company's historical earnings trend, its current level of earnings and prospects for continued growth and profitability.

(18) Employee Benefit and Stock Plans

The Wintrust Financial Corporation 1997 Stock Incentive Plan ("the Plan") permits the grant of incentive stock options, nonqualified stock options, rights and restricted stock. The Plan covers substantially all employees of Wintrust. A total of 4,481,038 shares of Common Stock may be granted under the Plan.

The Plan provides options to purchase shares of Wintrust's common stock at the fair market value of the stock on the date the option was granted. The incentive and nonqualified options generally vest ratably over a five-year period and expire at such time as the Compensation Committee shall determine at the time of grant, however, in no case shall they be exercisable later than ten years after the grant.

A summary of the Plan's aggregate stock option activity for 2002, 2001 and 2000 is as follows:

	Common Shares	Range of Strike Prices	Weighted Average Strike Price
Outstanding at December 31, 1999	2,568,643	\$ 3.87 – 14.50	\$ 8.77
Granted	206,550	9.21 – 11.92	10.33
Exercised	115,394	3.87 – 9.69	6.30
Forfeited or canceled	149,853	5.17 – 14.50	12.18
Outstanding at December 31, 2000	2,509,946	3.87 – 14.50	8.81
Granted	279,675	12.63 – 20.65	13.78
Exercised	105,774	5.17 – 12.92	9.30
Forfeited or canceled	46,626	5.17 – 12.92	11.31
Outstanding at December 31, 2001	2,637,221	3.87 – 20.65	9.26
Granted	759,409	18.81 – 30.59	21.80
Exercised	492,079	3.87 – 18.00	5.48
Forfeited or canceled	22,688	5.17 – 20.65	12.16
Outstanding at December 31, 2002	2,881,863	\$ 5.17 – 30.59	\$ 13.19

At December 31, 2002, 2001 and 2000, the weighted-average remaining contractual life of outstanding options was 6.0 years, 5.0 years and 5.6 years, respectively. Additionally, at December 31, 2002, 2001 and 2000, the number of options exercisable was 1,668,709, 1,935,569 and 1,835,887, respectively, and the weighted-average per share exercise price of those options was \$9.50, \$8.16 and \$7.85, respectively. Expiration dates for options outstanding at December 31, 2002 range from December 16, 2003 to December 23, 2012.

The following table presents certain information about the outstanding options and the currently exercisable options as of December 31, 2002:

Options Outstanding				Options Currently Exercisable	
Range of Exercise Prices	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term	Number of Shares	Weighted Average Exercise Price
\$ 5.17 – 7.18	395,904	\$ 5.59	1.55 years	395,904	\$ 5.59
7.58 – 9.90	492,979	8.90	3.57 years	468,679	8.88
10.17 – 11.63	449,710	11.04	6.62 years	334,750	11.10
11.92 – 12.00	458,335	12.00	5.03 years	370,481	12.00
12.29 – 14.50	287,475	12.71	7.69 years	91,095	12.79
18.48 – 18.81	510,065	18.80	9.05 years	3,300	18.48
20.61 – 24.92	112,295	21.11	9.05 years	4,500	20.64
29.11 – 30.59	175,100	30.53	9.94 years	-	-
\$ 5.17 – 30.59	2,881,863	\$ 13.19	5.98 years	1,668,709	\$ 9.50

Holders of Restricted Stock Unit Awards (“restricted stock”) are entitled to receive at no cost related shares of the Company’s common stock generally over periods of one to three years after the awards are granted. Holders of the restricted stock are not entitled to vote or receive cash dividends (or cash payments equal to the cash dividends) on the underlying common shares until the awards are vested. Except in limited circumstances, these awards are canceled upon termination of employment without any payment of consideration by the Company. In 2002, Restricted Stock Unit Awards, representing the rights to acquire 47,057 shares of common stock, were granted, with a grant-date per share value of \$18.82. As of December 31, 2002, all of these awards remained outstanding. The compensation expense for the restricted stock equals the quoted market price of the related stock at the date of grant and is accrued over the vesting period. The total compensation expense recognized for the restricted stock in 2002 was \$655,000. No restricted stock was granted prior to 2002.

Wintrust and its subsidiaries also provide 401(k) Retirement Savings Plans (“401(k) Plans”). The 401(k) Plans cover all employees meeting certain eligibility requirements. Contributions by employees are made through salary reductions at their direction, limited to the lesser of 10% of their eligible compensation, or \$11,000 in 2002 and \$10,500 in 2001 and 2000. Employer contributions to the 401(k) Plans are made at the employer’s discretion. Generally, participants completing 501 hours of service

are eligible to share in an allocation of employer contributions. The Company’s expense for the employer contributions to the 401(k) Plans was approximately \$790,000, \$246,000 and \$151,000 in 2002, 2001 and 2000, respectively.

The Wintrust Financial Corporation Employee Stock Purchase Plan (“SPP”) is designed to encourage greater stock ownership among employees, thereby enhancing employee commitment to the Company. The SPP gives eligible employees the right to accumulate funds over an offering period to purchase shares of Common Stock. The Company has reserved 375,000 shares of its authorized Common Stock for the SPP. All shares offered under the SPP will be either newly issued shares of the Company or shares issued from treasury, if any. In accordance with the SPP, the purchase price of the shares of Common Stock may not be lower than the lesser of 85% of the fair market value per share of the Common Stock on the first day of the offering period or 85% of the fair market value per share of the Common Stock on the last date for the offering period. The Company’s Board of Directors authorized a purchase price calculation at 90% of fair market value for each of the offering periods. During 2002, 2001 and 2000, a total of 34,123 shares, 14,454 shares and 13,441 shares, respectively, were issued to participant accounts and approximately \$286,000, \$98,000 and \$23,000, respectively, was recognized as compensation expense. The ninth offering period concludes on March 31, 2003. The Company

plans to continue to periodically offer Common Stock through this SPP subsequent to March 31, 2003.

The Company does not currently offer other postretirement benefits such as health care or other pension plans.

The Wintrust Financial Corporation Directors Deferred Fee and Stock Plan ("DDFS Plan") allows directors of the Company and its subsidiaries to choose payment of directors fees in either cash or common stock of the Company and to defer the receipt of the fees. The DDFS Plan is designed to encourage stock ownership by directors. The Company has reserved 225,000 shares of its authorized Common Stock for the DDFS Plan. All shares offered under the DDFS Plan will be either newly issued shares of the Company or shares issued from treasury. The number of shares issued is determined on a quarterly basis based on the fees earned during the quarter and the fair market value per share of the Common Stock on the last trading day of the preceding quarter. The shares are issued annually and the directors are entitled to dividends and voting rights upon the issuance of the shares. For those directors that elect to defer the receipt of the Common Stock, the Company maintains records of stock units representing an obligation to issue shares of Common Stock. The number of stock units equals the number of shares that would have been issued had the director not elected to defer receipt of the shares. Additional stock units are credited at the time dividends are paid, however no voting rights are associated with the stock units. The shares of Common Stock represented by the stock units are issued in the year specified by the directors in their participation agreements.

(19) Regulatory Matters

Banking laws place restrictions upon the amount of dividends which can be paid to Wintrust by the Banks. Based on these laws, the Banks could, subject to minimum capital requirements, declare dividends to Wintrust without obtaining regulatory approval in an amount not exceeding (a) undivided profits, and (b) the amount of net income reduced by dividends paid for the current and prior two years. No cash dividends were paid to Wintrust by the Banks for the year ended, December 31, 2002. During 2001 and 2000, cash dividends totaling \$13.5 million and \$16.0 million, respectively, were paid to Wintrust by the Banks. As of January 1, 2003, the Banks had approximately \$46.3 million available to be paid as dividends to Wintrust; however, only \$23.0 million was available as dividends from the Banks without reducing their capital below the well-capitalized level.

The Banks are also required by the Federal Reserve Act to maintain reserves against deposits. Reserves are held

either in the form of vault cash or balances maintained with the Federal Reserve Bank and are based on the average daily deposit balances and statutory reserve ratios prescribed by the type of deposit account. At December 31, 2002 and 2001, reserve balances of approximately \$23.0 million and \$4.9 million, respectively, were required.

The Company and the Banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Banks must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and the Banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Banks to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and Tier 1 leverage capital (as defined) to average quarterly assets (as defined).

The Federal Reserve's capital guidelines require bank holding companies to maintain a minimum ratio of qualifying total capital to risk-weighted assets of 8.0%, of which at least 4.0% must be in the form of Tier 1 Capital. The Federal Reserve also requires a minimum leverage ratio of Tier 1 Capital to total assets of 3.0% for strong bank holding companies (those rated a composite "1" under the Federal Reserve's rating system). For all other banking holding companies, the minimum ratio of Tier 1 Capital to total assets is 4.0%. In addition the Federal Reserve continues to consider the Tier 1 leverage ratio in evaluating proposals for expansion or new activities. As reflected in the following table, the Company met all minimum capital requirements at December 31, 2002 and 2001:

	2002	2001
Total Capital to Risk Weighted Assets	9.4%	8.5%
Tier 1 Capital to Risk Weighted Assets	8.0	7.7
Tier 1 Leverage Capital to Average Quarterly Assets	7.0	7.1

In connection with the acquisition of the Wayne Hummer Companies, Wintrust became designated as a Financial Holding Company. Bank holding companies approved as financial holding companies may engage in an expanded range of activities, including the businesses conducted by the Wayne Hummer Companies. As a financial holding company, Wintrust's Banks are required to maintain their capital positions at the "well-capitalized" level.

As of December 31, 2002, the most recent notification from the Banks' primary federal regulators, the Banks were categorized as well capitalized under the regulatory framework for prompt corrective action. The ratios required for the Banks to be "well capitalized" by regulatory definition are 10.0%, 6.0%, and 5.0% for the Total Capital-to-Risk Weighted Assets, Tier 1 Capital-to-Risk Weighted Assets and Tier 1 Leverage Capital-to-Average Quarterly Assets, respectively. There are no conditions or events since the most recent notification that management believes would materially affect the Banks' regulatory capital categories.

The Banks' actual capital amounts and ratios as of December 31, 2002 and 2001 are presented in the following table (dollars in thousands):

	December 31, 2002				December 31, 2001			
	Actual		To Be Well Capitalized by Regulatory Definition		Actual		To Be Well Capitalized by Regulatory Definition	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to Risk Weighted Assets):								
Lake Forest	\$ 80,218	11.0%	\$ 73,006	10.0%	\$ 60,219	10.1%	\$ 59,650	10.0%
Hinsdale	54,447	10.7	50,899	10.0	45,374	10.7	42,371	10.0
North Shore	71,121	11.4	62,409	10.0	46,201	10.1	45,928	10.0
Libertyville	43,036	10.4	41,408	10.0	30,732	10.2	30,207	10.0
Barrington	39,859	10.9	36,697	10.0	27,756	10.2	27,166	10.0
Crystal Lake	28,708	12.3	23,310	10.0	16,936	11.5	14,785	10.0
Northbrook	17,093	12.4	13,801	10.0	8,339	13.8	6,032	10.0
Tier 1 Capital (to Risk Weighted Assets):								
Lake Forest	\$ 75,736	10.4%	\$ 43,803	6.0%	\$ 56,921	9.5%	\$ 35,790	6.0%
Hinsdale	50,736	10.0	30,539	6.0	42,608	10.1	25,422	6.0
North Shore	67,827	10.9	37,446	6.0	43,470	9.5	27,557	6.0
Libertyville	40,432	9.8	24,845	6.0	28,596	9.5	18,124	6.0
Barrington	37,492	10.2	22,018	6.0	26,188	9.6	16,229	6.0
Crystal Lake	27,533	11.8	13,986	6.0	16,130	10.9	8,871	6.0
Northbrook	16,323	11.8	8,281	6.0	7,959	13.2	3,619	6.0
Tier 1 Leverage Capital (to Average Quarterly Assets):								
Lake Forest	\$ 75,736	8.1%	\$ 46,887	5.0%	\$ 56,921	7.8%	\$ 36,388	5.0%
Hinsdale	50,736	8.1	31,402	5.0	42,608	9.1	23,439	5.0
North Shore	67,827	9.4	35,939	5.0	43,470	8.1	26,967	5.0
Libertyville	40,432	8.4	24,135	5.0	28,596	8.2	17,554	5.0
Barrington	37,492	8.6	21,752	5.0	26,188	8.8	14,895	5.0
Crystal Lake	27,533	9.8	13,992	5.0	16,130	9.2	8,753	5.0
Northbrook	16,323	9.3	8,798	5.0	7,959	10.9	3,642	5.0

Wayne Hummer Investments, LLC (WHI) and Focused Investments, LLC (FI), as securities broker-dealers, are also subject to various capital rules imposed by the New York Stock Exchange and the Securities and Exchange Commission. At December 31, 2002, WHI had net capital of \$6.2 million, which was \$5.3 million in excess of its required minimum net capital and FI had net capital of \$208,000, which was \$158,000 in excess of its required minimum net capital.

(20) Commitments and Contingencies

The Company has outstanding, at any time, a number of commitments to extend credit to its customers. These commitments include revolving home line and other credit agreements, term loan commitments and standby letters of credit. These commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the Consolidated Statements of Condition. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. Commitments to extend credit at December 31, 2002 and 2001 were \$962.5 million and \$683.5 million, respectively. Standby and commercial letters of credit amounts were \$29.4 million and \$25.9 million at December 31, 2002 and 2001, respectively.

In connection with the sale of premium finance receivables, the Company continues to service the receivables and maintains a recourse obligation to the purchasers should the underlying borrowers default on their obligations. The estimated recourse obligation is taken into account in recording the sale, effectively reducing the gain recognized. As of December 31, 2002 and 2001, outstanding premium finance receivables sold to and serviced for third parties for which the Company has a recourse obligation were \$141.1 million and \$107.8 million, respectively.

In the ordinary course of business, there are legal proceedings pending against the Company and its subsidiaries. Management considers that the aggregate liabilities, if any, resulting from such actions would not have a material adverse effect on the financial position of the Company.

(21) Derivative Financial Instruments

The Company enters into certain derivative financial instruments as part of its strategy to manage its exposure to market risk. Market risk is the possibility that, due to changes in interest rates or other economic conditions, the Company's net interest income will be adversely affected. These 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 rate 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 rate. Derivatives could also be implicit in certain contracts and commitments. The derivative financial instruments that are currently being utilized by the Company include interest rate cap and interest rate swap contracts. The amounts potentially subject to market and credit risks are the streams of interest payments under the contracts and not the notional principal amounts used to express the volume of the transactions.

The Company recognizes all derivative financial instruments at fair value on the Consolidated Statement of Condition, regardless of the purpose or intent for holding the instrument. Derivatives are included in other assets or other liabilities, as appropriate. Changes in the fair value of derivative financial instruments are either recognized in income or in shareholders' equity as a component of comprehensive income depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or cash flow hedge. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in income in the same period and in the same income statement line as the changes in the fair values of the hedged items that relate to the hedged risk(s). Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective hedges, are recorded as a component of comprehensive income, net of deferred taxes. Changes in fair values of derivatives not qualifying as hedges are reported in income. Derivative contracts are valued using market values provided by the respective counterparties and are periodically validated by comparison with other third parties.

The Company hedges cash flow variability related to variable-rate funding products, specifically notes payable, subordinated notes and certain deposit products, through the use of pay-fixed interest rate swaps and interest rate caps. The Company also uses receive-fixed interest rate swaps to hedge the fair value of certain fixed rate funding products, specifically its trust-preferred securities.

Summary information related to interest rate derivatives used by the Company for interest-rate risk management and designated as accounting hedges under SFAS 133 at December 31, 2002 and 2001 follows (in thousands):

	December 31, 2002			December 31, 2001		
	Notional Amount	Asset	Liability	Notional Amount	Asset	Liability
CASH FLOW HEDGES						
Notes Payable:						
Pay-fixed interest rate swap	\$ 25,000	-	1,125	25,000	-	681
Subordinated note:						
Pay-fixed interest rate swap	25,000	-	723	-	-	-
Deposit products:						
Interest rate caps purchased	50,000	-	-	70,000	54	-
Total Cash Flow Hedges	100,000	-	1,848	95,000	54	681
FAIR VALUE HEDGES						
9.0% Trust-preferred securities:						
Callable, receive-fixed interest rate swap	31,050	-	156	-	-	-
Total Fair Value Hedges	31,050	-	156	-	-	-
Total derivatives used for interest rate risk management and designated in SFAS 133 relationships	\$ 131,050	-	2,004	95,000	54	681

All of the interest rate derivatives designated as hedges in SFAS 133 relationships were considered highly effective for the years ending December 31, 2002 and 2001, and none of the changes in fair value of these derivatives was attributed to hedge ineffectiveness.

The estimated amount of the existing losses on derivatives at December 31, 2002 that are expected to be reclassified into earnings within the next twelve months is approximately \$1.2 million.

At December 31, 2002 and 2001, the Company had \$25 million and \$185 million, respectively, of notional principal amounts of interest rate caps that were not designated as hedges pursuant to SFAS 133. The contract outstanding at December 31, 2002 expired on January 1, 2003. There was no value to these interest rate cap contracts as of December 31, 2002 and 2001.

On January 1, 2001, the Company adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." Derivatives owned by the Company on Janu-

ary 1, 2001, were not designated as hedges in accordance with SFAS 133. As a result, the effect of recording the derivatives at fair value upon adoption resulted in a charge of \$254,000 (net of tax) in the Consolidated Statement of Income to reflect the cumulative effect of a change in accounting principle.

Periodically, the Company will sell options to a bank or dealer for the right to purchase certain securities held within the Banks' investment portfolios. These covered call option transactions are designed primarily to increase the total return associated with holding these securities as earning assets. These covered call options do not qualify as hedges pursuant to SFAS 133, and accordingly, changes in the fair value of these contracts (which over the term of the contract equals the fee received from selling the options) are recognized as other non-interest income. There were no call options outstanding as of December 31, 2002 or 2001.

(22) Fair Value of Financial Instruments

SFAS 107, "Disclosures about Fair Value of Financial Instruments", defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2002 and 2001 (in thousands):

	At December 31, 2002		At December 31, 2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and cash equivalents	\$ 261,340	261,340	124,222	124,222
Available-for-sale securities	547,679	547,679	385,350	385,350
Trading account securities	5,558	5,558	-	-
Brokerage customer receivables	37,592	37,592	-	-
Mortgage loans held-for-sale	90,446	90,446	42,904	42,904
Loans, net of unearned income	2,556,086	2,565,618	2,018,479	2,036,504
Accrued interest receivable	11,536	11,536	10,702	10,702
Financial Liabilities:				
Non-maturity deposits	1,438,849	1,438,849	1,009,524	1,009,524
Deposits with stated maturities	1,650,275	1,673,514	1,305,112	1,318,137
Notes payable	44,025	44,025	46,575	46,575
Federal Home Loan Bank advances	140,000	151,782	90,000	88,819
Subordinated note	25,000	25,000	-	-
Other borrowings	46,708	46,708	28,074	28,074
Long-term debt - trust preferred securities	50,894	55,883	51,050	54,122
Accrued interest payable	4,573	4,573	3,999	3,999
Derivative contracts:				
Interest rate cap agreements	-	-	54	54
Interest rate swap contracts	(2,004)	(2,004)	(681)	(681)

Cash and cash equivalents: Cash and cash equivalents include cash and demand balances from banks, Federal funds sold and securities purchased under resale agreements and interest bearing deposits with banks. The carrying value of cash and cash equivalents approximates fair value due to the short maturity of those instruments.

Available-for-sale securities: The fair values of available-for-sale securities are based on quoted market prices, when available. If quoted market prices are not available, fair values are based on quoted market prices of comparable assets.

Trading account securities: The fair values of trading account securities are based on quoted market prices, when available. If quoted market prices are not available, fair values are based on quoted market prices of comparable assets.

Brokerage customer receivables: The carrying value of brokerage customer receivables approximates fair value

due to the relatively short period of time to repricing of variable interest rates. The brokerage customer receivables are charged interest rates similar to other such loans made within the industry.

Mortgage loans held-for-sale: Fair value is estimated using the prices of existing commitments to sell such loans and/or the quoted market prices for commitments to sell similar loans.

Loans: 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 into fixed and variable interest rate terms.

For variable-rate loans that reprice frequently, estimated fair values are based on carrying values. The fair value of fixed rate 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 loans is estimated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect credit and interest rate inherent in the loan.

Accrued interest receivable and accrued interest payable: The carrying value of accrued interest receivable and accrued interest payable approximates market value due to the relatively short period of time to expected realization.

Deposit liabilities: The fair value of deposits with no stated maturity, such as non-interest bearing deposits, savings, NOW accounts, brokerage customer deposits and money market accounts, is equal to the amount payable on demand as of year-end (i.e. the carrying value). 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.

Notes payable: The carrying value of notes payable approximates fair value due to the relatively short period of time to repricing of variable interest rates.

Federal Home Loan Bank advances: The fair value of Federal Home Loan Bank advances are determined using a discounted cash flow analysis based on current market rates of similar maturity debt securities.

Subordinated note: The carrying value of the subordinated note approximates fair value due to the relatively short period of time to repricing of variable interest rates.

Other borrowings: Carrying value of other borrowings approximates fair value due to the relatively short period of time to maturity or repricing.

Long-term debt: The fair value of long-term debt, which consists entirely of Trust Preferred Securities, are determined based on the quoted market prices as of the last business day of the year.

Interest rate cap and swap agreements: The fair value is based on quoted market prices as of the last business day of the year.

Commitments to extend credit and standby letters of credit: The fair value of commitments to extend credit is based on fees currently charged to enter into similar arrangements, the remaining term of the agreement, the present creditworthiness of the counterparty, and the difference between current interest rates and committed interest rates on the commitments. The majority of the

Company's commitments contain variable interest rates; thus the carrying value approximates fair value.

The fair value of letters of credit is based on fees currently charged for similar arrangements. The fair value of such commitments is not material and is not shown here.

The above fair value estimates were made at a point in time based on relevant market information and other assumptions about the financial instruments. As no active market exists for a significant portion of the Company's financial instruments, fair value estimates were based on judgements regarding current economic conditions, future expected cash flows and loss experience, risk characteristics and other factors. These estimates are subjective in nature and involve uncertainties and therefore cannot be calculated with precision. Changes in these assumptions could significantly affect these estimates. In addition, the fair value estimates only reflect existing on and off-balance sheet financial instruments and do not attempt to assess the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. For example, the value of depositor relationships, premises and equipment, intangible assets and the Company's trust and asset management business have not been considered.

