

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended **September 30, 2024**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **001-35077**

**WINTRUST FINANCIAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Illinois**  
(State of incorporation or organization)

**36-3873352**  
(I.R.S. Employer Identification No.)

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

(Registrant's telephone number, including area code)

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

Common Stock — no par value, 66,492,204 shares, as of October 31, 2024



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**PART I**  
**ITEM 1. FINANCIAL STATEMENTS**

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CONDITION

	(Unaudited) September 30, 2024	December 31, 2023	(Unaudited) September 30, 2023
(Dollars in thousands, except per share data)			
<b>Assets</b>			
Cash and due from banks	\$ 725,465	\$ 423,404	\$ 418,088
Federal funds sold and securities purchased under resale agreements	5,663	60	60
Interest-bearing deposits with banks	3,648,117	2,084,323	2,448,570
Available-for-sale securities, at fair value	3,912,232	3,502,915	3,611,835
Held-to-maturity securities, at amortized cost, net of allowance for credit losses of \$479, \$347 and \$381 at September 30, 2024, December 31, 2023 and September 30, 2023, respectively (\$3.1 billion, \$3.2 billion and \$3.1 billion fair value at September 30, 2024, December 31, 2023 and September 30, 2023, respectively)	3,677,420	3,856,916	3,909,150
Trading account securities	3,472	4,707	1,663
Equity securities with readily determinable fair value	125,310	139,268	134,310
Federal Home Loan Bank and Federal Reserve Bank stock	266,908	205,003	204,040
Brokerage customer receivables	16,662	10,592	14,042
Mortgage loans held-for-sale, at fair value	461,067	292,722	304,808
Loans, net of unearned income	47,067,447	42,131,831	41,446,032
Allowance for loan losses	(360,279)	(344,235)	(315,039)
Net loans	46,707,168	41,787,596	41,130,993
Premises, software and equipment, net	772,002	748,966	747,501
Lease investments, net	270,171	281,280	275,152
Accrued interest receivable and other assets	1,721,090	1,551,899	1,674,681
Trade date securities receivable	551,031	690,722	—
Goodwill	800,780	656,672	656,109
Other acquisition-related intangible assets	123,866	22,889	24,244
<b>Total assets</b>	<b>\$ 63,788,424</b>	<b>\$ 56,259,934</b>	<b>\$ 55,555,246</b>
<b>Liabilities and Shareholders' Equity</b>			
Deposits:			
Non-interest-bearing	\$ 10,739,132	\$ 10,420,401	\$ 10,347,006
Interest-bearing	40,665,834	34,976,769	34,645,680
Total deposits	51,404,966	45,397,170	44,992,686
Federal Home Loan Bank advances	3,171,309	2,326,071	2,326,071
Other borrowings	647,043	645,813	643,999
Subordinated notes	298,188	437,866	437,731
Junior subordinated debentures	253,566	253,566	253,566
Accrued interest payable and other liabilities	1,613,638	1,799,922	1,885,580
Total liabilities	57,388,710	50,860,408	50,539,633
Shareholders' Equity:			
Preferred stock, no par value; 20,000,000 shares authorized:			
Series D - \$25 liquidation value; 5,000,000 shares issued and outstanding at September 30, 2024, December 31, 2023 and September 30, 2023	125,000	125,000	125,000
Series E - \$25,000 liquidation value; 11,500 shares issued and outstanding at September 30, 2024, December 31, 2023 and September 30, 2023	287,500	287,500	287,500
Common stock, no par value; \$1.00 stated value; 100,000,000 shares authorized at September 30, 2024, December 31, 2023 and September 30, 2023; 66,546,351 shares issued at September 30, 2024, 61,268,566 shares issued at December 31, 2023 and 61,243,622 shares issued at September 30, 2023	66,546	61,269	61,244
Surplus	2,470,228	1,943,806	1,933,226
Treasury stock, at cost, 64,808 shares at September 30, 2024, 24,940 shares at December 31, 2023, and 21,564 shares at September 30, 2023	(6,098)	(2,217)	(1,966)
Retained earnings	3,748,715	3,345,399	3,253,332
Accumulated other comprehensive loss	(292,177)	(361,231)	(642,723)
Total shareholders' equity	6,399,714	5,399,526	5,015,613
<b>Total liabilities and shareholders' equity</b>	<b>\$ 63,788,424</b>	<b>\$ 56,259,934</b>	<b>\$ 55,555,246</b>

See accompanying notes to unaudited consolidated financial statements.