(23) Shareholders' Equity

A summary of the Company's common and preferred stock at December 31, 2002 and 2001, is as follows:

	2002	2001
Common Stock:		
Shares authorized	30,000,000	30,000,000
Shares issued	17,216,270	14,531,665
Shares outstanding	17,216,270	14,531,665
Cash dividend per share	\$0.12	\$0.093
Preferred Stock:		
Shares authorized	20,000,000	20,000,000
Shares issued	-	-
Shares outstanding	-	-

The Company reserves shares of its authorized common stock specifically for its Stock Incentive Plan and its Employee Stock Purchase Plan. The reserved shares, and these plans, are detailed in Note 18 – Employee Benefit and Stock Plans.

The Company has designated 100,000 shares of its preferred stock as Junior Serial Preferred Stock A. These shares were designated in connection with the adoption of a Shareholder Rights Plan in 1998, and are reserved for issuance in the event the Rights become exercisable

under the plan. The Rights could be triggered in certain circumstances related to a person or group acquiring more than 15% of the Company's stock or commencing a tender or exchange offer to acquire 15% or more of the Company's stock without prior approval of the Company's Board of Directors. The Rights are evidenced by the certificates representing shares of Common Stock, are nondetachable and do not trade separately. The Rights will expire in April 2008.

The Company has issued warrants to acquire common stock. The warrants entitle the holders to purchase one share of the Company's common stock at purchase prices ranging from \$9.90 to \$10.00 per share. Warrants outstanding at December 31, 2002 and 2001 were 204,312 and 232,054, respectively. Expiration dates on the remaining outstanding warrants at December 31, 2002 range from December 2003 through November 2005.

In January 2002, the Company's Board of Directors approved a 3-for-2 stock split effected in the form of a 50% stock dividend. It was paid on March 14, 2002 to shareholders of record as of March 4, 2002. All historical share data and per share amounts in this report have been restated to reflect the stock split.

In February 2002, the Company issued 762,742 shares of its common stock in the acquisition of the Wayne Hummer Companies. In addition, in June 2002, the Company issued 1,185,000 of common stock through a public offering and another 177,750 shares in July pursuant to an over-allotment option granted to the underwriters. Net proceeds to the Company, including the over-allotment option, totaled \$36.5 million.

In June 2001, the Company issued 1,488,750 additional shares of its common stock through a public offering, realizing net proceeds of approximately \$22.2 million. The shares issued included the reissuance of 363,450 treasury shares.

At the January 2003 Board of Directors meeting, a semi-annual cash dividend of \$0.08 per share (\$0.16 on an annualized basis) was declared. It was paid on February 20, 2003 to shareholders of record as of February 6, 2003.

The following table summarizes the components of other comprehensive income, including the related income tax

effects, for the years ending December 31, 2002, 2001 and 2000 (in thousands):

	2002	2001	2000
Unrealized net gains (losses) on available-for-sale securities	\$ 3,168	(1,747)	2,895
Related tax (expense) benefit	(1,105)	588	(1,013)
Net after tax unrealized gains (losses) on available-for-sale securities	2,063	(1,159)	1,882
Less: reclassification adjustment for net gains (losses) realized in net income during the year	107	337	(40)
Related tax (expense) benefit	(38)	(118)	14
Net after tax reclassification adjustment	69	219	(26)
Net unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment	1,994	(1,378)	1,908
Net unrealized losses on derivatives used as cash flow hedges	(871)	(866)	-
Related tax benefit	305	303	-
Net unrealized losses on derivatives used as cash flow hedges	(566)	(563)	-
Total other comprehensive income (loss)	\$ 1,428	(1,941)	1,908

A rollforward of the change in accumulated other comprehensive income for the years ending December 31, 2002, 2001 and 2000 is as follows (in thousands):

	2002	2001	2000
Accumulated other comprehensive loss at beginning of year	\$ (2,304)	(363)	(2,271)
Other comprehensive income (loss)	1,428	(1,941)	1,908
Accumulated other comprehensive loss at end of year	\$ (876)	(2,304)	(363)

Accumulated other comprehensive income at December 31, 2002, 2001 and 2000 is comprised of the following components (in thousands):

	2002	2001	2000
Accumulated unrealized gains (losses) on securities available-for-sale	\$ 253	(1,741)	(363)
Accumulated unrealized losses on derivatives used as cash flow hedges	(1,129)	(563)	-
Total accumulated other comprehensive loss at end of year	\$ (876)	(2,304)	(363)

(24) Segment Information

The Company's operations consist of five primary segments: banking, premium finance, indirect auto, Tricom and wealth management. Through its seven bank subsidiaries located in several affluent suburban Chicago communities, the Company provides traditional community banking products and services to individuals and businesses such as accepting deposits, advancing loans, administering ATMs, maintaining safe deposit boxes, and providing other related services. The premium finance operations consist of financing the payment of commercial insurance premiums, on a national basis, through FIFC. Significant portions of the loans originated by FIFC are sold to the Banks and are retained in each of their loan portfolios. The indirect auto segment is operated from one of the Company's bank subsidiaries and is in the business of providing high quality new and used auto loans through a network of auto dealerships within the Chicago metropolitan area. All loans originated by this segment are currently retained within the Banks' loan portfolios. The Tricom segment encompasses the operations of the Company's non-bank subsidiary that provides 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 throughout the United States. The wealth management segment includes WHTC (previously known as Wintrust Asset Management Company), WHAMC, WHI and FI. In addition to offering trust services to existing customers of the Banks, WHTC targets affluent individuals and small to mid-size businesses whose needs command personalized attention by experienced trust and asset management professionals. WHI provides a full-range of investment products and services tailored to meet the specific needs of individual investors, primarily in the Midwest. Additionally, WHAMC is the investment advisory affiliate of WHI and is advisor to the Wayne

Hummer family of mutual funds and FI, a NASD broker/dealer, provides a full range of investment services to clients through a network of relationships with community-based financial institutions primarily in Illinois.

The five 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. The banking and indirect auto segments also have a different regulatory environment than the premium finance, Tricom and wealth management segments. While the Company's chief decision makers monitor each of the seven 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.

The segment financial information provided in the following tables has been derived from the internal profitability reporting system used by management and the chief decision makers to monitor and manage the financial performance of the Company. The accounting policies of the segments are generally the same as those described in the Summary of Significant Accounting Policies in Note 1 to the Consolidated Financial Statements. The Company evaluates segment performance based on after-tax profit or loss and other appropriate profitability measures common to each segment. Certain indirect expenses have been allocated based on actual volume measurements and other criteria, as appropriate. Intersegment revenue and transfers are generally accounted for at current market prices. The Parent and Intersegment Eliminations reflects parent company information and intersegment eliminations.

The following is a summary of certain operating information for reportable segments (in thousands):

	Banking	Premium Finance	Indirect Auto	Tricom	Wealth Management	Parent & Intersegment Eliminations	Consolidated
2002							
Net interest income	\$ 89,264	34,014	8,008	4,246	4,056	(41,460)	98,128
Provision for loan losses	8,761	3,158	786	40	-	(2,424)	10,321
Non-interest income	25,864	4,623	50	3,501	26,152	482	60,672
Non-interest expense	62,324	10,761	2,239	5,053	30,730	(5,123)	105,984
Income tax expense (benefit)	15,329	9,813	1,998	1,081	(192)	(13,409)	14,620
Net income (loss)	\$ 28,714	14,905	3,035	1,573	(330)	(20,022)	27,875
Total assets at end of period	\$ 3,645,466	517,359	184,018	34,977	75,354	(735,619)	3,721,555
2001							
Net interest income	\$ 69,937	26,911	6,796	3,936	755	(34,321)	74,014
Provision for loan losses	7,023	3,611	928	88	-	(3,750)	7,900
Non-interest income	18,520	4,520	10	4,084	1,996	(332)	28,798
Non-interest expense ⁽¹⁾	49,059	10,288	2,203	5,813	3,421	(4,586)	66,198
Income tax expense (benefit) ⁽¹⁾	11,528	6,960	1,459	870	(257)	(10,285)	10,275
Net income (loss)	\$ 20,847	10,572	2,216	1,249	(413)	(16,032)	18,439
Total assets at end of period	\$ 2,674,121	375,221	189,912	28,121	5,588	(567,541)	2,705,422
2000							
Net interest income	\$ 57,220	14,824	6,489	3,640	508	(21,681)	61,000
Provision for loan losses	4,833	1,409	1,640	15	-	(2,842)	5,055
Non-interest income	8,627	3,831	2	4,476	1,971	(601)	18,306
Non-interest expense	38,198	12,952	2,205	5,358	3,156	(4,066)	57,803
Income tax expense (benefit)	8,045	1,705	1,050	1,113	(264)	(6,356)	5,293
Net income (loss)	\$ 14,771	2,589	1,596	1,630	(413)	(9,018)	11,155
Total assets at end of period	\$ 2,071,147	360,218	209,813	31,883	5,492	(575,747)	2,102,806

(1) Includes amounts reported on the Consolidated Statements of Income as a cumulative effect of accounting change.

The premium finance and indirect auto segment information shown in the above tables was derived from their internal profitability reports, which assumes that all loans originated and sold to the banking segment are retained within the segment that originated the loans. All related loan interest income, allocations for interest expense, provisions for loan losses and allocations for other expenses are included in the premium finance and indirect auto segments. The banking segment information also includes all amounts related to these loans, as these

loans are retained within the Banks' loan portfolios. Accordingly, the intersegment eliminations include adjustments necessary for each category to agree with the related consolidated financial statements. The intersegment elimination amounts reflected in the Income Tax Expense (Benefit) category also includes the recognition of income tax benefits from the realization of previously unvalued tax loss benefits in 2000.

(25) Condensed Parent Company Financial Statements

Condensed Balance Sheets

(in thousands):

	December 31,	
	2002	2001
Assets		
Cash	\$ 55	232
Other investments	155	1,772
Loans	1,700	1,200
Investment in subsidiaries	350,462	233,637
Other assets	7,837	6,428
Total assets	\$ 360,209	243,269
Liabilities and Shareholders' Equity		
Other liabilities	\$ 6,710	2,787
Notes payable	44,025	46,575
Subordinated note	25,000	-
Other borrowings	5,000	-
Long-term debt - trust preferred securities	52,472	52,629
Shareholders' equity	227,002	141,278
Total liabilities and shareholders' equity	\$ 360,209	243,269

Condensed Statements of Income

(in thousands):

	Year Ended December 31,		
	2002	2001	2000
Income			
Dividends from subsidiaries	\$ -	13,500	16,000
Other income	829	284	101
Total income	829	13,784	16,101
Expenses			
Interest expense	7,836	7,082	5,297
Salaries and employee benefits	1,271	692	641
Amortization of goodwill	-	104	104
Other expenses	1,756	1,723	1,382
Total expenses	10,863	9,601	7,424
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	(10,034)	4,183	8,677
Income tax benefit	(3,642)	(3,515)	(2,841)
Income (loss) before equity in undistributed net income of subsidiaries	(6,392)	7,698	11,518
Equity in undistributed net income (loss) of subsidiaries	34,267	10,741	(363)
Net income	\$ 27,875	18,439	11,155

Condensed Statements of Cash Flows

(in thousands):

	Year Ended December 31,		
	2002	2001	2000
Operating activities:			
Net income	\$ 27,875	18,439	11,155
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	185	398	338
Deferred income tax expense (benefit)	251	(135)	(337)
Tax benefit from exercises of stock options	2,809	312	151
Increase in other assets	(1,863)	(2,971)	(1,286)
Increase in other liabilities	4,422	1,345	401
Equity in undistributed net (income) loss of subsidiaries	(34,267)	(10,741)	363
Net cash provided by (used for) operating activities	(588)	6,647	10,785
Investing activities:			
Capital contributions to subsidiaries	(60,035)	(48,150)	(44,169)
Other investing activity, net	(549)	231	(2,532)
Net cash used for investing activities	(60,584)	(47,919)	(46,701)
Financing activities:			
Increase (decrease) in notes payable, net	(2,550)	19,000	19,225
Proceeds from issuance of subordinated note	25,000	-	-
Proceeds from trust preferred securities offering	-	-	20,619
Common stock issuance, net	36,512	22,222	-
Common stock issued upon exercise of stock options	2,695	984	727
Common stock issued through employee stock purchase plan	974	254	126
Proceeds from conversion of common stock warrants	277	11	-
Dividends paid	(1,903)	(1,279)	(875)
Purchases of common stock	(10)	-	(3,863)
Net cash provided by financing activities	60,995	41,192	35,959
Net increase (decrease) in cash	(177)	(80)	43
Cash at beginning of year	232	312	269
Cash at end of year	\$ 55	232	312

(26) Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per common share for 2002, 2001 and 2000 (in thousands, except per share data):

		2002	2001	2000
Net income	(A)	\$ 27,875	18,439	11,155
Average common shares outstanding	(B)	16,334	13,734	13,066
Effect of dilutive common shares		1,111	811	345
Weighted average common shares and effect of dilutive common shares	(C)	17,445	14,545	13,411
Net income per common share - Basic	(A/B)	\$ 1.71	1.34	0.85
Net income per common share - Diluted	(A/C)	\$ 1.60	1.27	0.83

The effect of dilutive common shares outstanding results from stock options, restricted stock unit awards, stock warrants, shares to be issued under the SPP and the DDFS Plan all being treated as if they had been either exercised or issued, and are computed by application of the treasury stock method.

(27) Quarterly Financial Summary (Unaudited)

The following is a summary of quarterly financial information for the years ended December 31, 2002 and 2001 (in thousands, except per share data):

	2002 Quarters				2001 Quarters			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Interest income	\$ 41,971	44,538	47,545	48,179	41,782	41,390	42,529	40,754
Interest expense	19,803	20,121	22,130	22,051	24,506	23,375	23,399	21,161
Net interest income	22,168	24,417	25,415	26,128	17,276	18,015	19,130	19,593
Provision for loan losses	2,348	2,483	2,504	2,986	1,638	2,264	2,100	1,898
Net interest income after provision for loan losses	19,820	21,934	22,911	23,142	15,638	15,751	17,030	17,695
Non-interest income, excluding net securities gains (losses)	12,967	13,709	15,761	18,128	6,564	7,305	7,158	7,434
Net securities gains (losses)	(215)	62	196	64	286	86	(57)	22
Non-interest expense	22,679	25,906	27,944	29,455	15,971	16,282	16,339	17,191
Income before income taxes	9,893	9,799	10,924	11,879	6,517	6,860	7,792	7,960
Income tax expense	3,531	3,492	3,640	3,957	2,359	2,497	2,784	2,796
Cumulative effect of a change in accounting for derivatives, net of tax	-	-	-	-	(254)	-	-	-
Net income	\$ 6,362	6,307	7,284	7,922	3,904	4,363	5,008	5,164
Net income per common share:								
Basic	\$ 0.42	0.40	0.43	0.46	0.30	0.34	0.34	0.36
Diluted	\$ 0.40	0.37	0.40	0.43	0.29	0.32	0.33	0.33
Cash dividends declared per common share	\$ 0.06	-	0.06	-	0.047	-	0.047	-

(28) Subsequent Events

On February 4, 2003, Wintrust completed its previously announced acquisition of Lake Forest Capital Management Company. Lake Forest Capital Management Company, based in Lake Forest, Illinois, is a 21-year old well-respected asset manager with approximately \$300 million in assets under management. Clients include high net worth individuals, corporations, foundations, endowments and public entities. Lake Forest Capital Management is a registered investment advisor and delivers its products and services with a highly personalized approach customized to client needs. Lake Forest Capital Management will retain its name and has been merged into and will operate as a separate division of WHAMC, Wintrust's existing asset management subsidiary.

The acquisition of Lake Forest Capital Management Company will further expand our wealth management business in the Chicago metropolitan area.

Report of Independent Auditors

The Board of Directors
Wintrust Financial Corporation

We have audited the accompanying consolidated statements of condition of Wintrust Financial Corporation and subsidiaries (the "Company") as of December 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for the three years in the period ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the financial statements, in 2002 the Company changed its method of accounting for goodwill.

Ernst & Young LLP

Chicago, Illinois
March 7, 2003

Management's Discussion and Analysis

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

The following discussion highlights the significant factors affecting the operations and financial condition of Wintrust for the three years ended December 31, 2002. This discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, and Selected Financial Highlights appearing elsewhere within this report. This discussion contains forward-looking statements concerning the Company's business that are based on estimates and involve risks and uncertainties. Therefore, future results could differ significantly from management's current expectations and the related forward-looking statements. See the last section of this discussion for further information regarding forward-looking statements.

OPERATING SUMMARY

Wintrust's key measures of profitability and balance sheet growth continued to show improvement in 2002, as evidenced by the following table (dollars in thousands, except per share data):

	Year Ended December 31,		% or basis point
	2002	2001	(bp)change
Net income	\$ 27,875	\$ 18,439	51%
Net income per common share - Diluted	\$1.60	\$1.27	26%
Net revenues	\$ 158,800	\$ 102,812	54%
Net interest income	\$ 98,128	\$ 74,014	33%
Net interest margin	3.34%	3.49%	(15) bp
Core net interest margin ⁽¹⁾	3.51%	3.73%	(22) bp
Net overhead ratio ⁽²⁾	1.41%	1.59%	(18) bp
Return on average assets	0.87%	0.79%	8 bp
Return on average equity	14.76%	15.24%	(48) bp
At end of period:			
Total assets	\$3,721,555	\$2,705,422	38%
Total loans, net of unearned income	\$2,556,086	\$2,018,479	27%
Total deposits	\$3,089,124	\$2,314,636	33%
Book value per common share	\$ 13.19	\$ 9.72	36%
Market price per common share	\$ 31.32	\$ 20.38	54%

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

(2) The net overhead ratio is calculated by netting total non-interest expense and total non-interest income, and dividing by that period's total average assets. A lower ratio indicates a higher degree of efficiency.

Wintrust's net income increased 51% in 2002, after increasing 65% in 2001 over 2000. On a per share basis, net income per diluted common share increased 26% in 2002, after increasing 53% in 2001. The lower growth rates in the earnings per share in 2002 and 2001, as compared to net income, were due to the issuances of approximately 1.4 million shares of common stock in 2002 and 1.5 million shares in 2001 from additional stock offerings as well as the issuance of 762,742 shares in February 2002 in connection with acquisition of the Wayne Hummer Companies.

On January 24, 2002, the Company's Board of Directors approved a 3-for-2 stock split of the Company's common stock which was effected in the form of a 50% stock dividend. All historical share data and per share amounts included in this report have been restated to reflect the stock split.

Please refer to the Consolidated Results of Operations section later in this discussion for further analysis of the Company's operations for the past three years.

SUMMARY OF CRITICAL ACCOUNTING POLICIES

The Company's Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States and prevailing practices of the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions, and judgments. 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. Estimates, assumptions and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The fair values and the information used to record valuation adjustments for certain assets and liabilities are based either on quoted market prices or are provided by other third-party sources, when available. When third party information is not available, valuation adjustments are estimated in good faith by management primarily through the use of internal cash flow modeling techniques.

A summary of the Company's significant accounting policies is presented in Note 1 to the Consolidated Financial Statements. These policies, along with the disclosures presented in the other financial statement notes and in this Management's Discussion and Analysis section, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Management has identified the determination of the allowance for loan losses and the valuation of the retained interest in the premium finance receivables sold 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.

The allowance for loan losses represents management's estimate of probable credit losses inherent in the loan portfolio. Determining the amount of the allowance for loan losses is considered a critical accounting estimate because it requires significant judgment and the use of estimates related to the amount and timing of expected future cash flows in impaired loans, estimated losses on pools of homogeneous loans based on historical loss experience, and consideration of current economic trends and conditions, all of which are susceptible to significant change. The loan portfolio also represents the largest asset type on the consolidated balance sheet. Management has established credit committees at each of the Banks that evaluate the credit quality of the loan portfolio and the level of the adequacy of the allowance for loan losses. See Note 1 to the Consolidated Financial Statements and the section titled "Credit Risk and Asset Quality" later in this report for a description of the methodology used to determine the allowance for loan losses.

The gains on the sale of premium finance receivables are determined based on management's estimates of the underlying future cash flows of the loans sold. Cash flow projections are used to allocate the Company's initial investment in a loan between the loan, the servicing asset and the Company's retained interest, including its guarantee obligation, based on their relative fair values. Gains or losses are recognized for the difference between the proceeds received and the cost basis allocated to the loan. The Company's retained interest includes a servicing asset, an interest only strip and a guarantee obligation pursuant to the terms of the sale agreement. The estimates of future cash flows from the underlying loans incorporate assumptions for prepayments, late payments and other factors. The Company's guarantee obligation is estimated based on the historical loss experience and credit risk factors of the loans. If actual cash flows from the underlying loans are less than

originally anticipated, the Company's retained interest may be impaired, and such impairment would be recorded as a charge to earnings. Because the terms of the loans sold are less than ten months, the estimation of the cash flows is inherently easier to monitor than if the assets had longer durations, such as mortgage loans. See Note 1 to the Consolidated Financial Statements and the section titled "Non-interest Income" later in this report for further analysis of the gains on sale of premium finance receivables.

OVERVIEW AND STRATEGY

Wintrust is a financial holding company, providing traditional community banking services as well as a full array of wealth management services. Wintrust's bank subsidiaries were organized within the last eleven years. The Company has grown rapidly during the past few years and its Banks have been among the fastest growing community-oriented de novo banking operations in Illinois and the country. The historical financial performance of the Company has been affected by costs associated with growing market share in deposits and loans, establishing new banks and opening new branch facilities, and building an experienced management team. The Company's financial performance over the past several years generally reflects improving profitability of its operating subsidiaries, as they mature, offset by the costs of opening new banks and branch facilities. The Company's experience has been that it generally takes 13-24 months for new banking offices to first achieve operational profitability.

While committed to a continuing growth strategy, management's ongoing focus is also to balance further asset growth with earnings growth by seeking to more fully leverage the existing capacity within each of the Banks and non-bank subsidiaries. One aspect of this strategy is to continue to pursue specialized lending or earning asset niches in order to maintain the mix of earning assets in higher-yielding loans as well as diversify the loan portfolio. Another aspect of this strategy is a continued focus on less aggressive deposit pricing at the Banks with significant market share and more established customer bases.

Wintrust also provides a full range of wealth management services through its trust, asset management and broker-dealer subsidiaries. Wintrust is committed to growing this segment of its business, as evidenced by its acquisition of the Wayne Hummer Companies in February 2002 and Lake Forest Capital Management in early 2003.