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

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(Dollars in thousands, except per share data)</i>				
<b>Interest income</b>				
Interest and fees on loans	\$ 794,163	\$ 666,260	\$ 2,254,316	\$ 1,846,009
Mortgage loans held-for-sale	6,233	4,767	15,813	12,473
Interest-bearing deposits with banks	32,608	26,866	68,997	57,216
Federal funds sold and securities purchased under resale agreements	277	1,157	313	1,228
Investment securities	69,592	59,164	209,049	170,350
Trading account securities	11	6	42	26
Federal Home Loan Bank and Federal Reserve Bank stock	5,451	3,896	14,903	11,120
Brokerage customer receivables	269	284	663	844
Total interest income	908,604	762,400	2,564,096	2,099,266
<b>Interest expense</b>				
Interest on deposits	362,019	262,783	997,254	621,080
Interest on Federal Home Loan Bank advances	26,254	17,436	73,099	53,970
Interest on other borrowings	9,013	9,384	26,961	25,723
Interest on subordinated notes	3,712	5,491	14,384	16,502
Interest on junior subordinated debentures	5,023	4,948	15,011	14,101
Total interest expense	406,021	300,042	1,126,709	731,376
<b>Net interest income</b>	<b>502,583</b>	<b>462,358</b>	<b>1,437,387</b>	<b>1,367,890</b>
Provision for credit losses	22,334	19,923	84,068	71,482
Net interest income after provision for credit losses	480,249	442,435	1,353,319	1,296,408
<b>Non-interest income</b>				
Wealth management	37,224	33,529	107,452	97,332
Mortgage banking	15,974	27,395	72,761	75,640
Service charges on deposit accounts	16,430	14,217	46,787	40,728
Gains (losses) on investment securities, net	3,189	(2,357)	233	(959)
Fees from covered call options	988	4,215	7,891	17,184
Trading (losses) gains, net	(130)	728	617	1,647
Operating lease income, net	15,335	13,863	43,383	39,136
Other	24,137	20,888	95,750	62,569
Total non-interest income	113,147	112,478	374,874	333,277
<b>Non-interest expense</b>				
Salaries and employee benefits	211,261	192,338	604,975	554,042
Software and equipment	31,574	25,951	88,536	76,853
Operating lease equipment	10,518	12,020	32,035	31,669
Occupancy, net	19,945	21,304	58,616	58,966
Data processing	9,984	10,773	28,779	29,908
Advertising and marketing	18,239	18,169	48,715	47,909
Professional fees	9,783	8,887	29,303	25,990
Amortization of other acquisition-related intangible assets	4,042	1,408	6,322	4,142
FDIC insurance	10,512	9,748	35,478	27,425
Other real estate owned expense, net	(938)	120	(805)	31
Other	35,767	29,337	102,231	92,912
Total non-interest expense	360,687	330,055	1,034,185	949,847
Income before taxes	232,709	224,858	694,008	679,838
Income tax expense	62,708	60,660	184,325	180,692
<b>Net income</b>	<b>\$ 170,001</b>	<b>\$ 164,198</b>	<b>\$ 509,683</b>	<b>\$ 499,146</b>
Preferred stock dividends	6,991	6,991	20,973	20,973
<b>Net income applicable to common shares</b>	<b>\$ 163,010</b>	<b>\$ 157,207</b>	<b>\$ 488,710</b>	<b>\$ 478,173</b>
<b>Net income per common share—Basic</b>	<b>\$ 2.51</b>	<b>\$ 2.57</b>	<b>\$ 7.79</b>	<b>\$ 7.82</b>
<b>Net income per common share—Diluted</b>	<b>\$ 2.48</b>	<b>\$ 2.54</b>	<b>\$ 7.74</b>	<b>\$ 7.77</b>

net income per common share—Diluted	\$	2.47	\$	2.53	\$	7.67	\$	7.71
Cash dividends declared per common share	\$	0.45	\$	0.40	\$	1.35	\$	1.20
Weighted average common shares outstanding		64,888		61,213		62,743		61,119
Dilutive potential common shares		1,053		964		934		888
Average common shares and dilutive common shares		65,941		62,177		63,677		62,007

See accompanying notes to unaudited consolidated financial statements.

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

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Net income</b>	<b>\$ 170,001</b>	<b>\$ 164,198</b>	<b>\$ 509,683</b>	<b>\$ 499,146</b>
<b>Unrealized gains (losses) on available-for-sale securities</b>				
Before tax	168,166	(178,080)	69,510	(177,271)
Tax effect	(43,688)	47,458	(17,594)	47,243
Net of tax	124,478	(130,622)	51,916	(130,028)
Reclassification of net gains on available-for-sale securities included in net income				
Before tax	45	158	1,223	720
Tax effect	(6)	(40)	(318)	(192)
Net of tax	39	118	905	528
Reclassification of amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale				
Before tax	14	31	78	102
Tax effect	(4)	(8)	(21)	(27)
Net of tax	10	23	57	75
Net unrealized gains (losses) on available-for-sale securities	124,429	(130,763)	50,954	(130,631)
<b>Unrealized gains (losses) on derivative instruments</b>				
Before tax	124,848	(43,082)	31,914	(114,847)
Tax effect	(32,460)	11,482	(7,879)	30,607
Net unrealized gains (losses) on derivative instruments	92,388	(31,600)	24,035	(84,240)
<b>Foreign currency adjustment</b>				
Before tax	3,884	(8,359)	(7,323)	(942)
Tax effect	(680)	2,089	1,388	726
Net foreign currency adjustment	3,204	(6,270)	(5,935)	(216)
<b>Total other comprehensive income (loss)</b>	<b>220,021</b>	<b>(168,633)</b>	<b>69,054</b>	<b>(215,087)</b>
<b>Comprehensive income (loss)</b>	<b>\$ 390,022</b>	<b>\$ (4,435)</b>	<b>\$ 578,737</b>	<b>\$ 284,059</b>

See accompanying notes to unaudited consolidated financial statements.

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

	Preferred stock	Common stock	Surplus	Treasury stock	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
<i>(Dollars in thousands, except per share data)</i>							
Balance at June 30, 2023	\$ 412,500	\$ 61,219	\$ 1,923,623	\$ (1,966)	\$ 3,120,626	\$ (474,090)	\$ 5,041,912
Net income	—	—	—	—	164,198	—	164,198
Other comprehensive loss, net of tax	—	—	—	—	—	(168,633)	(168,633)
Cash dividends declared on common stock, \$ 0.40 per share	—	—	—	—	(24,501)	—	(24,501)
Dividends on Series D preferred stock, \$0.41 per share and Series E preferred stock, \$429.69 per share	—	—	—	—	(6,991)	—	(6,991)
Stock-based compensation	—	—	8,130	—	—	—	8,130
Common stock issued for:							
Restricted stock awards	—	13	(13)	—	—	—	—
Employee stock purchase plan	—	12	804	—	—	—	816
Director compensation plan	—	—	682	—	—	—	682
Balance at September 30, 2023	\$ 412,500	\$ 61,244	\$ 1,933,226	\$ (1,966)	\$ 3,253,332	\$ (642,723)	\$ 5,015,613
Balance at January 1, 2023	\$ 412,500	\$ 60,797	\$ 1,902,474	\$ (304)	\$ 2,849,007	\$ (427,636)	\$ 4,796,838
Cumulative effect adjustment from the adoption of ASU 2022-02 (TDR), net of tax	—	—	—	—	(544)	—	(544)
Net income	—	—	—	—	499,146	—	499,146
Other comprehensive loss, net of tax	—	—	—	—	—	(215,087)	(215,087)
Cash dividends declared on common stock, \$ 1.20 per share	—	—	—	—	(73,304)	—	(73,304)
Dividends on Series D preferred stock, \$1.23 per share and Series E preferred stock, \$1,289.07 per share	—	—	—	—	(20,973)	—	(20,973)
Stock-based compensation	—	—	24,532	—	—	—	24,532
Common stock issued for:							
Exercise of stock options	—	54	2,162	—	—	—	2,216
Restricted stock awards	—	296	(296)	(1,662)	—	—	(1,662)
Employee stock purchase plan	—	34	2,384	—	—	—	2,418
Director compensation plan	—	63	1,970	—	—	—	2,033
Balance at September 30, 2023	\$ 412,500	\$ 61,244	\$ 1,933,226	\$ (1,966)	\$ 3,253,332	\$ (642,723)	\$ 5,015,613
<b>Balance at June 30, 2024</b>	<b>\$ 412,500</b>	<b>\$ 61,825</b>	<b>\$ 1,964,645</b>	<b>\$ (5,760)</b>	<b>\$ 3,615,616</b>	<b>\$ (512,198)</b>	<b>\$ 5,536,628</b>
Net income	—	—	—	—	170,001	—	170,001
Other comprehensive income, net of tax	—	—	—	—	—	220,021	220,021
Cash dividends declared on common stock, \$ 0.45 per share	—	—	—	—	(29,911)	—	(29,911)
Dividends on Series D preferred stock, \$ 0.41 per share and Series E preferred stock, \$429.69 per share	—	—	—	—	(6,991)	—	(6,991)
Stock-based compensation	—	—	9,461	—	—	—	9,461
Common stock issued for:							
Acquisition of Macatawa Bank Corporation	—	4,702	494,537	—	—	—	499,239
Restricted stock awards	—	10	(10)	(338)	—	—	(338)
Employee stock purchase plan	—	9	788	—	—	—	797
Director compensation plan	—	—	807	—	—	—	807
Balance at September 30, 2024	\$ 412,500	\$ 66,546	\$ 2,470,228	\$ (6,098)	\$ 3,748,715	\$ (292,177)	\$ 6,399,714
Balance at January 1, 2024	\$ 412,500	\$ 61,269	\$ 1,943,806	\$ (2,217)	\$ 3,345,399	\$ (361,231)	\$ 5,399,526
Net income	—	—	—	—	509,683	—	509,683
Other comprehensive income, net of tax	—	—	—	—	—	69,054	69,054
Cash dividends declared on common stock, \$ 1.35 per share	—	—	—	—	(85,394)	—	(85,394)
Dividends on Series D preferred stock, \$ 1.23 per share and Series E preferred stock, \$1,289.07 per share	—	—	—	—	(20,973)	—	(20,973)
Stock-based compensation	—	—	27,568	—	—	—	27,568
Common stock issued for:							

Acquisition of Macatawa Bank Corporation	—	4,702	494,537	—	—	—	499,239
Exercise of stock options	—	1	24	—	—	—	25
Restricted stock awards	—	533	(529)	(3,881)	—	—	(3,877)
Employee stock purchase plan	—	26	2,414	—	—	—	2,440
Director compensation plan	—	15	2,408	—	—	—	2,423
Balance at September 30, 2024	\$ 412,500	\$ 66,546	\$ 2,470,228	\$ (6,098)	\$ 3,748,715	\$ (292,177)	\$ 6,399,714

See accompanying notes to unaudited consolidated financial statements.