De Novo Bank Formation and Branch Opening Activity

The Company has developed its community banking franchise through the formation of seven banks as well as opening branch offices of the Banks. As of December 31, 2002, the Company had 31 banking facilities. One additional branch office was opened in January 2003, and construction of several other offices is currently underway. The following table illustrates the progression of bank and branch openings that have contributed to the Company's growth and results of operations since inception. The opening of a new bank subsidiary is noted in bold.

Month	Year	Bank	Location	Type of Facility
January	2003	Crystal Lake Bank	Cary, Illinois ⁽⁹⁾	Branch
July	2002	Crystal Lake Bank	McHenry, Illinois ⁽⁵⁾	New permanent facility
June	2002	Libertyville Bank	Wauconda, Illinois ⁽⁴⁾	New permanent facility
June	2002	Lake Forest Bank	Highland Park, Illinois ⁽⁸⁾	Branch
January	2002	Hinsdale Bank	Riverside, Illinois ⁽⁷⁾	Branch
December	2001	Northbrook Bank	Northbrook, Illinois	New permanent facility
September	2001	Barrington Bank	Hoffman Estates ⁽⁶⁾	Branch
February	2001	Crystal Lake Bank	McHenry, Illinois ⁽⁵⁾	Branch
November	2000	Northbrook Bank	Northbrook, Illinois	Bank
July	2000	Libertyville Bank	Wauconda, Illinois ⁽⁴⁾	Branch
May	2000	Libertyville Bank	Wauconda, Illinois ⁽⁴⁾	Drive-up
February	2000	Lake Forest Bank	Highwood, Illinois ⁽³⁾	Branch
October	1999	North Shore Bank	Skokie, Illinois	Branch
September	1999	Crystal Lake Bank	Crystal Lake, Illinois	Branch
June	1999	Lake Forest Bank	Lake Forest, Illinois	Bank/Corporate expansion
March	1999	Crystal Lake Bank	Crystal Lake, Illinois	Drive-up/walk-up
January	1999	Hinsdale Bank	Western Springs, Illinois ⁽²⁾	New permanent facility
October	1998	Libertyville Bank	Libertyville, Illinois	Branch
September	1998	Crystal Lake Bank	Crystal Lake, Illinois	New permanent facility
May	1998	North Shore Bank	Glencoe, Illinois	Drive-up/walk-up
April	1998	North Shore Bank	Wilmette, Illinois	Walk-up
December	1997	Crystal Lake Bank	Crystal Lake, Illinois	Bank
November	1997	Hinsdale Bank	Western Springs, Illinois ⁽²⁾	Branch
February	1997	Lake Forest Bank	Lake Forest, Illinois	Drive-up/walk-up
December	1996	Barrington Bank	Barrington, Illinois	Bank
August	1996	Hinsdale Bank	Clarendon Hills, Illinois ⁽¹⁾	Branch
May	1996	North Shore Bank	Winnetka, Illinois	Branch
November	1995	North Shore Bank	Wilmette, Illinois	Drive-up/walk-up
October	1995	Hinsdale Bank	Hinsdale, Illinois	Drive-up/walk-up
October	1995	Libertyville Bank	Libertyville, Illinois	Bank
October	1995	Libertyville Bank	Libertyville, Illinois	Drive-up/walk-up
October	1995	North Shore Bank	Glencoe, Illinois	Branch
May	1995	Lake Forest Bank	West Lake Forest, Illinois	Branch
December	1994	Lake Forest Bank	Lake Bluff, Illinois	Branch
September	1994	North Shore Bank	Wilmette, Illinois	Bank
April	1994	Lake Forest Bank	Lake Forest, Illinois	New permanent facilities
October	1993	Hinsdale Bank	Hinsdale, Illinois	Bank
April	1993	Lake Forest Bank	Lake Forest, Illinois	Drive-up/walk-up
December	1991	Lake Forest Bank	Lake Forest, Illinois	Bank

(1) Operates in this location as Clarendon Hills Bank, a branch of Hinsdale Bank.

(2) Operates in this location as Community Bank of Western Springs, a branch of Hinsdale Bank.

(3) Operates in this location as Bank of Highwood-Fort Sheridan, a branch of Lake Forest Bank.

(4) Operates in this location as Wauconda Community Bank, a branch of Libertyville Bank.

(5) Operates in this location as McHenry Bank & Trust, a branch of Crystal Lake Bank.

(6) Operates in this location as Hoffman Estates Community Bank, a branch of Barrington Bank.

(7) Operates in this location as Riverside Bank, a branch of Hinsdale Bank.

(8) Operates in this location as Highland Park Bank & Trust, a branch of Lake Forest Bank.

(9) Operates in this location as Cary Bank & Trust, a branch of Crystal Lake Bank.

Earning Asset, Wealth Management and Other Business Niches

As previously mentioned, the Company continues to pursue specialized earning asset and business niches in order to maximize the Company's revenue stream as well as diversify its loan portfolio. A summary of the Company's more significant earning asset niches and non-bank operating subsidiaries follows.

On February 20, 2002, the Company completed its acquisition of the Wayne Hummer Companies, comprising Wayne Hummer Investments LLC ("WHI"), Wayne Hummer Management Company (subsequently renamed Wayne Hummer Asset Management Company "WHAMC") and Focused Investments LLC ("FI"), each based in the Chicago area.

WHI, a registered broker-dealer, provides a full-range of investment products and services tailored to meet the specific needs of individual investors throughout the country, primarily in the Midwest. Although headquartered in Chicago, WHI also operates an office in Appleton, Wisconsin that opened in 1936 and serves the greater Appleton area. As of December 31, 2002, WHI established branch locations in offices at Lake Forest Bank and Hinsdale Bank. It is the Company's intent to continue to open WHI branches at each of the Banks. WHI is a member of the New York Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers, and has approximately \$4.0 billion in client assets at December 31, 2002.

WHAMC, a registered investment advisor, is the investment advisory affiliate of WHI and is advisor to the Wayne Hummer family of mutual funds, which includes the Wayne Hummer Growth Fund, the Wayne Hummer Core Portfolio Fund, the Wayne Hummer Income Fund, and the Wayne Hummer Money Market Fund. WHAMC also provides money management services and advisory services to individuals and institutional, municipal and tax-exempt organizations. WHAMC also provides portfolio management and financial supervision for a wide-range of pension and profit sharing plans. At December 31, 2002, individual accounts managed by WHAMC totaled approximately \$384 million while the four managed mutual funds had approximately \$324 million in total assets.

FI, a NASD member broker/dealer, is a wholly-owned subsidiary of WHI and provides a full range of investment services to clients through a network of relationships with community-based financial institutions primarily in Illinois.

To further expand the Company's wealth management business in the Chicago metropolitan area, on February 4, 2003, the Company acquired Lake Forest Capital Management Company, a registered investment advisor with approximately \$300 million of assets under management as of December 31, 2002.

In September 1998, the Company formed a trust subsidiary originally named Wintrust Asset Management Company, which was renamed in May 2002 to Wayne Hummer Trust Company ("WHTC") to expand the trust and investment management services that were previously provided through the trust department of Lake Forest Bank. With a separately chartered trust subsidiary, the Company is better able to offer trust and investment management services to all communities served by the Banks. In addition to offering these services to existing bank customers at each of the Banks, the Company believes WHTC can successfully compete for trust business by targeting small to mid-size businesses and affluent individuals whose needs command the personalized attention offered by WHTC's experienced trust professionals. Services offered by WHTC typically include traditional trust products and services, as well as investment management services. Assets under administration by WHTC as of December 31, 2002 were approximately \$445 million.

FIFC is the Company's most significant specialized earning asset niche, originating approximately \$1.7 billion in loan (premium finance receivables) volume during 2002. FIFC makes loans to businesses to finance the insurance premiums they pay on their commercial insurance policies. The loans are originated by FIFC working through independent medium and large insurance agents and brokers located throughout the United States. The insurance premiums financed are primarily for commercial customers' purchases of liability, property and casualty and other commercial insurance. This lending involves relatively rapid turnover of the loan portfolio and high volume of loan originations. Because of the indirect nature of this lending and because the borrowers are located nationwide, this segment may be more susceptible to third party fraud. The majority of these loans are purchased by the Banks in order to more fully utilize their lending capacity. These loans generally provide the Banks higher yields than alternative investments. However, as a result of continued growth in origination volume in 2002, FIFC sold approximately \$311 million, or 18%, of the receivables generated during the year to an unrelated third party with servicing retained. The Company began selling the excess of FIFC's originations over

the capacity to retain such loans within the Banks' loan portfolios during 1999. In addition to recognizing gains on the sale of these receivables, the proceeds provide the Company with additional liquidity. Consistent with the Company's strategy to be asset-driven, it is probable that similar sales of these receivables will occur in the future; however, future sales of these receivables depends on the level of new volume growth in relation to the capacity to retain such loans within the Banks' loan portfolios. See Consolidated Results of Operations for further information on these loan sales.

In October 1999, the Company acquired Tricom as part of its continuing strategy to pursue specialized earning asset niches. Tricom is a Milwaukee-based company that has been in business for more than ten years and specializes in providing high-yielding, short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to clients in the temporary staffing industry. Tricom's clients, located throughout the United States, provide staffing services to businesses in diversified industries. These receivables may involve greater credit risks than generally associated with the loan portfolios of more traditional community banks depending on the marketability of the collateral. The principal sources of repayments on the receivables are payments received by the borrowers from their customers who are located throughout the United States. The Company mitigates this risk by employing lockboxes and other cash management techniques to protect its interests. By virtue of the Company's funding resources, this acquisition has provided Tricom with additional capital necessary to expand its financing services in a national market. Tricom's revenue principally consists of interest income from financing activities and fee-based revenues from administrative services. In addition to expanding the Company's earning asset niches, Tricom has contributed to higher fee-based income. During 2002, Tricom processed payrolls with associated client billings of approximately \$245 million and generated approximately \$7.7 million of net revenues.

In addition to the earning asset niches provided by the Company's non-bank subsidiaries, several earning asset niches operate within the Banks, including indirect auto lending which is conducted through a division of Hinsdale Bank, Lake Forest Bank's equipment leasing division and Barrington Bank's Community Advantage program that provides lending, deposit and cash management services to condominium, homeowner and community

associations. In addition, Hinsdale Bank operates a mortgage warehouse lending program that provides loan and deposit services to mortgage brokerage companies located predominantly in the Chicago metropolitan area and Crystal Lake Bank has recently developed a specialty in small aircraft lending. The Company continues to pursue the development or acquisition of other specialty lending businesses that generate assets suitable for bank investment and/or secondary market sales.

CONSOLIDATED RESULTS OF OPERATIONS

The following discussion of Wintrust's results of operations requires an understanding that the Company's bank subsidiaries have all been started as new banks since December 1991. The Company's premium finance company, FIFC, began limited operations in 1991 as a start-up company. The Company's trust subsidiary, WHTC, began operations in September 1998. Previously, the Company's Lake Forest Bank operated a trust department on a much smaller scale than WHTC. Tricom started operations as a new company in 1989 and was acquired by the Company in 1999. In February 2002, Wintrust acquired the Wayne Hummer Companies, expanding and diversifying its revenue streams with asset management and brokerage fees. Accordingly, Wintrust is still a young company that has a strategy of continuing to build its customer base and securing broad product penetration in each marketplace that it serves. The Company has expanded its banking franchise from three banks with five offices in 1994 to seven banks with 31 offices at the end of 2002. FIFC has matured from its limited operations in 1991 to a company that generated, on a national basis, \$1.7 billion in premium finance receivables in 2002. In addition, WHTC has been building a team of experienced trust professionals who are located within the banking offices of five of the seven subsidiary Banks. These expansion activities have understandably suppressed faster, opportunistic earnings. However, as the Company matures and existing banks become more profitable, the start-up costs associated with future bank and branch openings and other new financial services ventures will not have as significant an impact on earnings. Additionally, the Company's more mature banks have several operating ratios that are either comparable to or better than peer group data, suggesting that as the Banks become more established, the overall earnings level will continue to increase.

Earnings Summary

Net income for the year ended December 31, 2002 totaled \$27.9 million, or \$1.60 per diluted common share, compared to \$18.4 million, or \$1.27 per diluted share, in 2001, and \$11.2 million, or \$0.83 per diluted share in 2000. During 2002, net income increased 51% while earnings per diluted common share increased 26%, and during 2001, net income increased 65% while earnings per diluted common share increased 53%. The lower growth rates in the earnings per share in 2002 and 2001, as compared to net income, were due to the issuances of approximately 1.4 million shares of common stock in 2002 and 1.5 million shares in 2001 from additional stock offerings as well as the issuance of 762,742 shares in February 2002 in connection with acquisition of the Wayne Hummer Companies. Return on average equity was 14.76% in 2002, 15.24% in 2001 and 11.51% in 2000.

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. In order to compare the tax-exempt asset yields to taxable yields, interest income in the following discussion and tables is adjusted to tax-equivalent yields based on the marginal corporate Federal tax rate of 35%.

Tax-equivalent net interest income in 2002 totaled \$99.0 million, up from \$74.9 million in 2001 and \$61.6 million in 2000, representing increases of \$24.2 million, or 32%, in 2002 and \$13.3 million, or 22%, in 2001. These increases were primarily attributable to increases in average earning assets, offset in part by lower yields and rates. The table on page 61, titled "Changes in Interest Income and Expense" presents the dollar amount of changes in interest income and expense, by major category, attributable to changes in the volume of the balance sheet category and changes in the rate earned or paid with respect to that category of assets or liabilities, for 2002 and 2001. Average earning assets increased \$818.2 million, or 38%, in 2002 and \$467.0 million, or 28%, in 2001. Loans are the most significant component of the earning asset base as they earn interest at a higher rate than the other earning assets. Average loans

increased \$568.4 million, or 32%, in 2002 and \$370.2 million, or 26%, in 2001. Total average loans as a percentage of total average earning assets were 79.4%, 83.2% and 84.3% in 2002, 2001, and 2000, respectively. The average yield on loans was 6.75% in 2002, 8.39% in 2001 and 9.28% in 2000, reflecting decreases of 164 basis points in 2002 and 89 basis points in 2001. These decreases reflect the sustained decreases in overall market rates experienced during 2002 and 2001. Similarly, the average rate paid on interest bearing deposits, the largest component of the Company's interest bearing liabilities, was 2.92% in 2002, 4.55% in 2001 and 5.43% in 2000, representing decreases of 163 basis points in 2002 and 88 basis points in 2001. Net interest margin, which reflects net interest income as a percent of average earning assets, was 3.34% in 2002, 3.49% in 2001 and 3.66% in 2000. The decreases in the net interest margin in 2002 and 2001 were due to the Company's asset sensitive balance sheet and continued decreases in short-term rates throughout 2002 and 2001 causing compression in the spread between the yields earned on interest earning assets and the rates paid on interest bearing liabilities. During 2002 and 2001, the Federal Reserve Bank cut short-term interest rates twelve times, resulting in a decrease in short-term rates totaling 50 basis points in 2002 and 475 basis points in 2001 and the lowest rate environment in recent history. Compression resulted when deposit rates could not be reduced in the same magnitude as decreases in short term market rates due to the low level of the rate paid on certain deposit accounts. The core net interest margin, which excludes the impact of the Company's Trust Preferred Securities, was 3.51% in 2002, 3.73% in 2001 and 3.91% in 2000.

Average Balance Sheets, Interest Income and Expense, and Interest Rate Yields and Costs

The following table sets forth the average balances, the interest earned or paid thereon, and the effective interest rate, yield or cost for each major category of interest-earning assets and interest-bearing liabilities for the years ended December 31, 2002, 2001 and 2000. The yields and costs include loan origination fees and certain direct origination costs that are considered adjustments to yields. Interest income on non-accruing loans is reflected in the year that it is collected, to the extent it is not applied to principal. Such amounts are not material to net interest income or the net change in net interest income in any year. Non-accrual loans are included in the average balances and do not have a material effect on the average yield. Net interest income and the related net interest margin have been adjusted to reflect tax-exempt

income, such as interest on municipal securities and loans, on a tax-equivalent basis. This table should be referred to in conjunction with this analysis and discussion of the financial condition and results of operations (dollars in thousands).

	Year Ended December 31,								
	2002			2001			2000		
	Average Balance ⁽¹⁾	Interest	Average Yield/ Rate	Average Balance ⁽¹⁾	Interest	Average Yield/ Rate	Average Balance ⁽¹⁾	Interest	Average Yield/ Rate
Assets									
Interest bearing deposits with banks	\$ 2,212	\$ 45	2.03%	\$ 385	\$ 10	2.60%	\$ 439	\$ 26	5.92 %
Securities ⁽²⁾	447,183	20,006	4.47	223,280	11,821	5.29	237,025	15,669	6.61
Federal funds sold and securities purchased under resale agreements	106,466	1,774	1.67	136,778	5,632	4.12	26,202	1,627	6.21
Other earning assets ⁽³⁾	54,327	2,303	4.24	-	-	-	-	-	-
Loans, net of unearned income ^{(2) (4)}	2,355,020	158,999	6.75	1,786,596	149,850	8.39	1,416,419	131,428	9.28
Total earning assets	2,965,208	183,127	6.18	2,147,039	167,313	7.79	1,680,085	148,750	8.85
Cash and due from banks	58,479			49,536			49,893		
Allowance for loan losses	(16,090)			(12,202)			(9,929)		
Premises and equipment, net	110,513			91,590			80,778		
Other assets	94,357			52,069			52,755		
Total assets	\$ 3,212,467			\$ 2,328,032			\$ 1,853,582		
Liabilities and Shareholders' Equity									
Deposits - interest bearing:									
NOW accounts	\$ 405,198	\$ 5,108	1.26%	\$ 205,306	\$ 4,790	2.33%	\$ 152,731	\$ 5,248	3.44%
Savings and money market accounts	505,478	7,710	1.53	411,929	12,387	3.01	351,095	15,313	4.36
Time deposits	1,486,715	57,243	3.85	1,219,584	66,326	5.44	946,011	58,109	6.14
Total interest bearing deposits	2,397,391	70,061	2.92	1,836,819	83,503	4.55	1,449,837	78,670	5.43
Federal Home Loan Bank advances	119,041	4,954	4.16	21,945	942	4.29	-	-	-
Notes payable and other borrowings	127,244	3,854	3.03	53,649	2,845	5.30	74,893	4,371	5.84
Subordinated note	4,384	305	6.86	-	-	-	-	-	-
Long-term debt - trust preferred securities	51,050	4,931	9.66	51,050	5,151	10.09	41,990	4,143	9.87
Total interest-bearing liabilities	2,699,110	84,105	3.12	1,963,463	92,441	4.71	1,566,720	87,184	5.56
Non-interest bearing deposits	262,888			206,267			166,050		
Other liabilities	61,620			37,307			23,894		
Shareholders' equity	188,849			120,995			96,918		
Total liabilities and shareholders' equity	\$ 3,212,467			\$ 2,328,032			\$ 1,853,582		
Interest rate spread ⁽⁵⁾			3.06%			3.08%			3.29%
Net free funds/contribution ⁽⁶⁾	\$ 266,098		0.28%	\$ 183,576		0.41%	\$ 113,365		0.37%
Net interest income/Net interest margin		\$ 99,022	3.34%		\$ 74,872	3.49%		\$ 61,566	3.66%
Core net interest margin ⁽⁷⁾			3.51%			3.73%			3.91%

(1) Average balances were generally computed using daily balances.

(2) Interest income on tax-advantaged securities and loans reflects a tax-equivalent adjustment based on a marginal federal tax rate of 35%. This total adjustment reflected in the above table is \$894, \$858 and \$566 in 2002, 2001 and 2000, 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 total earning assets and the rate paid on total interest bearing liabilities.

(6) Net free funds are the difference between total average earning assets and total average interest bearing liabilities. The contribution is based on the rate paid for total interest bearing liabilities.

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

The Company uses interest rate swaps and interest rate caps to manage exposure to changes in interest rates. The cash flows generated by derivative instruments deemed to be effective hedges are included in interest income or expense of the hedged item and consequently affect the yields on those assets and liabilities. In addition, for fair value hedges, the carrying amounts of the hedged items are adjusted as a result of changes in the fair value of the derivatives, which also affects the yields on those items. During 2002 and 2001, the Company had interest rate swaps that affected the yields on various funding sources. See Notes 1 and 21 of the Consolidated Financial Statements for further discussion of the Company's derivative instruments and the accounting policies for derivatives.

Changes in Interest Income and Expense

The following table shows the dollar amount of changes in interest income (on a tax-equivalent basis) and expense by major categories of interest-earning assets and interest-bearing liabilities attributable to changes in volume or rate for the periods indicated (in thousands):

	Year Ended December 31,					
	2002 Compared to 2001			2001 Compared to 2000		
	Change Due to Rate	Change Due to Volume	Total Change	Change Due to Rate	Change Due to Volume	Total Change
Interest income:						
Interest bearing deposits with banks	\$ (2)	37	35	(13)	(3)	(16)
Securities	(2,076)	10,261	8,185	(2,982)	(866)	(3,848)
Federal funds sold and securities purchased under resale agreements	(2,810)	(1,048)	(3,858)	(719)	4,724	4,005
Other earning assets	-	2,303	2,303	-	-	-
Loans	(32,817)	41,966	9,149	(13,498)	31,920	18,422
Total interest income	(37,705)	53,519	15,814	(17,212)	35,775	18,563
Interest expense:						
Deposits – interest bearing:						
NOW accounts	(2,884)	3,202	318	(1,972)	1,514	(458)
Savings and money market deposits	(7,052)	2,375	(4,677)	(5,277)	2,351	(2,926)
Time deposits	(21,806)	12,723	(9,083)	(7,176)	15,393	8,217
Total interest expense—deposits	(31,742)	18,300	(13,442)	(14,425)	19,258	4,833
Federal Home Loan Bank advances	(30)	4,042	4,012	-	942	942
Notes payable and other borrowings	(1,616)	2,625	1,009	(375)	(1,151)	(1,526)
Subordinated note	-	305	305	-	-	-
Long-term debt – trust preferred securities	(220)	-	(220)	94	914	1,008
Total interest expense	(33,608)	25,272	(8,336)	(14,706)	19,963	5,257
Net interest income	\$ (4,097)	28,247	24,150	(2,506)	15,812	13,306

The changes in net interest income are created by changes in both interest rates and volumes. The change in the Company's net interest income for the periods under review was predominantly impacted by the growth in the volume of the overall interest-earning assets (specifically loans) and interest-bearing deposit liabilities. In the table above, volume variances are computed using the change in volume multiplied by the previous year's rate. Rate variances are computed using the change in rate multiplied by the previous year's volume. The change in interest due to both rate and volume has been allocated between factors in proportion to the relationship of the absolute dollar amounts of the change in each.