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

	Nine Months Ended	
	September 30, 2024	September 30, 2023
<i>(In thousands)</i>		
<b>Operating Activities:</b>		
Net income	\$ 509,683	\$ 499,146
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	84,068	71,482
Depreciation, amortization and accretion, net	70,884	62,591
Stock-based compensation expense	27,568	24,532
(Accretion) amortization of discount/premium on securities, net	(1,380)	1,201
Accretion of discount and deferred fees on loans, net	(11,876)	(13,105)
Mortgage servicing rights fair value changes	26,106	13,065
Non-designated derivatives fair value changes, net	54,507	(271)
Originations and purchases of mortgage loans held-for-sale	(1,964,576)	(1,532,325)
Early buy-out exercises of mortgage loans held-for-sale guaranteed by U.S. government agencies, net of subsequent paydowns or payoffs	(22,558)	9,323
Proceeds from sales of mortgage loans held-for-sale	1,824,513	1,500,870
Bank owned life insurance ("BOLI") gains	(4,519)	(2,849)
Decrease (increase) in trading securities, net	1,235	(536)
(Increase) decrease in brokerage customer receivables, net	(6,070)	2,345
Gains on mortgage loans sold	(47,978)	(27,777)
Gains on premium financing receivables sold	(4,575)	(890)
(Gains) losses on investment securities, net	(233)	959
(Gains) losses on sales of premises and equipment, net	(93)	1,547
(Gains) losses on sales and fair value adjustments of other real estate owned, net	(1,234)	121
Increase in accrued interest receivable and other assets, net	(46,711)	(269,677)
(Decrease) increase in accrued interest payable and other liabilities, net	(256,022)	156,697
<b>Net Cash Provided by Operating Activities</b>	<b>230,739</b>	<b>496,449</b>
<b>Investing Activities:</b>		
Proceeds from calls and sales of available-for-sale securities	1,218,695	1,879,682
Proceeds from payments and maturities of available-for-sale securities	360,773	227,519
Proceeds from payments, maturities and calls of held-to-maturity securities	178,553	138,154
Proceeds from sales of equity securities with readily determinable fair value	51,792	23,592
Proceeds from sales and capital distributions of equity securities without readily determinable fair value	2,226	67
Purchases of available-for-sale securities	(1,116,875)	(1,731,266)
Purchases of held-to-maturity securities	—	(407,527)
Purchases of equity securities with readily determinable fair value	(33,322)	(45,954)
Purchases of equity securities without readily determinable fair value	(6,933)	(9,350)
(Purchases) redemptions of Federal Home Loan Bank and Federal Reserve Bank stock, net	(61,905)	20,719
Distributions from investments in partnerships, net	2,586	5,540
Net cash received (paid) in business combinations	531,308	(5,147)
Proceeds from sales of premium financing receivables, net	627,450	405,560
Proceeds from sales of other real estate owned	11,481	1,635
Increase in interest-bearing deposits with banks, net	(1,566,241)	(458,115)
Increase in loans, net	(4,361,365)	(2,644,535)
Redemption of BOLI	304	553
Purchases of premises and equipment, net	(66,457)	(29,218)
<b>Net Cash Used for Investing Activities</b>	<b>(4,227,930)</b>	<b>(2,628,091)</b>
<b>Financing Activities:</b>		
Increase in deposit accounts, net	3,697,621	2,090,137
Increase in other borrowings, net	7,352	48,016
Increase in Federal Home Loan Bank advances, net	845,238	10,000
Cash payments to settle contingent consideration liabilities recognized in business combinations	—	(57)
Payment of subordinated notes	(140,000)	—

Repayment of subordinated notes	(140,000)	—
Issuance of common shares resulting from the exercise of stock options, employee stock purchase plan and director compensation plan	4,892	6,667
Common stock repurchases for tax withholdings related to stock-based compensation	(3,881)	(1,662)
Dividends paid	(106,367)	(94,277)
<b>Net Cash Provided by Financing Activities</b>	<b>4,304,855</b>	<b>2,058,824</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>307,664</b>	<b>(72,818)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>423,464</b>	<b>490,966</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 731,128</b>	<b>\$ 418,148</b>

See accompanying notes to unaudited consolidated financial statements.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**(1) Basis of Presentation**

The interim consolidated financial statements of Wintrust Financial Corporation and its subsidiaries (collectively, “Wintrust” or the “Company”) presented herein are unaudited, but in the opinion of management, reflect all necessary adjustments of a normal or recurring nature for a fair presentation of results as of the dates and for the periods covered by the interim consolidated financial statements.

The accompanying interim consolidated financial statements are unaudited and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations or cash flows in accordance with U.S. generally accepted accounting principles (“GAAP”). The interim unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (“2023 Form 10-K”). Operating results reported for the period are not necessarily indicative of the results which may be expected for the entire year. Reclassifications of certain prior period amounts have been made to conform to the current period presentation.

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Management believes that the estimates made are reasonable; however, changes in estimates may be required if economic or other conditions develop differently from management’s expectations. Certain policies and accounting principles inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Management views critical accounting policies to be those which are highly dependent on subjective or complex judgments, estimates and assumptions, and where changes in those estimates and assumptions could have a significant impact on the financial statements. Management currently views the determination of the allowance for credit losses, including the allowance for loan losses, the allowance for unfunded commitment losses and the allowance for held-to-maturity securities losses, estimations of fair value, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and income taxes as the accounting areas that require the most subjective and complex judgments, and as such could be the most subject to revision as new information becomes available. Descriptions of the Company’s significant accounting policies are included in Note (1) “Summary of Significant Accounting Policies” of the 2023 Form 10-K. In preparation of these financial statements, subsequent events were evaluated through the time the financial statements were issued. Financial statements are considered issued when they are widely distributed to all shareholders and other financial statement users or filed with the SEC.