Provision for Loan Losses

The provision for loan losses totaled \$10.3 million in 2002, \$7.9 million in 2001 and \$5.1 million in 2000. Net charge-offs totaled \$5.6 million in 2002, \$4.6 million in 2001 and \$3.4 million in 2000. The allowance for loan losses as a percentage of loans at December 31, 2002, 2001 and 2000, was 0.72%, 0.68% and 0.67%, respectively. Non-performing loans were \$12.5 million and \$13.0 million at December 31, 2002 and 2001, respectively. While management believes the allowance for loan losses is adequate to provide for losses inherent in the portfolio, there can be no assurances that 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 the economy, changes in real estate values, interest rates, the regulatory environment, the level of past-due and non-performing loans, and other factors. Please refer to the "Credit Risk and Asset Quality" section of this report for further discussion of the Company's loan loss experience and non-performing assets.

Non-interest Income

Non-interest income totaled \$60.7 million in 2002, and increased \$31.9 million, or 111%, from the \$28.8 million reported in 2001. In 2001, non-interest income increased \$10.5 million, or 57%, from the \$18.3 million reported in 2000. The most significant factor affecting the increase in non-interest income in 2002, was the fee income generated as a result of the acquisition of the Wayne Hummer Companies in February 2002. The following table presents non-interest income by category for 2002, 2001 and 2000 (in thousands).

	Year ended December 31,			2002 compared to 2001		2001 compared to 2000	
	2002	2001	2000	\$ Change	% Change	\$ Change	% Change
Trust and asset management fees	\$ 6,356	1,996	1,971	\$ 4,360	218.4%	\$ 25	1.3%
Brokerage fees	18,873	-	-	18,873	N/M	-	N/M
Total wealth management fees	25,229	1,996	1,971	23,233	1164.0	25	1.3
Fees on mortgage loans sold	12,259	7,831	2,911	4,428	56.5	4,920	169.0
Service charges on deposit accounts	3,121	2,504	1,936	617	24.6	568	29.3
Gain on sale of premium finance receivables	3,374	4,564	3,831	(1,190)	(26.1)	733	19.1
Administrative services revenue	3,501	4,084	4,402	(583)	(14.3)	(318)	(7.2)
Fees from covered call options	5,959	4,344	882	1,615	37.2	3,462	392.5
Net available-for-sale securities gains (losses)	107	337	(40)	(230)	(68.2)	377	N/M
Premium finance defalcation-partial settlement	1,250	-	-	1,250	N/M	-	N/M
Other	5,872	3,138	2,413	2,734	87.1	725	30.0
Total non-interest income	\$ 60,672	28,798	18,306	\$ 31,874	110.7%	\$ 10,492	57.3%

N/M - not meaningful

The wealth management segment accounted for the majority of the increase in non-interest income in 2002. Wealth management fees represent the revenue streams generated by Wayne Hummer Trust Company ("WHTC"), formerly known as Wintrust Asset Management Company, Wayne Hummer Asset Management Company ("WHAMC"), Wayne Hummer Investments ("WHI") and Focused Investments, LLC ("FI"). With the acquisition of the Wayne Hummer Companies in February 2002, the Company diversified and enhanced its revenue stream to include brokerage and investment advisory fees. The brokerage fees from WHI include brokerage commissions, trading commissions and insurance product commissions. Trust and asset management fees represent WHAMC's fees for advisory services to individuals and institutions, municipal and tax-exempt organizations, including the management of the Wayne Hummer Mutual Funds as well as trust fees which include fees earned on assets under management, custody fees and other trust related fees generated by WHTC. The recent equity market declines and weaker economic conditions have negatively impacted the wealth management fees. Lower valuations of the equity securities under management affect the fees earned thereon and lower trading volumes affect brokerage fees. Wintrust is committed to growing the trust and investment business in order to better service its customers and create a more diversified revenue stream. In February 2003, Wintrust acquired Lake Forest

Capital Management Company, which will further augment the Company's wealth management fee income.

Fees on mortgage loans sold include income from originating and selling residential real estate loans into the secondary market. These fees totaled \$12.3 million in 2002, \$7.8 million in 2001 and \$2.9 million in 2000, reflecting increases of \$4.4 million, or 57%, in 2002, and \$4.9 million, or 169%, in 2001. The revenue growth in fees on mortgage loans sold in both 2002 and 2001 reflects a strong mortgage origination and refinance market driven by the historically low interest rate environment. Although these fees are a continuous source of revenue, management anticipates that the levels of refinancing activity may taper off in 2003, barring any further reductions in mortgage interest rates, which would result in a lower level of fees from this revenue source.

Service charges on deposit accounts totaled \$3.1 million in 2002, \$2.5 million in 2001 and \$1.9 million in 2000. These increases of 25% in 2002, and 29% in 2001, were due mainly to increases in total deposits of 33% in 2002 and 27% in 2001. 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 premium finance receivables to an unrelated third party in each of the last three years and recognized gains totaling \$3.4 million in 2002, \$4.6 million 2001 and \$3.8 million in 2000, related to this activity. Loans sold totaled \$311 million in 2002, \$245 million in 2001 and \$225 million in 2000, in each year representing approximately 20% of FIFC's total originations.

FIFC continues to service the loans sold, and recognizes its retained interest in the loans sold which consists of a servicing asset, interest only strip and a recourse obligation, upon each sale. Recognized gains as well as the Company's retained interests in these loans are based on the Company's projection of cash flows that will be generated from the loans. The cash flow model incorporates the amounts FIFC is contractually entitled to receive from the customer, including an estimate of late fees, the amounts due to the purchaser of the loans, commissions paid to insurance agents as well as estimates of the term of the loans and credit losses. Significant differences in actual cash flows and the projected cash flows can cause impairment to the servicing asset and interest only strip as well as the recourse obligation. The Company monitors the cash flows of these loans on a "static pool" basis. These loans have relatively short maturities (less than 12 months) and prepayments are not highly correlated to movements in interest rates. Due to the short-term nature of these loans, the Company believes that the book value of the servicing asset approximates fair value.

During 2002, the Company capitalized and amortized \$2.7 million in servicing assets related to sale of these loans. As of December 31, 2002, the Company's retained interest in the loans sold included a servicing asset of \$1.2 million, an interest only strip of \$2.2 million and a liability for its recourse obligation of \$807,000. There was no valuation allowance for impairment of the retained interests at December 31, 2002. The Company typically makes a clean up call by repurchasing the remaining loans in the pools sold after approximately 10 months from the sale date. Upon repurchase, the loans are recorded in the Company's premium finance receivables portfolio and any remaining balance of the Company's retained interest is recorded as an adjustment to the gain on sale of premium finance receivables.

Recognized gains as a percent of loans sold during the year were 1.1% in 2002, 1.9% in 2001 and 1.7% in 2000. Gains are significantly dependent on the spread between the net yield on the loans sold and the rate passed on to the purchaser. The net yield on the loans sold and the

rates passed on to the purchaser typically do not react in a parallel fashion, therefore causing the spreads to vary from period to period. The lower amount of gain recognized in 2002 compared to 2001 was influenced by significantly lower spreads (ranging from 3.97% to 5.61% in 2002, compared to 5.30% to 6.38% in 2001). Similarly the higher amount of gain recognized in 2001 compared to 2000, was affected by higher spreads in 2001 than in 2000 (4.86% to 5.23% in 2000). During 2002, credit losses were estimated at 0.75% of the estimated average balances, compared to a range of 0.25% - 0.50% in 2001. The increase in estimated credit losses during 2002 was a result of a higher level of charge-offs in the overall premium finance receivables portfolio as well as continued growth in the volume of this business. The lower gain recognized in 2002 was also influenced by a reduction in the number of months these loans are estimated to be outstanding. This reduction was due to trends of early pay-downs as the economy has weakened, insurance rates have escalated and borrowers cancelled their existing insurance in favor of more cost-effective alternatives. The estimated average terms of the loans in the 2002 were eight months compared to a range of eight to nine months in 2001 and nine months in 2000. The applicable discount rate used in determining gains related to this activity was the same in 2002 as in 2001 and 2000.

At December 31, 2002, premium finance loans sold and serviced for others for which the Company retains a recourse obligation related to credit losses totaled approximately \$141.1 million. At December 31, 2002, the remaining estimated recourse obligation carried in other liabilities is approximately \$807,000. Credit losses incurred on loans sold are applied against the recourse obligation liability that is established at the date of sale. Credit losses, net of recoveries, for 2002 for premium finance receivables sold and serviced for others totaled \$34,000. At December 31, 2002, non-performing loans related to this sold portfolio were approximately \$1.5 million, or 1.04%, of the sold loans. The premium finance portfolio owned by the Company had a non-performing loans to total loans ratio of 1.50% at December 31, 2002. The Company anticipates that premium finance receivables sold will have lower credit losses than the loans retained in its portfolio since the purchaser of the loans stipulates certain characteristics of the loans to be included in the loan pools sold, including shorter maturities. Ultimate losses on premium finance loans are substantially less than non-performing loans for the reasons noted in the "Non-performing Premium Finance Receivables" portion of the "Credit Risk and Asset Quality" section of this report.

Consistent with Wintrust's strategy to be asset-driven, it is probable that sales of premium finance receivables will occur in the future, depending on the level of new volume growth in relation to the capacity to retain such loans within the Banks' loan portfolios.

Administrative services revenue generated by Tricom was \$3.5 million in 2002, \$4.1 million in 2001 and \$4.4 million in 2000. 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 at Tricom has declined in 2002 and 2001 due to the general slowdown in the United States economy and the reduction in the placement of temporary staffing individuals by Tricom's customers.

Despite the lower fee income generated by Tricom, its net income contribution to the Company increased as a result of lower interest expenses due to the decline in Tricom's variable funding costs, the cessation of goodwill amortization and the reduction of other controllable expenses. See further discussion of this segment's profitability under the section titled "Operating Segment Results". Additionally, in the first few days of 2003, Tricom acquired the customer base of a competitor. The acquisition of such accounts is anticipated to contribute an additional \$1 million in fee revenue in 2003 assuming economic conditions do not dramatically impact that new client base.

Premium income from covered call option transactions totaled \$6.0 million in 2002, \$4.3 million in 2001 and \$882,000 in 2000. The significant increases in the fees from covered call options in 2002 and 2001 are due to increases in the volume of such transactions, the unprecedented declining interest rate environment during these years and the related volatility in the marketplace that resulted in higher prices of the underlying securities. During 2002, call option contracts were written against \$1.8 billion of underlying securities, compared to \$974 million in 2001 and \$292 million in 2000. The same security may be included in this total more than once to the extent that multiple call option contracts were written against it if the initial call option contracts were not exercised. The Company writes call options with terms of less than three months against certain U.S. Treasury and agency securities held in its portfolio for liquidity and other purposes. The call option transactions are designed to increase the total return associated with holding certain investment securities and do not qualify as hedges pursuant to SFAS 133. There were no outstanding call options at December 31, 2002 or December 31, 2001.

Proceeds from a partial settlement related to the premium finance defalcation that occurred and was recognized in 2000, accounted for the entire \$1.25 million of premium finance defalcation-partial settlement income in 2002.

Other non-interest income includes rental income from equipment leases of \$1.2 million in 2002, \$1.6 million in 2001 and \$1.3 million in 2000. Also included in this category in 2002 is \$803,000 from Bank Owned Life Insurance ("BOLI"). During the third quarter of 2002, the Company purchased \$41.1 million of BOLI to consolidate existing term life insurance contracts of executive officers and to mitigate the mortality risk associated with death benefits provided for in executive employment contracts.

Non-interest Expense

Non-interest expense totaled \$106.0 million in 2002, and increased \$40.2 million, or 61%, from 2001. The Wayne Hummer Companies contributed \$26.7 million to the increase in Wintrust's total non-interest expense in 2002. Significant components of non-interest expense recognized by the Wayne Hummer Companies include salaries and benefits of \$17.2 million and commissions paid by Focused Investments to third party financial institutions of \$2.3 million, representing 64% and 8%, respectively, of the total \$26.7 million.

Excluding the non-interest expenses of the Wayne Hummer Companies in 2002, total non-interest expense increased \$13.5 million, or 21%, in 2002. In 2001, non-interest expense increased \$8.0 million, or 14%, from the \$57.8 million reported in 2000. Non-interest expense in 2000 includes a non-recurring charge of \$4.3 million related to a premium finance defalcation. These increases are due to higher general operating costs associated with operating additional and larger banking offices and the continued growth of the balance sheet and fee-based businesses. During 2002, total loans increased 27% and total deposits increased 33%, and in 2001, total loans increased 30%, and total deposits increased 27%. These increases require higher levels of staffing and other operating costs, such as occupancy, equipment, advertising and data processing, to both attract and service the larger customer base. During 2002, the Company opened two additional banking offices and relocated two banking locations to newly constructed permanent locations. In 2001, the Company opened two new full-service banking locations, closed a limited-service facility and relocated its Northbrook Bank to a newly constructed permanent site.

The following table presents non-interest expense by category for 2002, 2001 and 2000 (in thousands).

	Year ended December 31,			2002 compared to 2001		2001 compared to 2000	
	2002	2001	2000	\$ Change	% Change	\$ Change	% Change
Salaries and employee benefits	\$ 63,442	35,628	28,119	\$ 27,814	78.1%	\$ 7,509	26.7%
Equipment expense	7,191	6,297	5,101	894	14.2	1,196	23.4
Occupancy, net	6,691	4,821	4,252	1,870	38.8	569	13.4
Data processing	4,161	3,393	2,837	768	22.6	556	19.6
Advertising and marketing	2,302	1,604	1,309	698	43.5	295	22.5
Professional fees	2,801	2,055	1,681	746	36.3	374	22.2
Amortization of goodwill	-	616	644	(616)	N/M	(28)	(4.3)
Amortization of other intangibles	324	69	69	255	369.6	-	-
Loan expenses	2,443	2,286	1,109	157	6.9	1,177	106.1
Stationery and supplies	2,110	1,413	1,255	697	49.3	158	12.6
Postage	2,106	1,707	1,489	399	23.4	218	14.6
Premium finance defalcation	-	-	4,320	-	N/M	(4,320)	(100.0)
Other	12,413	5,894	5,618	6,519	110.6	276	4.9
Total non-interest expense	\$ 105,984	65,783	57,803	\$ 40,201	61.1%	\$ 7,980	13.8%

N/M - not meaningful

Despite the growth and the related increases in many of the non-interest expense categories, Wintrust's net overhead ratio, which is non-interest expense less non-interest income as a percent of total average assets, improved to 1.41% in 2002, from 1.59% in 2001, and 2.13% in 2000. This is a key indicator of operating efficiency and the Company continues to compare favorably with regard to this ratio to its peer group based on the most recent peer group data.

Salaries and employee benefits is the largest component of non-interest expense, accounting for 60% of the total in 2002, 54% in 2001 and 49% in 2000. For the year ended December 31, 2002, salaries and benefits totaled \$63.4 million and increased \$27.8 million, or 78%, compared to 2001. The Wayne Hummer Companies contributed \$17.2 million and commissions paid to mortgage originators contributed \$1.9 million to the increase in 2002. In 2001, salaries and benefits increased \$7.5 million, or 27%, compared to 2000. Commissions paid to mortgage originators contributed \$1.7 million of the increase in salaries and benefits in 2001. The increases in commissions paid to mortgage originators in 2002 and 2001 correspond to the increased fees generated from the origination and sale of mortgage loans into the secondary market during these periods. The continued growth and expansion of the banking franchise, FIFC and the wealth management business, as well as normal increases in salary and employee benefit costs, also contributed to the increases during 2002 and 2001.

Equipment expense, which includes furniture, equipment and computer software depreciation and repairs and maintenance costs, totaled \$7.2 million in 2002, \$6.3 mil-

lion in 2001 and \$5.1 million in 2000, reflecting increases of 14% in 2002 and 23% in 2001. These increases were caused by higher levels of expense related to the furniture, equipment and computer software required at new facilities as well as at existing facilities due to increased staffing.

Occupancy expense for the years 2002, 2001 and 2000 were \$6.7 million, \$4.8 million and \$4.3 million, respectively, reflecting increases of 39% in 2002 and 13% in 2001. Occupancy expense includes depreciation on premises, real estate taxes, utilities and maintenance of premises, as well as net rent expense for leased premises. Increases in 2002 and 2001 reflect the increases in the number of facilities operated as well as market increases in operating such facilities.

Data processing expenses totaled \$4.2 million in 2002, \$3.4 million in 2001 and \$2.8 million in 2000, representing increases of \$768,000, or 23%, in 2002 and \$556,000, or 20%, in 2001. The entire increase in 2002 is attributable to data processing expenses at the Wayne Hummer Companies. Data processing expenses in 2002 for the Banks and the Company's other operating subsidiaries was relatively unchanged from 2001, despite increases in loans of 27% and deposits of 33%. During 2002, the Company's wholly-owned subsidiary, Wintrust Information Technology Services Company, began operations and provided certain data processing services to the Company's operating subsidiaries that were out-sourced in previous years. The increase in 2001 was due primarily to the additional transactional charges related to the increases in the deposit and loan portfolios during the year.

Advertising and marketing expenses totaled \$2.3 million for 2002, \$1.6 million for 2001 and \$1.3 million for 2000. Marketing costs are necessary to attract loans and deposits at the newly chartered banks, to announce new branch openings, as well as the expansion of the wealth management business, and to continue to promote community-based products at the more established locations. The level of marketing expenditures depends on the type of marketing programs utilized which are determined based on the market area, targeted audience, competition and various other factors. Management continues to utilize targeted marketing programs in the more mature market areas. In 2002, advertising and marketing costs reflect marketing materials related to the additional services the Company provides as a result of its acquisition of the Wayne Hummer Companies.

Professional fees include legal, audit and tax fees, external loan review costs and normal regulatory exam assessments. These fees totaled \$2.8 million in 2002, \$2.1 million in 2001 and \$1.7 million in 2000. The increases are attributable to the general growth in the Company's total assets and fee-based businesses.

In accordance with SFAS 142, the Company discontinued the amortization of goodwill in 2002. Amortization of other intangible assets relates to the Company's finite lived intangible assets. See Note 7 to the Consolidated Financial Statements for further discussion of goodwill and intangible assets.

Loan expenses totaled \$2.4 million in 2002, \$2.3 million in 2001 and \$1.1 million in 2000. This category includes costs for such items as appraisal fees, attorney fees, and other unreimbursed expenses related to the administration and collection of loans. The higher levels in 2002 and 2001 are indicative of the increased volume of loans as well as the increased level of mortgage loans sold into the secondary market.

Stationery and supplies totaled \$2.1 million in 2002, \$1.4 million in 2001 and \$1.3 million in 2000, reflecting increases of \$697,000, or 49% in 2002 and \$158,000, or 13%, in 2001. In 2002, the Wayne Hummer Companies contributed \$293,000 to the increase in this category. The increases in this category are indicative of the increased volume of business as well as the additional branch locations.

Postage expense for 2002, 2001 and 2000 totaled \$2.1 million, \$1.7 million and \$1.5 million, reflecting increases of 23% in 2002 and 15% in 2001. These increases reflect the increased volume of loans and deposits as well as increases in postage rates in 2002 and 2001.

In 2000, the Company recorded a pre-tax charge of \$4.3 million as a result of a fraud perpetrated against the Company's premium finance subsidiary. This charge includes approximately \$300,000 of professional fees associated with the Company's pursuit of recovery of the loss as well as a partial recovery of \$200,000. The Company received a partial settlement of \$1.25 million in 2002, and recorded this settlement in other non-interest income.

Other non-interest expenses include correspondent bank service charges, insurance, telephone, directors fees, and other sundry expenses. This category increased \$6.5 million in 2002, and the Wayne Hummer Companies accounted for \$5.4 million of this increase. The expenses of the Wayne Hummer Companies included in this category include commissions paid by Focused Investments to third party financial institutions of \$2.3 million and brokerage clearing and exchange fees of \$1.0 million. Excluding the expenses of the Wayne Hummer Companies, this category increased \$1.1 million, or 18%, in 2002, and \$276,000, or 5%, in 2001, and these increases are below the growth rates of loans and deposits in those periods.

Income Taxes

The Company recorded income tax expense of \$14.6 million in 2002, \$10.4 million in 2001 and \$5.3 million in 2000. The effective tax rates were 34.4%, 35.8% and 32.2% in 2002, 2001 and 2000, respectively. The lower effective rate in 2000, as compared to 2002 and 2001, was due to a decrease in tax expense in 2000 resulting from a reduction in the valuation allowance previously established regarding the Company's deferred tax assets. Please refer to Note 17 to the Consolidated Financial Statements for further discussion and analysis of the Company's tax position, including a reconciliation of the tax expense computed at the statutory tax rate to the Company's actual tax expense.

Operating Segment Results

As described in Note 24 to the Consolidated Financial Statements, the Company's operations consist of five primary segments: banking, premium finance, indirect auto, Tricom and wealth management. The Company's profitability is primarily dependent on the net interest income, provision for loan losses, non-interest income and operating expenses of its banking segment. The net interest income of the banking segment includes income and related interest costs from portfolio loans that were purchased from the premium finance and indirect auto segments. For purposes of internal segment profitability analysis, management reviews the results of its premium finance and indirect auto segments as if all loans originated and sold to the banking segment were retained within that segment's operations.

The banking segment's net interest income for the year ended December 31, 2002 totaled \$89.3 million as compared to \$69.9 million for the same period in 2001, an increase of \$19.3 million, or 28%. The increase in net interest income for 2001 when compared to the total of \$57.2 million in 2000 was \$12.7 million, or 22%. These increases were primarily the result of continued growth in the loan portfolio. Total loans increased 27% in 2002 and 30% in 2001. The banking segment's non-interest income totaled \$25.9 million in 2002, an increase of \$7.3 million, or 40%, when compared to the 2001 total of \$18.5 million. This increase was primarily due to an increase of \$4.4 million in fees on mortgage loans sold, reflecting heavy origination volumes driven by the low interest rate environment and a strong local housing market, a \$1.6 million increase in fees from covered call option transactions which were entered into to enhance the overall return on the investment portfolio and a \$617,000 increase in service charges on deposits. In 2001, non-interest income for the banking segment increased \$9.9 million, or 115%, compared to the prior year amount of \$8.6 million. This increase was primarily due to an increase of \$4.9 million in fees on mortgage loans sold, a \$3.5 million increase in fees from covered call option transactions and a \$568,000 increase in service charges on deposits. The banking segment's net income for the year ended December 31, 2002 totaled \$28.7 million, an increase of \$7.9 million, or 38%, as compared to the 2001 total of \$20.8 million. The total segment profit in 2001 increased \$6.1 million, or 41%, over the \$14.8 million that was recorded in 2000.

Net interest income for the premium finance segment totaled \$34.0 million for the year ended December 31, 2002 and increased \$7.1 million, or 26%, over the \$26.9 million in 2001. During 2002, this segment benefited from higher levels of premium finance receivables and

lower funding costs compared to 2001. In 2001, net interest income for the premium finance segment increased \$12.1 million, or 82%, over the 2000 total of \$14.8 million. This increase resulted from higher levels of premium finance receivables produced from various business development efforts and other new product offerings. The premium finance segment's non-interest income totaled \$4.6 million, \$4.5 million and \$3.8 million for the years ended December 31, 2002, 2001 and 2000, respectively. Non-interest income for this segment reflects the gains from the sale of premium finance receivables to an unrelated third party, as more fully discussed in the Consolidated Results of Operations section, and in 2002, also includes a \$1.25 million partial settlement on a fraud loss recognized in 2000. The Company began selling premium finance receivables to an unrelated third party in 1999 with servicing retained. Net after-tax profit of the premium finance segment totaled \$14.9 million, \$10.6 million and \$2.6 million for the years ended December 31, 2002, 2001 and 2000, respectively. Net income for 2000 was negatively impacted by a \$4.3 million (\$2.6 million after tax) non-recurring charge related to a fraud perpetrated by one independent insurance agent. Excluding this one-time charge, the premium finance segment profit increased \$5.4 million, or 104%, in 2001 compared to 2000.

Net interest income for the indirect auto segment totaled \$8.0 million in 2002, compared to the \$6.8 million reported for 2001. The increase in net interest income was due primarily to lower variable rate funding costs in 2002 compared to 2001. Net interest income increased \$307,000, or 5%, in 2001 compared to 2000, due primarily to lower funding costs. Due to the impact of the current economic and competitive environment surrounding indirect auto lending, management is not pursuing growth in this segment and anticipates that this portfolio will comprise a smaller portion of the total loan portfolio in the future. Indirect automobile loans were \$178 million, \$184 million, \$204 million at December 31, 2002, 2001 and 2000, respectively. The indirect auto segment after-tax profit totaled \$3.0 million for the year ended December 31, 2002, an increase of \$819,000, from the 2001 total of \$2.2 million. This segment's profitability in 2002 was negatively affected by a lower level of outstanding balances, but was offset by lower variable rate funding costs as well as a lower credit loss provision allocated to his portfolio due to a lower level of charge-offs experienced in 2002. (See the "Credit Risk and Asset Quality" section of this report.) In 2001, the after-tax segment profit increased \$620,000, or 39%, from the 2000 total of \$1.6 million due to the increase in net interest income noted above as well as a \$712,000 decrease in the provision for loan losses.

The Tricom segment data reflects the business associated with short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, that Tricom provides to its clients in the temporary staffing industry. The segment's net interest income was \$4.2 million in 2002, reflecting an increase of \$310,000, or 8%, compared to the \$3.9 million reported for 2001. Net interest income increased \$296,000, or 8%, in 2001 compared to 2000. The increases in net interest income in 2002 and 2001 are attributable to lower variable rate funding costs. Non-interest income for 2002 was \$3.5 million, decreasing \$583,000, or 14%, from the \$4.1 million reported in 2001. In 2001, non-interest income for the Tricom segment decreased \$392,000, or 9%, compared to the prior year amount of \$4.5 million. Revenue trends at Tricom reflect the general slowdown in the economy and the reduction in the placement of temporary staffing individuals by Tricom's customers. The segment's net income was \$1.6 million in 2002, an increase of \$324,000, or 26%, compared to 2001. The increase in the segment's net income in 2002, is attributable to a decrease of \$760,000, or 13%, in non-interest expenses, offset by a decrease in total revenue of \$273,000. As discussed in Note 7 of the Consolidated Financial Statements, Tricom benefited from the adoption of SFAS 142. Ceasing amortization of goodwill contributed \$503,000 of the segment's decrease in non-interest expenses in 2002, and \$301,000 of the segment's increase in net income for the year. In 2001, the after-tax segment profit decreased \$381,000, or 23%, from the 2000 total of \$1.6 million.

The wealth management segment reported net interest income of \$4.1 million for 2002 compared to \$755,000 for 2001 and \$508,000 for 2000. The rise in net interest income reported in 2002 is due to the net interest income allocated to the segment from non-interest bearing and interest-bearing account balances on deposit at the Banks and an increase in the segment's earning assets, primarily the interest-bearing brokerage customer receivables at WHI. This segment recorded non-interest income of \$26.2 million for 2002 as compared to \$2.0 million for both 2001 and 2000, an increase of \$24.2 million over 2001. The increase in 2002 is attributable to the revenues from the Wayne Hummer Companies. Wintrust is committed to growing the trust and investment business in order to better service its customers and create a more diversified revenue stream. The wealth management segment's after-tax loss totaled \$330,000 for 2002 as compared to an after-tax loss of \$413,000 for 2001 and 2000.

The increased contribution in net interest income in 2002 was primarily the result of the migration of funds from the money market mutual fund balances managed by WHAMC into deposit accounts of the Banks. As of December 31, 2002, approximately \$232 million had migrated into insured bank deposits at the affiliate banks. All revenue components of this segment were negatively impacted by market conditions during 2002. Lower transaction volumes and reduced market values impacted fees and commissions on transaction based business, trust fees, and asset management fees. The addition of Lake Forest Capital Management Company (acquired February 4, 2003) continues the Company's commitment to this segment.

ANALYSIS OF FINANCIAL CONDITION

The Company's total assets were \$3.72 billion at December 31, 2002, an increase of \$1.02 billion, or 38%, when compared to the \$2.71 billion at December 31, 2001. Total assets increased \$602.6 million, or 29%, in 2001 over the \$2.10 billion at December 31, 2000. The increases in loans of \$537.6 million in 2002, and \$470.9 million in 2001, accounted for the majority of the increases in total assets.

Interest-Earning Assets

The following table sets forth, by category, the composition of average earning asset balances and the relative percentage of each to total average earning assets for periods presented (dollars in thousands):

	Year Ended December 31,					
	2002		2001		2000	
	Average Balance	Percent of Total	Average Balance	Percent of Total	Average Balance	Percent of Total
Loans:						
Commercial and commercial real estate	\$ 1,127,044	38%	\$ 787,041	37%	\$ 551,817	33%
Home equity	318,656	11	211,563	10	158,328	9
Residential real estate ⁽¹⁾	185,407	6	148,411	7	126,726	8
Premium finance receivables	458,767	15	357,181	16	272,087	16
Indirect auto loans	183,963	6	190,982	9	233,716	14
Tricom finance receivables	19,791	1	18,670	1	20,702	1
Consumer and other loans	61,392	2	72,748	3	53,043	3
Total loans, net of unearned income	\$ 2,355,020	79%	\$ 1,786,596	83%	\$ 1,416,419	84%
Liquidity management assets ⁽²⁾	555,861	19	360,443	17	263,666	16
Other earnings assets ⁽³⁾	54,327	2	-	-	-	-
Total average earning assets	\$ 2,965,208	100%	\$ 2,147,039	100%	\$ 1,680,085	100%
Total average assets	\$ 3,212,467		\$ 2,328,032		\$ 1,853,582	
Total average earning assets to total average assets		92%		92%		91%

(1) Includes mortgage loans held-for-sale

(2) Includes available-for-sale securities, interest earning deposits with banks and federal funds sold

(3) Includes brokerage customer receivables and trading account securities

Average earning assets increased \$818.2 million, or 38%, in 2002 and \$467.0 million, or 28%, in 2001. The ratio of average earning assets as a percent of total average assets remained consistent at approximately 91% - 92% in each of the last three years.

Loan growth continued to fuel the Company's earning asset growth in 2002. Total average loans increased \$568.4 million, or 32%, in 2002, and \$370.2 million, or 26%, in 2001. The increase in average loans was primarily funded by increases in deposits as the average loans to average deposits ratio remained relatively unchanged at 88.5% in 2002 and 87.4% in 2001. These loan-to-deposit ratios fall within management's desired range of 85% - 90%.

Loans. Average total loans, net of unearned income, totaled \$2.4 billion in 2002, \$1.8 billion in 2001 and \$1.4 billion in 2000. Significant and continued growth

occurred during 2002 and 2001 in commercial and commercial real estate, home equity, residential mortgages and the premium finance receivables portfolios. Decreases in indirect auto loans during 2002 and 2001 were the result of management's decision to slow the volume of originations of indirect auto loans due to the current economic and competitive environment surrounding this portfolio.

Average commercial and commercial real estate loans, the largest loan category, totaled \$1.1 billion in 2002, and increased \$340.0 million, or 43%, over the average balance in 2001. The average balance in 2001 increased \$235.2 million, or 43%, over the average balance in 2000. This category comprised 48% of the average loan portfolio in 2002 and 44% of average loans in 2001. The solid growth realized in this category is attributable to increased business development efforts, a low interest rate environment and a continued healthy local economy.

Home equity loans averaged \$318.7 million in 2002, and increased \$107.1 million, or 51%, when compared to the average balance in 2001. This increase was mainly the result of increased line of credit usage and special marketing programs. Unused commitments on home equity lines of credit totaled \$385.3 million at December 31, 2002, and \$304.6 million at December 31, 2001.

Residential real estate loans averaged \$185.4 million in 2002, and increased \$37.0 million, or 25%, over the average balance in 2001. This category includes mortgage loans held-for-sale. The Company collects a fee on the sale of these loans into the secondary market to avoid the interest-rate risk associated with these loans, as they are predominantly long-term fixed rate loans. The increase in the amount of mortgage loans held for sale reflects the significant increase in mortgage loan activity in 2002 resulting from the low interest rate environment. The remaining loans in this category are maintained within the Banks' loan portfolios and comprise mostly adjustable rate mortgage loans and shorter-term fixed rate mortgage loans.

In order to minimize the time lag typically experienced by de novo banks in redeploying deposits into higher yielding earning assets, the Company has developed lending programs focused on specialized earning asset niches that generally have large volumes of homogeneous assets that can be acquired for the Banks' portfolios and possibly sold in the secondary market to generate fee income. These specialty niches also diversify the Banks' loan portfolios and add higher yielding earning assets that help to improve the net interest margin. However, these loans may involve greater credit risk than generally associated with loan portfolios of more traditional community banks due to marketability of the collateral, or because of the indirect relationship the Company has with the underlying borrowers. Currently, the Company's three specialty loan areas that are considered separate operating segments consist of the premium finance, indirect auto and Tricom segments. Other specialty loan programs include medical and municipal equipment leases through a division of Lake Forest Bank, mortgage broker warehouse lending through Hinsdale Bank, the Community Advantage program at Barrington Bank, which provides lending, deposit and cash management services to condominium, homeowner and community associations and the small aircraft lending program at Crystal Lake Bank. Management continues to evaluate other specialized types of earning assets to assist with the deployment of deposit funds and to diversify the earning asset portfolio.

Premium finance receivables. The Company originates commercial premium finance receivables through FIFC. These receivables represent loans to businesses to finance the insurance premiums they pay on their commercial insurance policies. All premium finance receivables originated by FIFC are subject to the Company's stringent credit standards, and substantially all such loans are made to commercial customers. The Company rarely finances consumer insurance premiums. Average premium finance receivables totaled \$458.8 million in 2002, and accounted for 19% of the Company's average total loans. Average premium finance receivables increased \$101.6 million, or 28%, from the average balance of \$357.2 million in 2001. The majority of the receivables originated by FIFC are sold to the Banks and retained in their loan portfolios. However, premium finance receivables originated in excess of the capacity to retain such receivables within the Banks' loan portfolios are sold to an unrelated third party with servicing retained. In 2002, FIFC sold approximately \$311 million, or 18%, of the \$1.7 billion of receivables originated in 2002. See Consolidated Results of Operations for further information on these loan sales. Total premium finance loan originations were \$1.7 billion, \$1.3 billion and \$1.1 billion in 2002, 2001 and 2000, respectively. These increases in origination volume are due in part to market increases in insurance premiums.

Indirect auto loans. The Company finances fixed rate automobile loans from a large network of unaffiliated automobile dealers located throughout the Chicago metropolitan area with which the Company has established relationships. These indirect auto loans are secured by new and used automobiles and generally have an original maturity of 36 to 60 months with the average actual maturity estimated to be approximately 35 to 40 months. The risk associated with this portfolio is diversified among many individual borrowers. Like other consumer loans, the indirect auto loans are subject to the Banks' established credit standards. Management regards substantially all of these loans as prime quality loans. Management continually monitors the dealer relationships and the Banks are not dependent on any one dealer as a source of such loans. In response to economic conditions and the competitive environment for this product, the Company has been reducing the level of new indirect auto loans originated. Although, the Company continues to maintain its relationships with the dealers and may increase its volume of originations when market conditions indicate it is prudent to do so, management is not pursuing growth in this segment and anticipates that this portfolio will comprise a smaller portion of the loan portfolio in the future. During 2002, 2001 and 2000 average indirect auto loans totaled \$184.0 million, \$191.0 million and \$233.7 million, respectively.

Tricom finance receivables. These receivables consist of high-yielding short-term accounts receivable financing to Tricom's clients in the temporary staffing industry located throughout the United States. These receivables may involve greater credit risks than generally associated with the loan portfolios of more traditional community banks depending on the marketability of the collateral. The principal sources of repayments on the receivables are payments due to the borrowers from their customers who are located throughout the United States. The Company mitigates this risk by employing lockboxes and other cash management techniques to protect their interests. Typically, Tricom also provides value-added out-sourced administrative services to many of these clients, such as data processing of payrolls, billing and cash management services, which generates additional fee income. Average Tricom finance receivables were \$19.8 million in 2002, \$18.7 million in 2001 and \$20.7 million in 2000. The general slowdown in the United States economy has contributed to the reduction in the placement of temporary staffing individuals by Tricom's customers and the lower level of Tricom finance receivables in 2002 and 2001, compared to 2000.

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 fluctuate frequently based on deposit inflows, the level of other funding services and loan demand. Average quality management assets increased \$195.4 million in 2002 compared to 2001, and \$96.8 million in 2001 compared to 2000, as a result of increases in average deposits and other funding sources exceeding increases in average loans and brokerage customer receivables during these years.

Other earning assets. Average other earning assets includes trading account securities and brokerage customer receivables as a result of the acquisition of the Wayne Hummer Companies in February 2002. These other earning assets averaged \$54.3 million in 2002, and totaled \$43.2 million at December 31, 2002. In the normal course of business, WHI activities involve the execution, settlement, and financing of various securities transactions. These activities may expose WHI to risk in the event the customer is unable to fulfill its contractual obligations. WHI maintains cash and margin accounts for its customers, who are generally located in the Chicago, Illinois and Appleton, Wisconsin metropolitan areas of the Midwest.

WHI's customer securities activities are transacted on either a cash or margin basis. In margin transactions, WHI

extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in customer's accounts. In connection with these activities, WHI executes and clears customer transactions relating to the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose WHI to off-balance-sheet risk, particularly in volatile trading markets, in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, WHI may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. WHI seeks to control the risks associated with its customers' activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. WHI monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

WHI's customer financing and securities settlement activities require WHI to pledge customer securities as collateral in support of various secured financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities pledged as collateral, WHI may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. WHI attempts to control this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure. In addition, WHI establishes credit limits for such activities and monitors compliance on a daily basis.

Deposits and Other Funding Sources

The dynamics of community bank balance sheets are generally dependent upon the ability of management to attract additional deposit accounts to fund the growth of the institution. As the Company's banks and branch offices are still relatively young, the generation of new deposit relationships to gain market share and establish themselves in the community as the bank of choice is particularly important. When determining a community to establish a de novo bank, the Company generally will only enter a community where it believes the bank can gain the number one or two position in deposit market share. This is usually accomplished by initially paying competitively high deposit rates to gain the relationship and then by introducing the customer to the Company's unique way of providing local banking services.

Deposits. During 2002 and 2001, the Company has experienced significant growth in both the number of accounts and the balance of deposits primarily as a result of new branch openings and strong marketing efforts. Total deposits at December 31, 2002, were \$3.1 billion, increasing \$774.5 million, or 33%, over the \$2.3 billion at December 31, 2001.

Average deposit balances in 2002 were \$2.7 billion, reflecting an increase of \$617.2 million, or 30%, compared to the average balances in 2001. During 2001, average deposits increased \$427.2 million, or 26%, compared to the prior year. The composition of the deposit base has remained relatively consistent over the last three years as evidenced by the average deposit balances and relative composition of each deposit category to total deposits as presented in the following table (dollars in thousands):

	Year Ended December 31,					
	2002		2001		2000	
	Average Balance	Percent of Total	Average Balance	Percent of Total	Average Balance	Percent of Total
Non-interest bearing deposits	\$ 262,888	10%	\$ 206,267	10%	\$ 166,050	10%
NOW accounts	308,712	11	205,306	10	152,731	9
NOW - Brokerage customer deposits	96,486	4	-	-	-	-
Money market accounts	371,063	14	305,084	15	276,674	17
Savings accounts	134,415	5	106,845	5	74,421	5
Time certificate of deposits	1,486,715	56	1,219,584	60	946,012	59
Total deposits	\$ 2,660,279	100%	\$ 2,043,086	100%	\$ 1,615,888	100%

Following the acquisition of the Wayne Hummer Companies in February 2002, Wintrust undertook efforts to migrate funds from the money market mutual fund balances managed by Wayne Hummer Asset Management Company into deposit accounts of the Banks ("NOW-Brokerage customer deposits" in table above). Consistent with reasonable interest rate risk parameters, the funds will generally be invested in excess loan production of the Banks as well as other investments suitable for banks. As of December 31, 2002, \$231.7 million had migrated into an insured bank deposit product (NOW accounts) at the various Banks. The migration of additional funds to the Banks is subject to the desire of the customers to make the transition of their funds into FDIC-insured bank accounts, capital capacity of the Company and the availability of suitable investments in which to deploy the funds. Excluding these brokerage customer deposits, average deposits increased \$520.7 million, or 25%, in 2002.

Growth in the deposit base continues to be generated by each of the Banks. The following table presents average deposit balances by the Banks and the relative percentage of total average deposits held by each Bank during each of the past three years (dollars in thousands):

	Year Ended December 31,					
	2002		2001		2000	
	Average Balance	Percent of Total	Average Balance	Percent of Total	Average Balance	Percent of Total
Lake Forest Bank	\$ 642,514	24%	\$ 522,634	26%	\$ 446,636	28%
Hinsdale Bank	467,597	17	375,400	18	309,695	19
North Shore Bank	531,141	20	436,581	21	367,429	23
Libertyville Bank	350,550	13	277,894	14	213,385	13
Barrington Bank	340,642	13	241,452	12	186,514	11
Crystal Lake Bank	202,886	8	139,793	7	91,500	6
Northbrook Bank	124,949	5	49,332	2	729	-
Total deposits	\$ 2,660,279	100%	\$ 2,043,086	100%	\$ 1,615,888	100%
Percentage increase from prior year		30%		26%		23%

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, as well as the retention of earnings, the Company uses several other funding sources to support its growth. These other sources include short-term

borrowings, notes payable, FHLB advances, subordinated debt and trust preferred securities. The Company evaluates the terms and unique characteristics of each source, as well as its asset-liability management position, in determining the use of such funding sources.

The composition of average other funding sources in 2002, 2001 and 2000, is presented in the following table (dollars in thousands):

	Year Ended December 31,					
	2002		2001		2000	
	Average Balance	Percent of Total	Average Balance	Percent of Total	Average Balance	Percent of Total
Notes payable	\$ 55,133	18%	\$ 29,529	24%	\$ 18,790	16%
Federal Home Loan Bank advances	119,041	40	21,945	17	-	-
Subordinated note	4,384	2	-	-	-	-
Short-term borrowings – Banks	34,693	11	24,120	19	55,749	48
Wayne Hummer Companies funding	33,103	11	-	-	-	-
Long-term debt – trust preferred securities	51,050	17	51,050	40	41,990	36
Other	4,315	1	-	-	354	-
Total other funding sources	\$ 301,719	100%	\$ 126,644	100%	\$ 116,883	100%

Notes payable. The notes payable balances represent the balances on a revolving credit agreement with an unaffiliated bank. This revolving credit line is available for corporate purposes such as to provide capital to fund continued growth at existing bank subsidiaries, expansion of our wealth management business, possible future acquisitions and for other general corporate matters. At December 31, 2002 and 2001, the Company had \$44.0 million and \$46.6 million, respectively, of notes payable outstanding. See Note 11 to the Consolidated Financial Statements for further discussion of the terms of this revolving credit line.

FHLB Advances. The Banks began to use FHLB advances as a source of funding in 2001. These advances provide the Banks with access to fixed rate funds which are useful in mitigating interest rate risk and achieving an acceptable interest rate spread on fixed rate loans or securities. FHLB advances to the Banks totaled \$140.0 at December 31, 2002, and \$90.0 million at December 31, 2001. See Note 12 to the Consolidated Financial Statements for further discussion of the terms of these advances.

Subordinated note. In 2002, the Company entered into a \$25.0 million subordinated note agreement with an unaffiliated bank. The note requires annual principal payments of \$5.0 million, beginning in 2008, and qualifies as Tier II regulatory capital. See Note 13 to the Consolidated Financial Statements for further discussion of the terms of this note.

Short-term borrowings - Banks. This category includes securities sold under repurchase agreements and federal funds purchased and totaled \$26.6 million and \$28.1 million at December 31, 2002 and 2001, respectively. Securities sold under repurchase agreements primarily represent sweep accounts for certain customers in connection with master repurchase agreements at the Banks. This funding category fluctuates based on customer preferences and daily liquidity needs of the Banks, its customers, FIFC and Tricom.