**(2) Recent Accounting Developments**

*Equity Method and Joint Ventures - Investments in Tax Credit Structures*

In March 2023, the FASB issued ASU No. 2023-02, “Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method,” which allows reporting entities the option to apply the proportional amortization method to other tax credit programs besides the Low-Income Housing Tax Credit structures. The guidance requires application of the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than electing the method at the reporting level entity level. The Company adopted ASU No. 2023-02 as of January 1, 2024. Adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

*Segment Reporting*

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” to enhance public entity disclosures regarding significant segment expenses which are regularly reported to an entity’s chief operating decision-maker (“CODM”) and included in a segment’s reported profit or loss. This ASU requires disclosure of the amount and composition of “other segment items,” the title and position of the CODM, and how the CODM uses reported measures of profit or loss to assess segment performance. Further, the guidance requires certain segment disclosures previously provided only annually, on an interim basis. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The guidance is to be applied retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on the consolidated financial statements.

### *Income Tax Disclosures*

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," to enhance the transparency and decision usefulness of income tax disclosures. This ASU requires annually that all entities disclose increasingly disaggregated information on amount of income taxes paid. Further, this ASU requires annually that all public entities must disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a specific quantitative threshold. This guidance is effective for fiscal years beginning after December 15, 2024, and is to be applied either on a prospective basis or retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

### *Compensation – Scope Application of Profits Interest and Similar Awards*

In March 2024, the FASB issued ASU No. 2024-01, "Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards" which clarifies the guidance by providing an illustrative example to demonstrate how an entity should apply the scope guidance in Topic 718 when determining whether profits interest and similar awards should be accounted for in accordance with Topic 718. For public business entities, this guidance is effective for fiscal years beginning after December 15, 2024, including interim periods therein, and is to be applied either on a prospective basis or retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

### **(3) Business Combinations**

On August 1, 2024, the Company completed its previously announced acquisition of Macatawa Bank Corporation ("Macatawa"), the parent company of Macatawa Bank. Pursuant to the terms of the merger, each common share of Macatawa outstanding at the time of merger was converted into the right to receive 0.137 shares of Wintrust common stock, with cash paid in lieu of fractional shares. As a result, the Company issued approximately 4.7 million shares of common stock, the fair value of consideration paid was \$499.3 million. Macatawa operates 26 full-service branches located throughout communities in Kent, Ottawa and northern Allegan counties in the state of Michigan. Macatawa offers a full range of banking, retail and commercial lending, wealth management and ecommerce services to individuals, businesses and governmental entities. As of August 1, 2024, Macatawa had approximately \$2.7 billion in assets, \$2.3 billion in deposits and \$1.3 billion in loans. In conjunction with the acquisition, the Company recorded \$53.7 million discount on acquired loans, \$33.5 million discount on securities and recorded total intangibles of \$251.9 million. During the three and nine months ended September 30, 2024, the Company incurred \$1.6 million and \$2.5 million, respectively, in acquisition expenses related to the acquisition of Macatawa. The initial purchase accounting for the acquisition, in accordance with GAAP, for this business combination is not finalized and is therefore subject to change.

On April 3, 2023, the Company completed its acquisition of Rothschild & Co Asset Management US Inc. and Rothschild & Co Risk Based Investments LLC from Rothschild & Co North America Inc. As of the acquisition date, the Company acquired approximately \$12.6 million in net assets. As the transaction was determined to be a business combination, the Company recorded goodwill of approximately \$2.6 million on the purchase.

### **(4) Cash and Cash Equivalents**

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

**(5) Investment Securities**

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

	September 30, 2024			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available-for-sale securities</b>				
U.S. Treasury	\$ 98,151	\$ 172	\$ —	\$ 98,323
U.S. government agencies	50,000	—	(2,346)	47,654
Municipal	201,701	1,392	(2,881)	200,212
Corporate notes:				
Financial issuers	83,997	—	(4,880)	79,117
Other	1,000	—	—	1,000
Mortgage-backed: <sup>(1)</sup>				
Residential mortgage-backed securities	3,694,382	8,143	(394,844)	3,307,681
Commercial (multi-family) mortgage-backed securities	19,088	308	(255)	19,141
Collateralized mortgage obligations	172,524	1,537	(14,957)	159,104
Total available-for-sale securities	<u>\$ 4,320,843</u>	<u>\$ 11,552</u>	<u>\$ (420,163)</u>	<u>\$ 3,912,232</u>
<b>Held-to-maturity securities</b>				
U.S. government agencies	\$ 314,578	\$ —	\$ (56,198)	\$ 258,380
Municipal	165,141	488	(2,910)	162,719
Mortgage-backed: <sup>(1)</sup>				
Residential mortgage-backed securities	2,915,018	5,541	(485,115)	2,435,444
Commercial (multi-family) mortgage-backed securities	6,379	40	(126)	6,293
Collateralized mortgage obligations	219,758	1,457	(17,303)	203,912
Corporate notes	57,025	—	(1,953)	55,072
Total held-to-maturity securities	<u>\$ 3,677,899</u>	<u>\$ 7,526</u>	<u>\$ (563,605)</u>	<u>\$ 3,121,820</u>
Less: Allowance for credit losses	<u>(479)</u>			
Held-to-maturity securities, net of allowance for credit losses	<u>\$ 3,677,420</u>			
<b>Equity securities with readily determinable fair value</b>	<u>\$ 127,700</u>	<u>\$ 4,313</u>	<u>\$ (6,703)</u>	<u>\$ 125,310</u>

(1) None of our mortgage-backed securities are subprime.

	December 31, 2023			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available-for-sale securities</b>				
U.S. Treasury	\$ 6,960	\$ 8	\$ —	\$ 6,968
U.S. government agencies	50,000	—	(4,876)	45,124
Municipal	144,299	657	(3,998)	140,958
Corporate notes:				
Financial issuers	83,996	—	(8,456)	75,540
Other	1,000	—	(9)	991
Mortgage-backed: <sup>(1)</sup>				
Residential Mortgage-backed securities	3,505,012	1,392	(446,784)	3,059,620
Commercial (multi-family) mortgage-backed securities	13,201	68	(289)	12,980
Collateralized mortgage obligations	175,346	1,400	(16,012)	160,734
Total available-for-sale securities	\$ 3,979,814	\$ 3,525	\$ (480,424)	\$ 3,502,915
<b>Held-to-maturity securities</b>				
U.S. government agencies	\$ 336,468	\$ —	\$ (67,058)	\$ 269,410
Municipal	172,933	565	(3,778)	169,720
Mortgage-backed: <sup>(1)</sup>				
Residential Mortgage-backed securities	3,042,828	1,922	(549,265)	2,495,485
Commercial (multi-family) mortgage-backed securities	6,415	—	(184)	6,231
Collateralized mortgage obligations	241,075	978	(21,502)	220,551
Corporate notes	57,544	7	(3,480)	54,071
Total held-to-maturity securities	\$ 3,857,263	\$ 3,472	\$ (645,267)	\$ 3,215,468
Less: Allowance for credit losses	(347)			
Held-to-maturity securities, net of allowance for credit losses	\$ 3,856,916			
<b>Equity securities with readily determinable fair value</b>	<b>\$ 143,312</b>	<b>\$ 3,500</b>	<b>\$ (7,544)</b>	<b>\$ 139,268</b>

(1) None of our mortgage-backed securities are subprime.

	September 30, 2023			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available-for-sale securities</b>				
U.S. Treasury	\$ 4,930	\$ 1	\$ —	\$ 4,931
U.S. government agencies	80,000	—	(7,570)	72,430
Municipal	177,208	49	(8,734)	168,523
Corporate notes:				
Financial issuers	83,995	—	(8,368)	75,627
Other	1,000	—	(21)	979
Mortgage-backed: <sup>(1)</sup>				
Mortgage-backed securities	3,862,871	—	(656,135)	3,206,736
Commercial (multi-family) mortgage-backed securities	13,179	—	(802)	12,377
Collateralized mortgage obligations	92,540	—	(22,308)	70,232
Total available-for-sale securities	\$ 4,315,723	\$ 50	\$ (703,938)	\$ 3,611,835
<b>Held-to-maturity securities</b>				
U.S. government agencies	\$ 339,598	\$ —	\$ (87,897)	\$ 251,701
Municipal	176,262	123	(11,230)	165,155
Mortgage-backed: <sup>(1)</sup>				
Mortgage-backed securities	3,082,314	—	(717,444)	2,364,870
Commercial (multi-family) mortgage-backed securities	6,425	—	(477)	5,948
Collateralized mortgage obligations	247,215	—	(29,798)	217,417
Corporate notes	57,717	—	(4,849)	52,868
Total held-to-maturity securities	\$ 3,909,531	\$ 123	\$ (851,695)	\$ 3,057,959
Less: Allowance for credit losses	(381)			
Held-to-maturity securities, net of allowance for credit losses	\$ 3,909,150			
<b>Equity securities with readily determinable fair value</b>	\$ 140,749	\$ 3,290	\$ (9,729)	\$ 134,310

(1) None of our mortgage-backed securities are subprime.

Equity securities without readily determinable fair values totaled \$ 64.1 million as of September 30, 2024. Equity securities without readily determinable fair values are included as part of accrued interest receivable and other assets in the Company's Consolidated Statements of Condition. The Company monitors its equity investments without readily determinable fair values to identify potential transactions that may indicate an observable price change in orderly transactions for the identical or a similar investment of the same issuer, requiring adjustment to its carrying amount. During the three and nine months ended September 30, 2024 and September 30, 2023, the Company recorded no upward or downward adjustments related to such observable price changes. The Company conducts a quarterly assessment of its equity securities without readily determinable fair values to determine whether impairment exists in such securities, considering, among other factors, the nature of the securities, financial condition of the issuer and expected future cash flows. During the three months ended September 30, 2024, the Company recorded no impairment of equity securities without readily determinable fair values. During the nine months ended September 30, 2024, the Company recorded \$3.7 million of impairment of equity securities without readily determinable fair values. During the three and nine months ended September 30, 2023, the Company recorded \$489,000 impairment of equity securities without readily determinable fair values.