Wayne Hummer Companies funding. This funding consists of collateralized demand obligations to third party banks that are used to finance securities purchased by customers on margin and securities owned by WHI, and demand obligations to brokers and clearing organizations. At December 31, 2002, the Wayne Hummer Companies funding totaled \$15.1 million and represented collateralized demand obligations to brokers. See Note 14 to the Consolidated Financial Statements for further discussion of this funding source.

Long-term debt - trust preferred securities. The Company has \$51.1 million of trust preferred securities outstanding which were sold in two public offerings. In October 1998, the Company sold \$31.05 million of 9.00% trust preferred securities and in June 2000, sold \$20.0 million at 10.50%. The trust preferred securities offerings increased the Company's regulatory capital, and provided funds for the continued growth of its banking and trust franchise. The ability to treat these trust preferred securities as regulatory capital under Federal Reserve Bank guidelines and to deduct the related interest

expense for Federal income taxes, provides the Company with a cost-effective form of capital. See Note 15 to the Consolidated Financial Statements for further discussion of these trust preferred securities.

Shareholders' Equity. Average shareholders' equity was \$188.8 million in 2002, and \$121.0 million in 2001. The Company issued shares of common stock in 2001 and 2002 through additional public offerings. During 2002, the Company issued approximately 1.4 million shares of stock, at approximately \$26.79 per share, raising approximately \$36.5 million in equity, net of issuance costs. During 2001, the Company issued approximately 1.5 million shares, at approximately \$14.93 per share, raising approximately \$22.2 million of equity, net of issuance costs. During 2002, the Company also issued 762,742 shares of common stock, valued at \$15.0 million, or \$19.67 per share, in connection with the acquisition of the Wayne Hummer Companies.

ASSET-LIABILITY MANAGEMENT

As a continuing part of its financial strategy, the Company attempts to manage the impact of fluctuations in market interest rates on net interest income. This effort entails providing a reasonable balance between interest rate risk, credit risk, liquidity risk and maintenance of yield. Asset-liability management policies are established and monitored by management in conjunction with the boards of directors of the Banks, subject to general oversight by the Company's Board of Directors. The policy establishes guidelines for acceptable limits on the sensitivity of the market value of assets and liabilities to changes in interest rates.

Interest rate risk arises when the maturity or repricing periods and interest rate indices of the interest earning assets, interest bearing liabilities, and derivative financial instruments are different. It is the risk that changes in the level of market interest rates will result in disproportionate changes in the value of, and the net earnings generated from, the Company's interest earning assets, interest bearing liabilities and derivative financial instruments. The Company continuously monitors not only the organization's current net interest margin, but also the historical trends of these margins. In addition, management attempts to identify potential adverse swings in net interest income in future years, as a result of interest rate movements, by performing simulation analysis of potential interest rate environments. If a potential adverse swing in net interest margin and/or net income is identified, management then would take appropriate actions with its asset-liability structure to counter these potentially adverse situations. Please refer to earlier sections of this

discussion and analysis for further discussion of the net interest margin.

Since the Company's primary source of interest bearing liabilities is customer deposits, the Company's ability to manage the types and terms of such deposits may be somewhat limited by customer preferences and local competition in the market areas in which the Company operates. 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 short-term 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.

One method utilized by financial institutions to manage interest rate risk is to enter into derivative financial instruments. A derivative financial instrument includes interest rate swaps, interest rate caps and floors, futures, forwards, option contracts and other financial instruments with similar characteristics. As of December 31, 2002, the Company had \$75 million notional principal amount of interest rate cap contracts outstanding that mature between January 2003 and February 2003. These contracts were purchased to mitigate the effect of rising rates on certain floating rate deposit products. Additionally, during 2001, the Company entered into a \$25 million notional principal amount interest rate swap contract that matures in February 2004. This contract effectively converts a portion of the Company's floating-rate notes payable to a fixed-rate basis, thus reducing the impact of rising interest rates on future interest expense. During the fourth quarter of 2002, the Company renewed and increased its revolving loan agreement, and completed a \$25 million subordinated debt agreement with an unaffiliated bank that qualifies as Tier II regulatory capital. The Company also entered into two interest rate swap contracts in 2002. A \$25 million notional principal amount swap was entered into to convert the newly issued subordinated note from variable-rate to fixed-rate. The swap matures in 2012, and the notional principal amount is reduced \$5 million annually, beginning in 2008, to match the principal reductions on the subordinated note. Additionally, a \$31.05 million interest rate swap contract was entered into to convert the Company's 9% Trust Preferred Securities from fixed-rate to variable-rate. This swap has a termination date of September 30, 2028, and provides the counterparty with a call option on any date on or after September 30, 2003. The call option in the swap coincides with the Company's call option in the trust preferred securities. All of the Company's interest rate swap contracts qualify as perfect hedges pursuant to SFAS 133.

During 2002 and 2001, the Company also entered into certain covered call option transactions related to certain securities held by the Company. The Company uses these covered call option transactions (rather than entering into other derivative interest rate contracts, such as interest rate floors) to mitigate the effects of an asset-sensitive balance sheet in a falling rate environment and increase the total return associated with the related securities. Although the revenue received from the covered call options is recorded as non-interest income rather than interest income, the increased return attributable to the related securities from these covered call options contributes to the Company's overall profitability in a falling rate environment. The Company's exposure to interest rate risk may be effected by these transactions. To mitigate this risk, the Company may acquire fixed rate term debt or use financial derivative instruments. There were no call options outstanding as of December 31, 2002 or December 31, 2001.

The Company's exposure to interest rate risk is reviewed on a regular basis by management and the boards of directors of the Banks and the Company. The objective 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. Tools used by management include a standard gap analysis and a rate simulation model

whereby changes in net interest income are measured in the event of various changes in interest rate indices. An institution with more assets than liabilities repricing over a given time frame is considered asset sensitive and will generally benefit from rising rates, and conversely, a higher level of repricing liabilities versus assets would be beneficial in a declining rate environment.

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

The following table illustrates the Company's estimated interest rate sensitivity and periodic and cumulative gap positions as of December 31, 2002:

	Time to Maturity or Repricing				
	0-90	91-365	1-5	Over 5	
	Days	Days	Years	Years	Total
Assets:					
Federal funds sold and securities purchased under resale agreements	\$ 151,251	-	-	-	151,251
Interest-bearing deposits with banks	4,418	-	-	-	4,418
Available-for-sale securities	137,686	70,467	102,947	236,579	547,679
Total liquidity management assets	293,355	70,467	102,947	236,579	703,348
Loans, net of unearned income ⁽¹⁾	1,721,116	443,226	438,077	44,113	2,646,532
Other earning assets	43,150	-	-	-	43,150
Total earning assets	2,057,621	513,693	541,024	280,692	3,393,030
Other non-earning assets	-	-	-	328,525	328,525
Total assets (RSA)	\$2,057,621	513,693	541,024	609,217	3,721,555
Liabilities and Shareholders' Equity:					
Interest-bearing deposits ⁽²⁾	\$1,518,299	660,274	586,837	18,174	2,783,584
Federal Home Loan Bank advances	-	-	120,000	20,000	140,000
Notes payable and other borrowings	90,733	-	-	-	90,733
Subordinated note	25,000	-	-	-	25,000
Long-term Debt – Trust Preferred Securities	-	-	-	50,894	50,894
Total interest-bearing liabilities	1,634,032	660,274	706,837	89,068	3,090,211
Demand deposits	-	-	-	305,540	305,540
Other liabilities	-	-	-	98,802	98,802
Shareholders' equity	-	-	-	227,002	227,002
Effect of derivative financial instruments:					
Interest rate swaps (Company pays fixed, receives floating)	(50,000)	-	30,000	20,000	-
Interest rate swap (Company pays floating, receives fixed)	31,050	(31,050)	-	-	-
Total liabilities and shareholders' equity including effect of derivative financial instruments (RSL)	\$1,615,082	629,224	736,837	740,412	3,721,555
Repricing gap (RSA – RSL)	\$ 442,539	(115,531)	(195,813)	(131,195)	
Cumulative repricing gap	\$ 442,539	327,008	131,195	-	
Cumulative RSA/Cumulative RSL	127%	115%	104%		
Cumulative RSA/Total assets	55%	69%	84%		
Cumulative RSL/Total assets	43%	60%	80%		
Cumulative GAP/Total assets	12%	9%	4%		
Cumulative GAP/Cumulative RSA	22%	13%	4%		

(1) Loans, net of unearned income includes, mortgages held for sale and nonaccrual loans.

(2) Non-contractual interest-bearing deposits are subject to immediate withdrawal and, therefore, are included in 0-90 days.

While the gap position and related ratios illustrated in the table are useful tools that management can use to assess the general positioning of the Company's and its subsidiaries' balance sheets, it is only as of a point in time. The gap position does not reflect the impact of the interest rate cap contracts that may mitigate the effect of rising rates on certain floating rate deposit products. See Note 21-Derivative Financial Instruments to the Consolidated Financial Statements for further information on the interest rate cap contracts.

Management uses an additional measurement tool to evaluate its asset-liability sensitivity that determines exposure to changes in interest rates by measuring the percentage change in net interest income due to changes in interest rates over a two-year time horizon. Management measures its exposure to changes in interest rates using many different interest rate scenarios. One interest rate scenario utilized is to measure the percentage change in net interest income assuming an instantaneous permanent parallel shift in the yield curve of 200 basis points,

both upward and downward. This analysis includes the impact of the interest rate cap agreements. Utilizing this measurement concept, the interest rate risk of the Company, expressed as a percentage change in net interest income over a two-year time horizon due to changes in interest rates, at December 31, 2002 and December 31, 2001, is as follows:

	+200 Basis Points	-200 Basis Points
Percentage change in net interest income due to an immediate 200 basis point shift in the yield curve: ⁽¹⁾		
December 31, 2002	7.5%	(26.4)%
December 31, 2001	7.2%	(11.4)%

(1) Due to the low interest rate environment at December 31, 2002 and December 31, 2001, the 200 basis point instantaneous permanent parallel shift downward in the yield curve impacted a majority of the rate sensitive assets by the entire 200 basis points, while certain interest-bearing deposits were already at their floor, or repriced downward significantly less than 200 basis points.

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

LIQUIDITY AND CAPITAL RESOURCES

The Company and the Banks are subject to various regulatory capital requirements established by the federal banking agencies that take into account risk attributable to balance sheet and off-balance sheet activities. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly discretionary - actions by regulators, that if undertaken could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Banks must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Federal Reserve's capi-

tal guidelines require bank holding companies to maintain a minimum ratio of qualifying total capital to risk-weighted assets of 8.0%, of which at least 4.0% must be in the form of Tier 1 Capital. The Federal Reserve also requires a minimum leverage ratio of Tier 1 Capital to total assets of 3.0% for strong bank holding companies (those rated a composite "1" under the Federal Reserve's rating system). For all other bank holding companies, the minimum ratio of Tier 1 Capital to total assets is 4.0%. In addition the Federal Reserve continues to consider the Tier 1 leverage ratio in evaluating proposals for expansion or new activities. The following table summarizes the capital guidelines for bank holding companies, as well as the Company's capital ratios as of December 31, 2002.

	Minimum Ratios	Well Capitalized Ratios	Wintrust's Ratios
Leverage ratio	4.0%	5.0%	7.0%
Tier 1 risk-based capital ratio			
to risk-weighted assets	4.0%	6.0%	8.0%
Total risk-based capital ratio			
to risk-weighted assets	8.0%	10.0%	9.4%

As reflected in the above table, the Company met all minimum capital requirements as of December 31, 2002. In January 2002, the Company became designated as a financial holding company, thereby requiring its depository institutions to maintain their capital ratios in the "well capitalized" categories at all times. Refer to Note 19 of the Consolidated Financial Statements for further information on the capital positions of the Company's subsidiary banks. The following table reflects various measures of the Company's capital at December 31, 2002 and 2001.

	2002	2001
Average equity-to-average asset ratio	5.9%	5.2%
Leverage ratio	7.0	7.1
Tier 1 risk-based capital ratio	8.0	7.7
Total risk-based capital ratio	9.4	8.5
Dividend payout ratio	7.5	7.4

The Company's principal source of funds at the holding company level are dividends from its subsidiaries, borrowings on its revolving credit line with an unaffiliated bank, proceeds from the issuance of subordinated debt and proceeds from trust preferred securities offerings and additional equity offerings. Refer to Notes 11, 13, 15 and 23 of the Consolidated Financial Statements for further information on the Company's notes payable, subordi-

nated note, Trust Preferred Securities offerings and shareholders' equity, respectively. The following table provides a summary of the funds raised through public and private offerings of common stock and Trust Preferred Securities as well as a private placement of subordinated debt, over the last five years: (dollars in millions)

Date of offering	Type of offering	Proceeds received	% of increase in regulatory capital
October 1998	Trust preferred securities	\$ 31.1	78%
November 1999	Common Stock	6.0	51
June 2000	Trust preferred securities	20.0	67
June 2001	Common Stock	22.2	49
June/July 2002	Common Stock	36.5	38
November 2002	Subordinated debt	25.0	26

Over the last few years, as shown in the table above, proceeds from public offerings of Trust Preferred Securities and the Company's common stock have accounted for a decreasing portion of the increase in the Company's total regulatory capital. While these funding and capital generation sources will continue to be reviewed, the Company's reliance on internally generated capital is expected to continue to grow.

Banking laws impose restrictions upon the amount of dividends that can be paid to the holding company by the Banks. Based on these laws, the Banks could, subject to minimum capital requirements, declare dividends to the Company without obtaining regulatory approval in an amount not exceeding (a) undivided profits, and (b) the amount of net income reduced by dividends paid for the current and prior two years. In addition, the payment of dividends may be restricted under certain financial covenants in the Company's revolving credit line agreement. At January 1, 2003, subject to minimum capital requirements at the Banks, approximately \$46.3 million was available as dividends from the Banks without prior regulatory approval. However, since the Banks are required to maintain their capital at the well-capitalized level (due to the Company being approved as a financial holding company), funds otherwise available as dividends from the Banks are limited to the amount that would not reduce any of the Banks' capital ratios below the well-capitalized level. At January 1, 2003, approximately \$23.0 million was available as dividends from the Banks without compromising the Banks' well-capitalized positions. During 2002, no dividends were paid by the subsidiaries to Wintrust. In 2001 and 2000, the subsidiaries paid dividends to Wintrust totaling \$13.5 million and \$16.0 million, respectively.

The Company declared its first semi-annual cash dividend on its common stock in 2000. A summary of the Company's cash dividends on common stock is as follows:

Record Date	Payable Date	Per share amount of cash dividend
February 10, 2000	February 24, 2000	\$0.0333
August 10, 2000	August 24, 2000	\$0.0333
February 8, 2001	February 22, 2001	\$0.0467
August 9, 2001	August 23, 2001	\$0.0467
February 5, 2002	February 19, 2002	\$0.0600
August 6, 2002	August 20, 2002	\$0.0600
February 6, 2003	February 20, 2003	\$0.0800

The Company continues to target an earnings retention ratio of approximately 90% to support continued growth. The dividends paid in 2002 represented a 29% increase over the dividends paid in 2001. Along those same lines, the semi-annual dividend declared in January 2003 represents (on an annualized basis) a 33% increase over 2002.

In January 2000, the Board of Directors approved a stock repurchase program authorizing the purchase of up to 450,000 shares of common stock, from time to time, in open market or privately negotiated transactions. Through December 31, 2000, the Company repurchased a total of 363,450 shares at an average price of \$10.63 per share. The shares repurchased pursuant to this buy-back program were reissued with the Company's common stock offering in June 2001. No additional shares were repurchased during 2001 or 2002.

Liquidity management at the Banks involves planning to meet anticipated funding needs at a reasonable cost. Liquidity management is guided by policies, formulated and monitored by the Company's senior management and each Bank's asset/liability committee, which take into account the marketability of assets, the sources and stability of funding and the level of unfunded commitments. The Banks' principal sources of funds are deposits, short-term borrowings and capital contributions from the holding company. In addition, the Banks are eligible to borrow under Federal Home Loan Bank advances, another source of short-term liquidity.

Core deposits are the most stable source of liquidity for community banks due to the nature of long-term relationships generally established with depositors and the security of deposit insurance provided by the FDIC. Core deposits are generally defined in the industry as total deposits less time deposits with balances greater than \$100,000. Approximately 61% of the Company's total

assets were funded by core deposits at the end of 2002 and 2001. The remaining assets were funded by other funding sources such as time deposits with balances in excess of \$100,000, borrowed funds, and the capital of the Banks. Due to the Company's strategy of targeting high net worth individuals, the Company believes that many of its time deposits with balances in excess of \$100,000 are also a stable source of funds.

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. Net liquid assets represent the sum of the liquid asset categories less the amount of assets pledged to secure public funds. At December 31, 2002, net liquid assets totaled approximately \$201.2 million, compared to approximately \$174.6 million at December 31, 2001.

The Banks routinely accept deposits from a variety of municipal entities. Typically, these municipal entities require that banks pledge marketable securities to collateralize these public deposits. At December 31, 2002 and 2001, the Banks had approximately \$143.2 million and \$116.0 million, respectively, of securities collateralizing such public deposits and other short-term borrowings. Deposits requiring pledged assets are not considered to be core deposits, and the assets that are pledged as collateral for these deposits are not deemed to be liquid assets.

The Company is not aware of any known trends, commitments, events, regulatory recommendations or uncertainties that would have any adverse effect on the Company's capital resources, operations or liquidity.

CREDIT RISK AND ASSET QUALITY

Allowance for Loan Losses

The following table summarizes the activity in the allowance for loan losses during the last five years (dollars in thousands):

	2002	2001	2000 ⁽¹⁾	1999	1998
Balance at beginning of year	\$ 13,686	10,433	8,783	7,034	5,116
Provision for loan losses	10,321	7,900	5,055	3,713	4,297
Allowance acquired in business combination	-	-	-	175	-
Charge-offs:					
Commercial and commercial real estate loans	1,677	984	897	691	1,327
Home equity loans	-	25	-	-	27
Residential real estate loans	3	34	50	14	84
Consumer and other loans	294	34	103	132	198
Premium finance receivables	3,680	3,062	1,294	456	455
Indirect automobile loans	925	1,080	1,339	1,156	646
Tricom finance receivables	10	103	73	-	-
Total charge-offs	6,589	5,322	3,756	2,449	2,737
Recoveries:					
Commercial and commercial real estate loans	314	163	53	35	100
Home equity loans	-	72	-	-	13
Residential real estate loans	-	-	-	-	-
Consumer and other loans	26	1	5	6	76
Premium finance receivables	456	245	129	167	127
Indirect automobile loans	150	194	164	102	42
Tricom finance receivables	26	-	-	-	-
Total recoveries	972	675	351	310	358
Net charge-offs	(5,617)	(4,647)	(3,405)	(2,139)	(2,379)
Balance at end of year	\$ 18,390	13,686	10,433	8,783	7,034
Net charge-offs (recoveries) by category as a percent of average loans in respective category:					
Commercial and commercial real estate loans	0.12%	0.10%	0.15%	0.16%	0.42%
Home equity loans	-	(0.02)	-	-	0.01
Residential real estate loans	-	0.02	0.04	0.01	0.12
Consumer and other loans	0.44	0.05	0.18	0.26	0.12
Premium finance receivables	0.70	0.79	0.43	0.14	0.20
Indirect automobile loans	0.42	0.46	0.50	0.44	0.50
Tricom finance receivables	(0.08)	0.55	0.35	-	-
Total	0.24%	0.26%	0.24%	0.19%	0.28%
Net charge-offs as a percent of the provision for loan losses	54.42%	58.82%	67.36%	57.61%	55.36%
Year-end total loans	\$ 2,556,086	2,018,479	1,547,596	1,270,126	974,031
Allowance as a percent of year-end loans	0.72%	0.68%	0.67%	0.69%	0.72%

(1) In 2000, a \$4.3 million loss was recognized related to a fraudulent loan scheme perpetrated against the Company's premium finance subsidiary. The loss was reported as a separate line item in the non-interest expense section of the income statement. It was not reported as a charge-off since a valid lending relationship with the perpetrator had not been established.

Management believes that the loan portfolio is well diversified and well secured, without undue concentration in any specific risk area. Loan quality is continually monitored by management and is reviewed by the Banks' Boards of Directors and their Credit Committees on a monthly basis. Independent external reviews of the loan portfolio are provided by the examinations conducted by regulatory authorities and an independent loan review performed by an entity engaged by the Board of Directors. The amount of additions to the allowance for loan losses, which is charged to earnings through

the provision of loan losses, is determined based on management's assessment of the adequacy of the allowance for loan losses. Management evaluates on a quarterly basis a variety of factors, including actual charge-offs during the year, historical loss experience, delinquent and other potential problem loans, and economic conditions and trends in the market area in assessing the adequacy of the allowance for loan losses.

The allowance for loan losses as a percentage of total loans at December 31, 2002 and 2001 was 0.72% and 0.68%, respectively. As a percent of average total loans, total net charge-offs for 2002 and 2001 were 0.24% and 0.26%, respectively. While management believes that the allowance for loan losses is adequate to provide for losses inherent in the portfolio, there can be no assurances that future losses will not exceed the amounts provided for, thereby affecting future earnings.

The allowance for loan losses is maintained at a level believed adequate by management to cover losses inherent in the portfolio and is based on an assessment of individual problem loans, actual and anticipated loss experience and other pertinent factors. The allowance for loan losses consists of an allocated and unallocated component. The Company reviews potential problem loans on a case-by-case basis to allocate a specific dollar amount of reserves, whereas all other loans are reserved for based on assigned reserve percentages evaluated by loan groupings. The loan groupings utilized by the Company are commercial, commercial real estate, residential real estate, home equity, premium finance receivables, indirect automobile, Tricom finance receivables and consumer. The reserve percentages applied to these loan groups attempt to account for the inherent risk in the portfolio based upon various factors including industry concentration, geographical concentrations, local and national economic indicators, levels of delinquencies, historical loss experience including an analysis of the lack of maturity in the loan portfolio, changes in trends in risk ratings assigned to loans, changes in underwriting standards and other pertinent factors. The unallocated portion of the allowance for loan losses reflects management's estimate of probable inherent but undetected losses within the portfolio due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition, the difficulty in identifying triggering events that correlate perfectly to subsequent loss rates, and risk factors that have not yet manifested themselves in the loss allocation factors. Management believes the unallocated portion of the allowance for loan losses is necessary due to the imprecision inherent in estimating expected future credit losses. The amount of future additions to the

allowance for the loan losses will be dependent upon the economy, changes in real estate values, interest rates, the regulatory environment, the level of past-due and non-performing loans, and other factors.