The following table presents the portion of the Company's available-for-sale investment securities portfolios that have gross unrealized losses, reflecting the length of time that individual securities have been in a continuous unrealized loss position at September 30, 2024:

(In thousands)	Continuous unrealized losses existing for less than 12 months		Continuous unrealized losses existing for greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Available-for-sale securities</b>						
U.S. Treasury	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
U.S. government agencies	—	—	47,654	(2,346)	47,654	(2,346)
Municipal	10,111	(54)	68,124	(2,827)	78,235	(2,881)
Corporate notes:						
Financial issuers	—	—	79,117	(4,880)	79,117	(4,880)
Other	—	—	1,000	—	1,000	—
Mortgage-backed: <sup>(1)</sup>						
Residential mortgage-backed securities	98,365	(1,252)	2,292,584	(393,592)	2,390,949	(394,844)
Commercial (multi-family) mortgage-backed securities	2,999	(20)	3,295	(235)	6,294	(255)
Collateralized mortgage obligations	—	—	71,277	(14,957)	71,277	(14,957)
Total available-for-sale securities	\$ 111,475	\$ (1,326)	\$ 2,563,051	\$ (418,837)	\$ 2,674,526	\$ (420,163)

(1) None of our mortgage-backed securities are subprime.

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

The Company does not consider available-for-sale securities with unrealized losses at September 30, 2024 to be experiencing credit losses and recognized no resulting allowance for credit losses for such individually assessed credit losses. The Company does not intend to sell these investments and it is more likely than not that the Company will not be required to sell these investments before recovery of the amortized cost bases, which may be the maturity dates of the securities. The unrealized losses within each category have occurred as a result of changes in interest rates, market spreads and market conditions subsequent to purchase. Available-for-sale securities with continuous unrealized losses existing for more than twelve months at September 30, 2024 were primarily mortgage-backed securities with unrealized losses due to increased market rates during such period.

See Note (7) "Allowance for Credit Losses" in Item 1 of this report for further discussion regarding any credit losses associated with held-to-maturity securities at September 30, 2024.

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

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Realized gains on investment securities	\$ 222	\$ 225	\$ 2,582	\$ 836
Realized losses on investment securities	(144)	(9)	(273)	(60)
Net realized gains on investment securities	78	216	2,309	776
Unrealized gains on equity securities with readily determinable fair value	3,126	10	4,234	2,984
Unrealized losses on equity securities with readily determinable fair value	(15)	(2,094)	(2,579)	(4,230)
Net unrealized gains (losses) on equity securities with readily determinable fair value	3,111	(2,084)	1,655	(1,246)
Impairment of equity securities without readily determinable fair values	—	(489)	(3,731)	(489)
<b>Gains (losses) on investment securities, net</b>	<b>\$ 3,189</b>	<b>\$ (2,357)</b>	<b>\$ 233</b>	<b>\$ (959)</b>

The amortized cost and fair value of available-for-sale and held-to-maturity investment securities as of September 30, 2024, December 31, 2023 and September 30, 2023, by contractual maturity, are shown in the following table. Contractual maturities may differ from actual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Mortgage-backed securities are not included in the maturity categories in the following maturity summary as actual maturities may differ from contractual maturities because the underlying mortgages may be called or prepaid without penalties:

(In thousands)	September 30, 2024		December 31, 2023		September 30, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<b>Available-for-sale securities</b>						
Due in one year or less	\$ 150,539	\$ 150,627	\$ 53,162	\$ 52,945	\$ 99,892	\$ 99,525
Due in one to five years	168,856	164,650	132,348	123,985	139,623	130,036
Due in five to ten years	91,620	89,220	82,040	76,869	43,199	38,074
Due after ten years	23,834	21,809	18,705	15,782	64,419	54,855
Mortgage-backed	3,885,994	3,485,926	3,693,559	3,233,334	3,968,590	3,289,345
Total available-for-sale securities	\$ 4,320,843	\$ 3,912,232	\$ 3,979,814	\$ 3,502,915	\$ 4,315,723	\$ 3,611,835
<b>Held-to-maturity securities</b>						
Due in one year or less	\$ 12,026	\$ 11,883	\$ 5,169	\$ 5,142	\$ 2,248	\$ 2,241
Due in one to five years	110,330	108,416	109,602	105,835	103,104	96,546
Due in five to ten years	84,580	83,918	99,700	98,718	106,042	100,215
Due after ten years	329,808	271,954	352,474	283,506	362,183	270,722
Mortgage-backed	3,141,155	2,645,649	3,290,318	2,722,267	3,335,954	2,588,235
Total held-to-maturity securities	\$ 3,677,899	\$ 3,121,820	\$ 3,857,263	\$ 3,215,468	\$ 3,909,531	\$ 3,057,959
Less: Allowance for credit losses	(479)		(347)		(381)	
Held-to-maturity securities, net of allowance for credit losses	\$ 3,677,420		\$ 3,856,916		\$ 3,909,150	

Securities having a carrying value of \$7.2 billion at September 30, 2024 as well as securities having a carrying value of \$6.9 billion and \$7.1 billion at December 31, 2023 and September 30, 2023, respectively, were pledged as collateral for public deposits, trust deposits, Federal Home Loan Bank ("FHLB") advances and available lines of credit, securities sold under repurchase agreements and derivatives. At September 30, 2024, there were no securities of a single issuer, other than U.S. government-sponsored agency securities, which exceeded 10% of shareholders' equity.