The allowance for loan losses as of December 31, 2002, increased \$4.7 million to \$18.4 million from December 31, 2001, primarily due to growth of \$313.0 million, or 31%, in the commercial and commercial real estate portfolio and \$113.5 million, or 33%, in the premium finance receivables portfolio. The commercial and commercial real estate portfolios and the premium finance portfolio have traditionally experienced the highest level of charge-offs by the Company, along with the losses related to the indirect automobile portfolio. The level of the allowance for loan losses was not impacted significantly by changes in the amount or credit risk associated with the indirect automobile portfolio as the portfolio has decreased \$6.0 million from December 31, 2001 and the allocated loss has been reduced due to improvement in the delinquencies, underwriting standards and collection routines.

Commercial and commercial real estate loans represent the largest loan category in the Company's loan portfolio, accounting for 52% of total loans at December 31, 2002. Net charge-offs in this category totaled \$1.4 million, or 0.12% of average loans in this category in 2002, and \$821,000, or 0.10% of average loans in this category in 2001.

Premium finance receivable net charge-offs for the year ended December 31, 2002 totaled \$3.2 million as compared to \$2.8 million in 2001. Net charge-offs were 0.70% of average premium finance receivables in 2002 versus 0.79% in 2001. The decrease in the ratio of net charge-offs to average premium finance receivables in 2002 compared to 2001 is indicative of an improvement in the credit quality of this portfolio. The level of net charge-offs in 2001, and to a lesser extent in 2002, was attributable, in part, to accounts with smaller balances and higher delinquencies and charge-offs than the Company's traditional premium finance portfolio. As noted in last year's report, the Company eliminated more than 1,300 relationships with insurance agencies that were referring business to FIFC that had relatively smaller balances. The business associated with those terminated relationships has become a less significant percentage of the premium finance receivables portfolio and is nearly extinguished. As noted in the next section of this report, non-performing premium finance receivables as a percent of total premium finance receivables decreased to 1.50% at December 31, 2002, from 2.36% at December 31, 2001.

In 2000, the Company recorded a pre-tax charge of \$4.3 million as a result of fraud perpetrated against the Company's premium finance subsidiary. This charge includes approximately \$300,000 of professional fees associated with the Company's pursuit of recovery of the loss as well as a partial recovery of \$200,000. The \$4.3 million charge was recorded on its own separate line item in the income statement. Management believes that it was appropriate to exclude this loss from the loan charge offs since a valid lending relationship with the perpetrator had not been established, and it would distort the Company's historical loss experience.

Indirect auto loan net charge-offs decreased to \$775,000 in 2002, compared to \$886,000 in 2001. Net charge-offs as a percentage of average indirect auto loans were 0.42% in 2002 and 0.46% in 2001.

Past Due Loans and Non-performing Assets

The following table classifies the Company's non-performing loans as of December 31 for each of last five years. The information in the table should be read in conjunction with the detailed discussion following the table. (dollars in thousands):

	2002	2001	2000	1999	1998
Loans past due greater than 90 days and still accruing:					
Residential real estate and home equity	\$ 32	168	-	385	459
Commercial, consumer and other	3,047	1,059	651	328	341
Premium finance receivables	2,198	2,402	4,306	1,523	1,214
Indirect automobile loans	423	361	397	391	274
Tricom finance receivables	-	-	-	-	-
Total loans past due greater than 90 days and still accruing	5,700	3,990	5,354	2,627	2,288
Non-accrual loans:					
Residential real estate and home equity	711	1,385	153	-	99
Commercial, consumer and other	1,132	1,180	617	1,895	1,388
Premium finance receivables	4,725	5,802	3,338	2,145	1,455
Indirect automobile loans	254	496	221	298	195
Tricom finance receivables	20	104	-	-	-
Total non-accrual loans	6,842	8,967	4,329	4,338	3,137
Total non-performing loans:					
Residential real estate and home equity	743	1,553	153	385	558
Commercial, consumer and other	4,179	2,239	1,268	2,223	1,729
Premium finance receivables	6,923	8,204	7,644	3,668	2,669
Indirect automobile loans	677	857	618	689	469
Tricom finance receivables	20	104	-	-	-
Total non-performing loans	12,542	12,957	9,683	6,965	5,425
Other real estate owned	76	100	-	-	587
Total non-performing assets	\$ 12,618	13,057	9,683	6,965	6,012
Total non-performing loans by category as a percent of it own respective category:					
Residential real estate and home equity	0.14%	0.39%	0.05%	0.16%	0.30%
Commercial, consumer and other	0.30	0.21	0.18	0.41	0.43
Premium finance receivables	1.50	2.36	2.44	1.67	1.50
Indirect automobile loans	0.38	0.47	0.30	0.27	0.22
Tricom finance receivables	0.10	0.57	-	-	-
Total non-performing loans	0.49%	0.64%	0.63%	0.55%	0.56%
Total non performing assets as a percent of total assets	0.34%	0.48%	0.46%	0.41%	0.45%
Allowance for loan losses as a percent of non-performing loans	146.63%	105.63%	107.75%	126.10%	129.66%

Non-performing Residential Real Estate, Commercial, Consumer and Other Loans

Total non-performing loans for the Company's traditional banking loan portfolios of residential real estate, commercial, consumer and other loans were \$4.9 million as of December 31, 2002 up from \$3.8 million reported at December 31, 2001. These loans consist primarily of a small number of commercial, residential real estate and home equity loans, which management believes are well secured and in process of collection. The small number of such non-performing loans allows management to monitor the status of these credits and work with the borrowers to resolve these problems effectively. The non-performing residential real estate and home equity loans decreased by \$810,000 from the December 31, 2001 balance and represented 0.14% of such outstanding loans at December 31, 2002. The non-performing commercial, commercial real estate and consumer loans increased \$1.9 million from the December 31, 2001 balance and represented 0.30% of such outstanding loans at December 31, 2002, compared to 0.21% as of December 31, 2001. The Company had \$76,000 and \$100,000 of other real estate owned as of December 31, 2002 and December 31, 2001, respectively.

Non-performing Premium Finance Receivables

The table below presents the level of non-performing premium finance receivables as of December 31, 2002 and 2001, and the amount of net charge-offs for the years then ended.

	2002	2001
Non-performing premium finance receivables	\$ 6,923,000	8,204,000
- as a percent of premium finance receivables	1.50%	2.36%
Net charge-offs of premium finance receivables	\$ 3,224,000	2,817,000
- as a percent of average premium finance receivables	0.70%	0.79%

The improvement in the level on non-performing premium finance receivables since December 31, 2001 is indicative of actions taken by management. As noted in Wintrust's prior year's report and its 2002 quarterly reports, Wintrust has eliminated more than 1,300 relationships with insurance agents that were referring new business to our premium finance subsidiary that had relatively small balances and higher than normal delinquency rates. The business associated with those accounts has become a less significant percent of the entire portfolio and is nearly extinguished. Management

continues to see progress in this portfolio and continues to expect the level of non-performing loans related to this portfolio to 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 to the loss inherent in the portfolio. In the event of default, Wintrust has the ability 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 Auto Loans

Total non-performing indirect automobile loans were \$677,000 at December 31, 2002, decreasing from \$857,000 at December 31, 2001. The ratio of these non-performing loans to total indirect automobile loans stood at 0.38% of total indirect automobile loans at December 31, 2002, and 0.47% at December 31, 2001. 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. Due to the impact of the current economic and competitive environment surrounding this type of lending, management continues to de-emphasize, in relation to other loan categories, growth in the indirect automobile loan portfolio. Indirect automobile loans at December 31, 2002 were \$178.2 million, down from \$184.2 million at December 31, 2001.

Potential Problem Loans

Management believes that any loan where there are serious doubts as to the ability of such borrowers to comply with the present loan repayment terms should be identified as a non-performing loan and should be included in the disclosure of "Past Due Loans and Non-performing Assets". Accordingly, at the periods presented in this report, the Company has no potential problem loans as defined by Securities and Exchange Commission regulations.

Credit Quality Review Procedures

The Company utilizes a loan rating system to assign risk to loans and utilizes that risk rating system to assist in developing an internal problem loan identification system ("Watch List") as a means of reporting non-performing and potential problem loans. At each scheduled meeting of the Boards of Directors of the Banks and the Wintrust Risk Management Committee, a Watch List is presented, showing all loans that are non-performing and loans that may warrant additional monitoring. Accordingly, in addition to those loans disclosed under "Past Due Loans and Non-performing Assets," there are certain loans in the portfolio which management has identified, through its Watch List, which exhibit a higher than normal credit risk. These Watch List credits are reviewed individually by management to determine whether any specific reserve amount should be allocated for each respective credit. However, these loans are still performing and, accordingly, are not included in non-performing loans. Management's philosophy is to be proactive and conservative in assigning risk ratings to loans and identifying loans to be included on the Watch List. The principal amount of loans on the Company's Watch List as of December 31, 2002 and December 31, 2001, was approximately \$34.3 million and \$20.2 million, respectively. We believe these loans are performing and, accordingly, do not cause management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms.

Loan Concentrations

Loan concentrations are considered to exist when there are amounts loaned to a multiple number of borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. The Company had no concentrations of loans exceeding 10% of total loans at December 31, 2002, except for loans included in the premium finance operating segment.

EFFECTS OF INFLATION

A banking organization's assets and liabilities are primarily monetary. Changes in the rate of inflation do not have as great an impact on the financial condition of a bank as do changes in interest rates. Moreover, interest rates do not necessarily change at the same percentage as does inflation. Accordingly, changes in inflation are not expected to have a material impact on the Company. An analysis of the Company's asset and liability structure provides the best indication of how the organization is positioned to respond to changing interest rates. See "Asset-Liability Management" section of this report.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements may be deemed to include, among other things, statements relating to the Company's projected growth, anticipated improvements in earnings, earnings per share and other financial performance measures, and management's long-term performance goals, as well as statements relating to the anticipated effects on financial results of condition from expected development or events, the Company's business and growth strategies, including anticipated internal growth, plans to form additional de novo banks and to open new branch offices, and to pursue additional potential development or acquisition of banks, wealth management entities or specialty finance businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- The level of reported net income, return on average assets and return on average equity for the Company will in the near term continue to be impacted by start-up costs associated with de novo bank formations, branch openings, and expanded wealth management operations. De novo banks typically require 13 to 24 months of operations before becoming profitable, due to the impact of organizational and overhead expenses, the start-up phase of generating deposits and the time lag typically involved in redeploying deposits into attractively priced loans and other higher yielding earning assets. Similarly the expansion of wealth management services through the Company's acquisition of the Wayne Hummer Companies and Lake Forest Capital Management will depend on the successful integration of these businesses.
- The Company's success to date has been and will continue to be strongly influenced by its ability to attract and retain senior management experienced in banking and financial services.

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- Although management believes the allowance for loan losses is adequate to absorb losses inherent in the existing portfolio of loans and leases, there can be no assurance that the allowance will prove sufficient to cover actual loan or lease losses.
 - If market interest rates should move contrary to the Company's gap position on interest earning assets and interest bearing liabilities, the "gap" will work against the Company and its net interest income may be negatively affected.
 - The financial services business is highly competitive which may affect the pricing of the Company's loan and deposit products as well as its services.
 - The Company's ability to adapt successfully to technological changes to compete effectively in the marketplace.
 - Unforeseen future events that may cause slower than anticipated development and growth of the Tricom business and/or changes in the temporary staffing industry.
 - Changes in the economic environment, competition, or other factors, may influence the anticipated growth rate of loans and deposits, the quality of the loan portfolio and the pricing of loans and deposits, and may affect the Company's ability to successfully pursue acquisition and expansion strategies.
 - The conditions in the financial markets and economic conditions generally, as well as unforeseen future events surrounding the wealth management business, including competition and related pricing of brokerage, trust and asset management products.

Directors & Officers

Wintrust Financial Corporation

Directors—Current

Peter D. Crist
Bruce K. Crowther
Bert A. Getz, Jr.
Philip W. Hummer
John S. Lillard (Chairman)
James B. McCarthy
Marguerite Savard McKenna
Albin F. Moschner
Thomas J. Neis
Hollis W. Rademacher
J. Christopher Reyes
John J. Schornack
Ingrid S. Stafford
Edward J. Wehmer

Directors—Retired

Joseph Alaimo
William C. Graft
Raymond L. Kratzer
Dorothy M. Mueller
Christopher J. Perry
Penelope J. Randel
Peter P. Rusin
John N. Schaper
Katharine V. Sylvester
Larry V. Wright
Maurice F. Dunne, Jr. (Emeritus)
Lemuel H. Tate (Emeritus)

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President & Chief Executive Officer

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Senior Executive Vice President & Chief Operating Officer

Lloyd M. Bowden
Executive Vice President/Technology

James F. Duca, II
Executive Vice President/Wealth Management

Robert F. Key
Executive Vice President/Marketing

Richard B. Murphy
Executive Vice President & Chief Credit Officer

David L. Stoehr
Executive Vice President & Chief Financial Officer

Barbara A. Kilian
Senior Vice President/Finance

Michael A. Cherwin
Vice President/Human Resources

T. Tolbert Chisum
Director/New Business Development

Matthew E. Doubleday
Vice President/Niche Marketing

David J. Galvan
Vice President/Investments

Raj V. Nagarajan
Vice President/Director of Internal Audit

Richard J. Pasminski
Vice President/Controller

Jay P. Ross
Vice President/Database Marketing

Jolanta K. Slusarski
Vice President/Compliance & Best Practices

Stacey L. Herman
Assistant Vice President/Finance

Helene A. Torrenga
Assistant Vice President/Finance

Natalie A. Meissner
Senior Marketing Manager

Lake Forest Bank & Trust Company

Directors

Maxine P. Farrell
Randolph M. Hibben
Eugene Hotchkiss
Howard Kerr
John S. Lillard
Frank Mariani
John J. Meierhoff
Albin F. Moschner
Joseph Pasquesi
Hollis W. Rademacher
J. Christopher Reyes
Ellen Stirling
Edward J. Wehmer
Maurice F. Dunne, Jr. (Emeritus)
Francis Farwell (Emeritus)
Moris T. Hoversten (Emeritus)

Executive Officers

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Chairman & Chief Executive Officer

John J. Meierhoff
President & Chief Operating Officer

Rachele L. Wright
President-Bank of Highwood-Fort Sheridan

Mary Beth Jones
President-West Lake Forest

Sandra McCraren
President-Highland Park

Loans

Kurt K. Prinz
Executive Vice President/Senior Credit Officer

Kathryn Walker-Eich
Executive Vice President/Commercial Lending

Stephen L. Madden
Senior Vice President/Commercial Lending

Janice C. Nelson
Senior Vice President/Consumer Lending

Jennifer Z. Brooks
Vice President/Lending

Lori Higgins
Vice President/Loan Administration

Stephen Milota
Vice President/Commercial Lending

Mary Satherlie
Vice President/Lending

Gina Stec
Vice President/Commercial Lending

Lake Forest Bank (continued)

Laura Cascarano
Assistant Vice President/Lending

Pat McNeilly
Assistant Vice President/Lending

James C. Miller
*Assistant Vice President/MMF
Leasing Services*

Susan Potash
Assistant Vice President/Lending

Maria Santello
Assistant Vice President/Lending

Christopher Baker
Commercial Loan Officer

Todd K. Grubich
Commercial Loan Officer

Jane Kriens
Loan Administration Officer

Personal Banking

Lynn Van Cleave
*Senior Vice President/Personal
Banking*

Thomas Groth
Vice President/Personal Banking

Twila D. Hungerford
*Vice President//Personal Banking &
Manager-Lake Bluff*

Judy Moloney
Vice President/Personal Banking

Dennis Carani
*Assistant Vice President/Personal
Banking*

Piera Dallabattista
*Assistant Vice President/Personal
Banking*

Amy Boyle
Personal Banking Officer

Barbara Kubas
Personal Banking Officer

Michelle Parnell
Personal Banking Officer

Shilpa Patel
Personal Banking Officer

April Thompson
Personal Banking Officer

Operations/Finance/Other

Mary Ann Gannon
Senior Vice President/Operations

Richard J. Pasminski
Vice President/Controller

Margaret Zacher
Assistant Vice President/Accounting

Kathleen E. Bickmore
Assistant Vice President/Operations

Marci Miller
Teller Operations Officer

Andrea Levitt
Administration Officer

Jo Marie Loesch
Operations Officer

Carolyn P. Szymanski
Public Relations Officer

Hinsdale Bank & Trust Company**Directors**

Peter D. Crist

Diane Dean

Donald Gallagher

Elise Grimes

Robert D. Harnach

Dennis J. Jones

Douglas J. Lipke

James B. McCarthy

James P. McMillin

Mary Martha Mooney

Richard B. Murphy

Margaret O'Brien Stock

Hollis W. Rademacher

Ralph J. Schindler

Katharine V. Sylvester

Robert Thompson

Edward J. Wehmer

Lorraine Wolfe

Frank J. Murnane, Sr. (Emeritus)

Joel Nelson (Emeritus)

Executive Officers

Dennis J. Jones
Chairman & Chief Executive Officer

Richard B. Murphy
President & Chief Operating Officer

Roberta L. Head
President-Riverside Bank

David J. LaBrash
President-Clarendon Hills Bank

Stephen C. Pleimling
*President-The Community Bank of
Western Springs*

Loans

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Senior Vice President/Lending

Mark Hale
Senior Vice President/Lending

Kay M. Olenec
Senior Vice President/Mortgages

Richard J. Stefanski
Senior Vice President/Indirect Lending

Eric C. Westberg
Senior Vice President/Mortgages

Phyllis Long
Vice President/Lending

Hinsdale Bank (continued)

Robert D. Meyrick
Vice President/Indirect Lending

Timothy S. Murphy
Vice President/Indirect Lending

Cora Mae Corley
Assistant Vice President/Lending

Pat L. Gray
Assistant Vice President/Lending

Brad R. Hettich
Assistant Vice President/Lending

Kathy R. Oergel
Assistant Vice President/Lending

Jason N. Bledsoe
Consumer Loan Officer

Maria Chialdikis
Loan Processing Officer

Cheryl M. Cummings
Loan Processing Officer

Matthew R. Corley
Commercial Loan Officer

Lori C. Ritzert
Consumer Loan Officer

Personal Banking/Operations

Anne M. O'Neill
Senior Vice President/Operations

Michelle A. Kennedy
Vice President/Controller

Holly A. Bishop
Assistant Vice President/Personal Banking

Amy J. Boburka
Assistant Vice President/Personal Banking

Esther Cook
Assistant Vice President/Personal Banking

Carol E. Franzo
Assistant Vice President/Personal Banking

Kim E. Fernandez
Assistant Vice President/Personal Banking

Michelle Paetsch
Assistant Vice President/Personal Banking

Elizabeth D. Reis
Assistant Vice President/Personal Banking

Patricia A. Mayo
Operations Officer

Rhonda M. Sippel
Accounting Officer

North Shore Community Bank & Trust Company**Directors**

Gilbert W. Bowen
T. Tolbert Chisum
Thomas J. Dammrich
John W. Haben
Randolph M. Hibben
Gayle Inbinder
L. Hamilton Kerr, III
Donald F. Krueger
Thomas J. McCabe, Jr.
Marguerite Savard McKenna
Robert H. Meeder
Donald L. Olson
Hollis W. Rademacher
John J. Schornack
Ingrid S. Stafford
Elizabeth C. Warren
Edward J. Wehmer
Stanley R. Weinberger
Richard J. Witry
Maurice F. Dunne, Jr. (Emeritus)
James Fox (Emeritus)
Lemuel H. Tate (Emeritus)

Executive Officers

L. Hamilton Kerr, III
Chairman & Chief Executive Officer

Robert H. Meeder
President & Chief Operating Officer

Donald F. Krueger
Executive Vice President/Operations

James L. Sefton
Executive Vice President/Senior Credit Officer

Lauretta M. Burke
Senior Vice President/Commercial Lending

Loans

John P. Burk
Vice President/Commercial Lending

Robert Clausen
Vice President/Commercial Lending

James McClamroch
Vice President/Commercial Lending

Ann T. Tyler
Vice President/Loan Administration

James P. Waters
Vice President/Commercial Banking Services

Richard Chan
Assistant Vice President/Lending

Romelia Lemus
Assistant Vice President/Lending

Steve Bailen
Loan Officer

Jaki Pearl
Loan Operations Officer

Residential Real Estate

Mark A. Stec
Senior Vice President/Mortgages

Mary Carole Gavula
Vice President/Mortgages

Susan Mundy
Vice President/Mortgages

Kelly Mishka
Loan Operations Officer

Personal Banking

Connie Berman
Vice President/Personal Banking & Manager-Winnetka

Leslie A. Niemark
Vice President/Personal Banking & Manager-Glencoe

Diane Schwartz
Vice President/Personal Banking & Manager-Skokie

Catherine W. Biggam
Assistant Vice President/Personal Banking

Ingrid Brewer
Assistant Vice President/Personal Banking

Michael T. Donnelly
Assistant Vice President/Personal Banking & Manager-Wilmette

Eric I. Jordan
Assistant Vice President/Personal Banking

Maureen A. Nicholl
Assistant Vice President/Personal Banking

Mi Balderas
Personal Banking Officer

North Shore Community Bank (continued)

Beatrice Borre
Personal Banking Officer

Kimberly Davis
Personal Banking Officer

Adelia Lawson
Personal Banking Officer

Melissa O'Malley
Personal Banking Officer

David Sweeney
Personal Banking Officer

Finance/Operations

John A. Barnett
Vice President/Controller

Jennifer A. Kocour
Assistant Vice President/Human Resources & Marketing

Angelica Escobar
Assistant Controller

J. Robert Marrs
Operations Manager

Karin Jacobson
Assistant Teller Manager

Libertyville Bank & Trust Company**Directors**

Neville Carr
Bert Carstens
Joseph F. Damico
David A. Dykstra
Bert A. Getz, Jr.
Donald Gossett
Jeffrey Harger
James Mahoney
Richard Nakon
William Newell
Hollis W. Rademacher
John N. Schaper
Jane Stein
Jack Stoneman
Edward J. Wehmer
Edward Werdell

Executive Officers

Bert Carstens
Chairman & Chief Executive Officer
Edward Werdell
President & Chief Operating Officer
Crystal McClure
President-Wauconda Community Bank

Commercial Banking

Brian Mikaelian
Executive Vice President/Senior Credit Officer
William Westerman
Executive Vice President/Commercial Lending
Betty Berg
Vice President/Commercial Banking Services
John Brennan
Vice President/Commercial Lending
Michael Buchert
Vice President/Commercial Lending
Ronald Schroeder
Vice President/Commercial Lending
Randolph Webster
Vice President/Commercial Lending
Rosemarie Garrison
Commercial Mortgage Officer
Barbra Meyer
Credit Administration Officer

Residential Real Estate

Michael Spies
Vice President/Residential Real Estate
Brenda O'Toole
Manager/Residential Real Estate
Thomas Eardley
Mortgage Representative
Judy Franks
Mortgage Representative

Personal Banking

Sharon Worlin
Senior Vice President/Personal Banking
Ursula Schuebel
Vice President/Personal Banking
Karen Bouas
Assistant Vice President/Personal Banking
Bobbie Callese
Assistant Vice President/Personal Banking
Deborah Motzer
Assistant Vice President/Personal Banking
Julie Rolfsen
Assistant Vice President/Personal Banking
Karen Schmidt
Assistant Vice President/Personal Banking
Colleen Turley
Assistant Vice President/Personal Banking
Irene Huff
Personal Banking Officer
Cindy Tysland
Personal Banking Officer
Rachel Vincent
Personal Banking Officer

Operations/Finance

Suzanne Chamberlain
Vice President/Operations
Lynn Wiacek
Vice President/Controller

Libertyville Bank (continued)

Linda Terrian
Assistant Controller

Angela Atterbury
Operations Officer

Joy Botsford
Operations & Loan Administration Officer

Maria Hurtado
Operations Officer

Dwayne Nicholson
Operations & MIS Officer

Barrington Bank & Trust Company, N.A.**Directors**

James H. Bishop
Raynette Boshell
Edwin C. Bruning
Dr. Joel Cristol
Bruce K. Crowther
Scott A. Gaalaas
William C. Graft
Kathleen R. Horne
Peter Hyland
Carol M. Nelson
Sam Oliver
Mary F. Perot
Hollis W. Rademacher
Peter P. Rusin
George L. Schueppert
Dr. Richard Smith
Richard P. Spicuzza
W. Bradley Stetson
Charles VanFossan
Edward J. Wehmer
Tim Wickstrom

Executive Officers

James H. Bishop
Chairman

W. Bradley Stetson
President & Chief Executive Officer

Jon C. Stickney
Executive Vice President/Senior Lender

Georgeanna Mehr
President-Hoffman Estates Community Bank

Loans

Linda J. Schiff
Senior Vice President/Lending & President-Community Advantage

Burke A. Groom
Vice President/Lending

John D. Haniotes
Vice President/Lending

Christopher P. Marrs
Vice President/Lending

Peter J. McDaniel
Vice President/Lending

Charlotte Neault
Vice President/Lending

Peter J. Santangelo
Vice President/Lending

Barbara E. Tomasello
Vice President/Mortgages

Karen G. Smith
Loan Administration Officer

Kathy E. Zuniga
Loan Operations Officer

Personal Banking/Operations

Paul R. Johnson
Vice President/Retail Banking

James Weiler
Vice President/Controller

Patricia A. Mitchell
Operations Officer

Christine M. Sherman
Personal Banking Officer

Lana A. Smart
Personal Banking Officer

Crystal Lake Bank & Trust Company, N.A.**Directors**

Ronald Bykowski
Charles D. Collier
Donald Franz
John W. Fuhler
Diana Kenney
Dorothy M. Mueller
Thomas J. Neis
Marshall Pedersen
Anthony Pintozi Jr.
Ormel J. Prust
Hollis W. Rademacher
Candy Reedy
Nancy Riley
Robert Robinson
Robert C. Staley
James N. Thorpe
Edward J. Wehmer
Henry L. Cowlin (Emeritus)

Executive Officers

Charles D. Collier
Chairman & Chief Executive Officer

James N. Thorpe
President & Chief Operating Officer

Pam Umbarger
Senior Vice President/Operations

Joseph L. McVicker
President-Cary Bank & Trust

Philip R. Oeffling
President-McHenry Bank & Trust

Ormel J. Prust
Executive Vice President-McHenry Bank & Trust

Loans

Monica A. Garver
*Vice President & Manager/
Residential Loans*

Mark J. Peteler
*Vice President-NorthAmerican
Aviation Finance*

Joan M. Bassak
*Vice President-NorthAmerican
Aviation Finance*

Rosemarie Smith
Vice President/Lending

Brian R. Fowler
Commercial Banking Officer

Personal Banking/Operations

Pamela L. Bialas
*Assistant Vice President/Personal
Banking*

Peter S. Fidler
Controller

Northbrook Bank & Trust Company**Directors**

Patrick J. Caruso
Daniel E. Craig
David A. Dykstra
Rockwood S. Edwards
Joel S. Garson
Amy C. Kurson
David P. Masters
Hollis W. Rademacher
Penelope J. Randel
Richard C. Rushkewicz
Todd W. Stetson
Edward J. Wehmer (Chairman)

Executive Officers

Richard C. Rushkewicz
President & Chief Executive Officer

David P. Masters
Executive Vice President/Lending

Loans

Kathryn A. Nellis
Vice President/Lending

Lewis Korompilas
Loan Officer & Manager-Residential Loans

Personal Banking

Kenneth E. Tremaine
Senior Vice President/Personal Banking

Marla S. Giblichman
Personal Banking Officer

Patricia A. Klingeman
Personal Banking Officer

Operations/Finance

Edward W. Bettenhausen
Senior Vice President/Operations & Finance

Rosemarie D. Mann
Assistant Vice President/Operations

Wayne Hummer Investments, L.L.C.**Directors**

Steven R. Becker
James F. Duca, II
David A. Dykstra
Philip W. Hummer
L. Hamilton Kerr, III
Laura A. Kogut
Raymond L. Kratzer
John S. Lillard
Robert L. Meyers
Hollis Rademacher
Edward J. Wehmer (Chairman)
Richard Wholey

Executive Officers

Raymond L. Kratzer
President & Chief Executive Officer
George T. "Ted" Becker
Executive Vice President & Chief Financial Officer
Laura A. Kogut
Executive Vice President & Chief Operations Officer

Investments

Linda Becker
Senior Vice President/Investments
Steven R. Becker
Senior Vice President/Investments
Philip M. Burno
Senior Vice President/Investments
W. Douglas Carroll
Senior Vice President/Investments
Daniel G. Hack
Senior Vice President/Investments
Philip W. Hummer
Senior Vice President/Investments
William B. Hummer
Senior Vice President/Investments
Richard J. Kosarek
Senior Vice President/Investments
Luigi E. Mancusi
Senior Vice President/Investments
David P. Poitras
Senior Vice President/Investments
Richard Wholey
Senior Vice President/Investments

H. Flagg Baum
First Vice President/Investments
Victor Baum
First Vice President/Investments
Katherine Burno
First Vice President/Investments
Peder Culver
First Vice President/Investments
John Fritzell
First Vice President/Investments
Jeffrey P. Kraus
First Vice President/Investments
J. Daniel Hansen
First Vice President/Investments
Robert A. Hon
First Vice President/Investments
Patricia A. Marsh
First Vice President/Investments
P. Scott Park
First Vice President/Investments
Joseph A. Piekarczyk
First Vice President/Investments
Brian Siegel
First Vice President/Investments
Floyd Siegel
First Vice President/Investments
R. Daniel Steele
First Vice President/Investments
John C. Tyrpin
First Vice President/Investments
Ronald A. Tyrpin
First Vice President/Investments
Errett Van Nice
First Vice President/Investments
Lawrence H. Weisz
First Vice President/Investments
Jean Williams
First Vice President/Investments
James J. Bann
Vice President/Investments
Vincent Cannova
Vice President/Investments
Paul Cetera
Vice President/Investments
Steven Diamond
Vice President/Investments

Larry Doody
Vice President/Investments
John Frazak
Vice President/Investments
Thomas J. Fulscher
Vice President/Investments
Shawn Gretzinger
Vice President/Investments
Donald A. Kennedy
Vice President/Investments
Grove N. Mower
Vice President/Investments
Michael J. Phillipp
Vice President/Investments

Sales/Marketing

Robert A. Stuber
Sales Manager
Kellie Dolliver
Department Manager/Marketing & Communications

Operations/Other

Paul Carroll
Director/Information Technology
Kathy Darcy
Director/Operations
Mary McCarthy
Director/Internal Controls & Purchase & Sales
William Reilly
Controller
Elliott Silver
Director/Compliance
Erica Fox
Manager/Office
Marylin Hederman
Manager/Equity Trading
Thomas Kiernan
Manager/Fixed Income Trading
William Reynolds
Manager/OTC Trading
Maureen Valentine
Manager/New Accounts
Rainer Woosman
Manager/Credit

Wayne Hummer Investments (con't)

Diane Hogan
Assistant Manager/Operations

Jonathan Stanislaw
Assistant Manager/Operations

Barbara Danks
Supervisor/Retirement Plans

Mariusz Niedbalec
Supervisor/Internal Controls

Leonard Smith
Supervisor/Distribution

Anna Solus
Supervisor/Year End, Dividends & Interest

Paul Wascher
Supervisor/Purchase & Sales

James Zaczyk
Supervisor/Reorganizations

Lynn Reynolds
Department Manager/Purchase & Sales

Matthew Stasko
Department Manager/Credit

Wayne Hummer Trust Company, N.A.

Directors

Joseph Alaimo (Chairman)
Mark H. Dierkes
James F. Duca, II
David A. Dykstra
Bert A. Getz, Jr.
Philip W. Hummer
Raymond L. Kratzer
John S. Lillard
Sandy A. Lincoln
David P. Poitras
Hollis W. Rademacher
James P. Richter
Thomas J. Rowland
Richard P. Spicuzza
Robert C. Staley
Edward J. Wehmer (Vice Chairman)
Stanley R. Weinberger

Executive Officers

James F. Duca, II
President & Chief Executive Officer

Laura A. Kogut
Chief Operations Officer

Officers

Kenneth H. Cooke
Vice President/Trust Officer

David D. Cox
Vice President/Portfolio Manager

Jennifer L. Czerwinski
Vice President/Trust Officer

Mark H. Dierkes
Vice President/Portfolio Manager

Edward W. Edens
Vice President/Portfolio Manager

Susan C. Gavinski
Vice President/Trust Officer

Amy G. Howes
Vice President/Portfolio Manager

Ethel R. Kaplan
Vice President/Trust Officer

Elizabeth Karabatsos
Vice President/Trust Officer

Timothy J. Keefe
Vice President/Trust Officer

Gerard B. Leenheers
Vice President/Portfolio Manager

Robert L. Meyers
Vice President/Managing Director

Anita E. Morris
Vice President/Trust Officer

Laura H. Olson
Vice President/Trust Officer

James P. Richter
Vice President/Managing Director

Thomas J. Rowland
Vice President/Portfolio Manager

Sandra L. Shinsky
Vice President/Trust Officer

Kay Stevens
Vice President/Trust Officer

Ann Wiesbrock
Vice President/Trust Officer

Maria Bora
Assistant Vice President/Trust Officer

Virginia Primack
Assistant Vice President/Trust Officer

Judith McAndrew
Trust Officer

Wayne Hummer Asset Management Company**Directors**

Joseph Alaimo
Mark H. Dierkes
James F. Duca, II
David A. Dykstra
Bert A. Getz, Jr.
Philip W. Hummer
Raymond L. Kratzer
John S. Lillard
Sandy A. Lincoln
David P. Poitras
Hollis W. Rademacher
James P. Richter
Thomas J. Rowland
Richard P. Spicuzza
Robert C. Staley
Edward J. Wehmer
Stanley R. Weinberger

Amy G. Howes
Vice President/Portfolio Manager
Damaris E. Martinez
Vice President/Administration
Jean M. Maurice
Treasurer

Executive Officers

James F. Duca, II
President & CEO
George T. "Ted" Becker
Chief Financial Officer

Officers

Mark H. Dierkes
Managing Director/First Vice President
Philip W. Hummer
Managing Director
Sandy A. Lincoln
Managing Director/Vice President
Robert L. Meyers
Managing Director
David P. Poitras
Managing Director/First Vice President
James P. Richter
Managing Director
Thomas J. Rowland
Managing Director/First Vice President
David D. Cox
Vice President/Portfolio Manager
Richard O'Hara
Vice President/Equity Research

Focused Investments L.L.C.**Directors**

James F. Duca, II
David A. Dykstra
Laura A. Kogut (Chairman)
Raymond L. Kratzer
Edward J. Wehmer

Executive Officers

Laura A. Kogut
President & Chief Executive Officer
Jenny J. Charles
Chief Operations Officer
Ken M. DiFrancesca
Executive Vice President/Sales & Marketing
Daniel J. Marks
Financial Officer
Michelle Biondo
Director/Compliance

First Insurance Funding Corp.**Directors**

Frank J. Burke
David A. Dykstra
Hollis W. Rademacher
Edward J. Wehmer (Chairman)

Executive Officers

Frank J. Burke
President & Chief Executive Officer

Robert G. Lindeman
*Executive Vice President/
Information Technology*

Mark A. Steenberg
Executive Vice President/Operations

Finance/Marketing/Operations

Michelle H. Perry
*Senior Vice President & Chief
Financial Officer*

Matthew E. Doubleday
Senior Vice President/Marketing

Mark C. Lucas
*Senior Vice President/Asset
Management*

G. David Wiggins
*Senior Vice President/Loan
Origination*

Kimberly J. Malizia
Vice President/Cash Management

John W. Dixon
Vice President/General Counsel

Amy J. Evola
Vice President/Inside Sales

Mary Kay Francel
*Assistant Vice President/Cash
Management*

Russell L. Goldstein
*Assistant Vice President/Specialty
Business*

Tricom, Inc. of Milwaukee**Directors**

Julie Ann Blazei
David A. Dykstra
Dennis J. Jones
John Leopold (Chairman)
Marge Stock
Hollis W. Rademacher
James McMillin
Edward J. Wehmer

Senior Staff

Julie Ann Blazei
President

Rick Gehrke
Cash Management Manager

Mary Jo Heim
Accounting Manager

Sandra Sell
*Credit Manager & Account
Executive*

Linda Walsch
Payroll Services Manager

**Wintrust Information Technology
Services Company****Directors**

Lloyd M. Bowden
Paul Carroll
James F. Duca, II
David A. Dykstra
Mary Ann Gannon,
Donald F. Krueger
Robert G. Lindeman
David P. Masters
Richard B. Murphy
Linda J. Schiff
Brian Schwartz
Jolanta K. Slusarski
Pam Umbarger

Officers

Lloyd M. Bowden
President & Chief Executive Officer

Candace M. Schulze
Data Center Manager

Sue Greffin
Internet Banking Manager

Tara Delaney-Grimes
Item Imaging Manager

Elizabeth K. Pringle
Office Manager

Dennis Brower
Senior Network Engineer

Glenn Ritchie
Senior Systems Engineer

Ron Henriksen
Advanced Network Engineer

Corporate Locations

Wintrust Financial Corporation

www.wintrust.com

727 North Bank Lane
Lake Forest, IL 60045
847-615-4096

Lake Forest Bank & Trust Company

www.lakeforestbank.com

Lake Forest Locations

Main Bank
727 North Bank Lane
Lake Forest, IL 60045
847-234-2882

Main Drive-thru
780 North Bank Lane
Lake Forest, IL 60045
847-615-4022

West Lake Forest
810 South Waukegan Avenue
Lake Forest, IL 60045
847-615-4080

West Lake Forest Drive-thru
911 Telegraph Road
Lake Forest, IL 60045
847-615-4098

Lake Bluff

103 East Scranton Avenue
Lake Bluff, IL 60044
847-615-4060

Bank of Highwood – Fort Sheridan

507 Sheridan Road
Highwood, IL 60040
847-266-7600
www.bankofhwfs.com

Highland Park Bank & Trust

600 Central Avenue
Port Clinton Square
Suite 142 (Facing First Street)
Highland Park, IL 60035
www.highlandparkbank.com

MMF Leasing Services

810 S. Waukegan Road
Lake Forest, IL 60045
847-604-5060

Hinsdale Bank & Trust Company

www.hinsdalebank.com

Hinsdale Locations

Main Bank
25 East First Street
Hinsdale, IL 60521
630-323-4404

Drive-thru
130 West Chestnut
Hinsdale, IL 60521
630-655-8025

Clarendon Hills Bank

200 West Burlington Avenue
Clarendon Hills, IL 60514
630-323-1240
www.clarendonhillsbank.com

ATM Drive-thru
5 South Walker Ave
Clarendon Hills, IL 60514

The Community Bank of Western Springs

1000 Hillgrove Avenue
Western Springs, IL 60558
708-246-7100
www.communitybankws.com

Riverside Bank

17 E. Burlington
Riverside, IL 60546
708-447-3222
www.bankriverside.com

North Shore Community Bank & Trust Company

www.nscbank.com

Wilmette Locations

Main Bank
1145 Wilmette Avenue
Wilmette, IL 60091
847-853-1145

Drive-thru
720 12th Street
Wilmette, IL 60091

4th & Linden Walk-up
351 Linden Ave
Wilmette IL 60091

Glencoe Locations

362 Park Avenue
Glencoe, IL 60022
847-835-1700

Drive-thru
633 Vernon Avenue
Glencoe, IL 60022

Winnetka

576 Lincoln Ave
Winnetka, IL 60093
847-441-2265

Skokie Locations

5049 Oakton Street
Skokie, IL 60077
847-933-1900

New South Facility
(opening spring of 2003)
7800 Lincoln Avenue
Skokie, IL 60077
847-933-1900

Libertyville Bank & Trust Company

www.libertyvillebank.com

Libertyville Locations

Main Bank
507 North Milwaukee Avenue
Libertyville, IL 60048
847-367-6800

Drive-thru
201 Hurlburt Court
Libertyville, IL 60048
847-247-4045

South Libertyville
1167 South Milwaukee Avenue
Libertyville, IL 60048
847-367-6800

New South Facility
(opening summer of 2003)
1200 South Milwaukee Avenue
Libertyville, IL 60048
847-367-6800

Wauconda Community Bank Locations

Main Bank
495 West Liberty Street
Wauconda, IL 60084
847-487-2500
www.waucondabank.com

Drive-thru
1180 Dato Lane
Wauconda, IL 60084
847-487-3770

Barrington Bank & Trust Company

www.barringtonbank.com

Barrington Locations

Main Bank
201 S. Hough Street
Barrington, IL 60010
847-842-4500

Mortgage Department
202 S. Cook Street
Barrington, IL 60010
847-842-4674

Community Advantage

202 S. Cook Street
Barrington, IL 60010
847-842-7980
www.communityadvantage.com

Hoffman Estates Community Bank

1375 Palatine Road
Hoffman Estates, IL 60195
847-963-9500
www.hecommunitybank.com

Crystal Lake Bank & Trust Company

www.crystallakebank.com

Crystal Lake Locations

Main Bank
70 N. Williams Street
Crystal Lake, IL 60014
815-479-5200

Drive-thru
27 N. Main Street
Crystal Lake, IL 60014

South Crystal Lake
1000 McHenry Avenue
Crystal Lake, IL 60014
815-479-5715

McHenry Bank & Trust

2205 North Richmond Road
McHenry, IL 60050
815-344-6600
www.mchenrybank.com

Cary Bank & Trust

60 East Main Street
Cary, IL 60013
847-462-8881
www.carybank.com

NorthAmerican Aviation Finance

70 N. Williams St.
Crystal Lake, IL 60014
1-877-FLYMONEY
www.namaf.com

Northbrook Bank & Trust Company

www.northbrookbank.com

Main Bank
1100 Waukegan Road
Northbrook, IL 60062
847-418-2800

Wayne Hummer Investments, L.L.C.

www.whummer.com

300 South Wacker Drive
Suite 1500
Chicago, IL 60606
312-431-1700

810 South Waukegan Avenue
Lake Forest, IL 60045
847-482-8469

25 East First Street
Hinsdale, IL 60521
630-655-8485

200 East Washington St.
Appleton, WI 54911
920-734-1474

Focused Investments, L.L.C.

www.focusedinvestments.com

300 South Wacker Drive
Suite 1680
Chicago, IL 60606
312-431-1700

Wayne Hummer Trust Company

www.whummer.com

300 South Wacker Drive
Suite 1340
Chicago, IL 60606
312-431-1700

727 North Bank Lane
Lake Forest, IL 60045
847-234-2882

West Lake Forest
810 South Waukegan Avenue
Lake Forest, IL 60045
847-615-4080

25 East First Street
Hinsdale, IL 60521
630-323-4404

720 12th Street – 2nd Floor
Wilmette, IL 60091
847-853-2093

201 S. Hough Street
Barrington, IL 60010
847-842-4500

1100 Waukegan Road
Northbrook, IL 60062
847-418-2800

Wayne Hummer Asset Management Company

www.whummer.com

300 South Wacker Drive
Suite 1340
Chicago, IL 60606
312-431-1700

First Insurance Funding Corp.

www.firstinsurancefunding.com

450 Skokie Blvd., Suite 1000
Northbrook, IL 60062
847-374-3000

Tricom, Inc. of Milwaukee

www.tricom.com

16866 W Lisbon Road
Menomonee Falls, WI 53051
262-509-6200

Wintrust Information Technology Services Company

851 North Villa Ave.
Villa Park, IL 60181
630-516-4060

Public Listing and Market Symbol

The Company's Common Stock is traded on The Nasdaq Stock Market® under the symbol WTFC. The stock abbreviation appears as "WintrstFnl" in the Wall Street Journal.

Website Location

The Company maintains a financial relations internet website at the following location: www.wintrust.com

Annual Meeting of Shareholders

May 22, 2003
Michigan Shores Club
911 Michigan Avenue
Wilmette, Illinois

Form 10-K

The Form 10-K Annual Report to the Securities and Exchange Commission will be available to holders of record upon written request to the Secretary of the Company. The information is also available on the Internet at the Securities and Exchange Commission's website. The address for the web site is: <http://www.sec.gov>.

Transfer Agent

Illinois Stock Transfer Company
209 West Jackson Boulevard
Suite 903
Chicago, Illinois 60606
Telephone: 312-427-2953
Facsimile: 312-427-2879

Current Market Makers Writing Research On Wintrust Financial Corporation Common Stock

- Howe Barnes Investments, Inc.
- FTN Financial Securities Corp.
- Raymond James & Associates
- RBC Capital Markets
- Stifel, Nicolaus & Company, Inc.
- U.S. Bancorp Piper Jaffray