**(6) Loans**

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

(Dollars in thousands)	September 30, 2024	December 31, 2023	September 30, 2023
<b>Balance:</b>			
Commercial	\$ 15,247,693	\$ 12,832,053	\$ 12,725,473
Commercial real estate	12,793,417	11,344,164	10,946,180
Home equity	427,043	343,976	343,258
Residential real estate	3,388,038	2,769,666	2,707,603
Premium finance receivables—property & casualty	7,131,681	6,903,529	6,722,747
Premium finance receivables—life insurance	7,996,899	7,877,943	7,931,808
Consumer and other	82,676	60,500	68,963
Total loans, net of unearned income	<u>\$ 47,067,447</u>	<u>\$ 42,131,831</u>	<u>\$ 41,446,032</u>
<b>Mix:</b>			
Commercial	33 %	30 %	31 %
Commercial real estate	27	27	26
Home equity	1	1	1
Residential real estate	7	7	7
Premium finance receivables—property & casualty	15	16	16
Premium finance receivables—life insurance	17	19	19
Consumer and other	0	0	0
Total loans, net of unearned income	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Company's loan portfolio is generally comprised of loans to consumers and small to medium-sized businesses, which, for the commercial and commercial real estate portfolios, are located primarily within the geographic market areas that the banks serve. Various niche lending businesses, including franchise lending and insurance agency lending, operate on a national level. The premium finance receivables portfolios are made to customers throughout the United States and Canada. The Company strives to maintain a loan portfolio that is diverse in terms of loan type, industry, borrower, and geographic concentrations. Such diversification reduces the exposure to economic downturns that may occur in different segments of the economy or in different industries.

Certain premium finance receivables are recorded net of unearned income. The unearned income portions of such premium finance receivables were \$266.1 million at September 30, 2024, \$285.4 million at December 31, 2023 and \$ 264.5 million at September 30, 2023.

Total loans, excluding purchased credit deteriorated ("PCD") loans, include net deferred loan fees and costs and fair value purchase accounting adjustments totaling \$79.4 million at September 30, 2024, \$84.2 million at December 31, 2023 and \$ 67.6 million at September 30, 2023.

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

### Acquired Loan Information — PCD Loans

As part of the Company's prior acquisitions, the Company acquired loans that were classified as PCD based upon various factors as of the acquisition date, including internal risk rating methodologies and prior performance under the acquiree. The following table provides estimated details as of the date of acquisition on PCD loans acquired in 2024:

(In thousands)	Macatawa
Contractually required payments (unpaid principal balance)	\$ 169,472
Allowance for credit losses	(3,004)
Discount, net of any premium	(4,529)
Purchase price of PCD loans acquired	\$ 161,939

### (7) Allowance for Credit Losses

In accordance with Accounting Standards Codification ("ASC") 326, the Company is required to measure the allowance for credit losses of financial assets with similar risk characteristics on a collective or pooled basis. In considering the segmentation of financial assets measured at amortized cost into pools, the Company considered various risk characteristics in its analysis. Generally, the segmentation utilized represents the level at which the Company develops and documents its systematic methodology to determine the allowance for credit losses for the financial assets held at amortized cost, specifically the Company's loan portfolio and debt securities classified as held-to-maturity. Descriptions of the Company's loan portfolio segments and major debt security types are included in Note (5) "Allowance for Credit Losses" of the 2023 Form 10-K.

In accordance with ASC 326, the Company elected to not measure an allowance for credit losses on accrued interest. As such accrued interest is written off in a timely manner when deemed uncollectible. Any such write-off of accrued interest will reverse previously recognized interest income. In addition, the Company elected to not include accrued interest within presentation and disclosures of the carrying amount of financial assets held at amortized cost. This election is applicable to the various disclosures included within the Company's financial statements. Accrued interest related to financial assets held at amortized cost is included within accrued interest receivable and other assets within the Company's Consolidated Statements of Condition and totaled \$351.5 million at September 30, 2024, \$304.5 million at December 31, 2023, and \$290.9 million at September 30, 2023.

The tables below show the aging of the Company's loan portfolio by the segmentation noted above at September 30, 2024, December 31, 2023 and September 30, 2023:

As of September 30, 2024	90+ days and still						
(In thousands)	Nonaccrual	accruing	60-89 days past due	30-59 days past due	Current	Total Loans	
<b>Loan Balances (includes PCD):</b>							
Commercial							
Commercial, industrial and other	\$ 63,826	\$ 20	\$ 32,560	\$ 46,057	\$ 15,105,230	\$ 15,247,693	
Commercial real estate							
Construction and development	2,284	—	757	1,798	2,398,851	2,403,690	
Non-construction	39,787	225	12,682	46,548	10,290,485	10,389,727	
Home equity	1,122	—	1,035	2,580	422,306	427,043	
Residential real estate, excluding early buy-out loans	17,959	—	6,364	2,160	3,226,166	3,252,649	
Premium finance receivables							
Property and casualty insurance loans	36,079	18,235	18,740	30,204	7,028,423	7,131,681	
Life insurance loans	—	—	10,902	74,432	7,911,565	7,996,899	
Consumer and other	2	148	22	264	82,240	82,676	
Total loans, net of unearned income, excluding early buy-out loans	\$ 161,059	\$ 18,628	\$ 83,062	\$ 204,043	\$ 46,465,266	\$ 46,932,058	
Early buy-out loans guaranteed by U.S. government agencies <sup>(1)</sup>	—	43,358	150	—	91,881	135,389	
Total loans, net of unearned income	\$ 161,059	\$ 61,986	\$ 83,212	\$ 204,043	\$ 46,557,147	\$ 47,067,447	

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As of December 31, 2023

<u>(In thousands)</u>	90+ days and still							
	Nonaccrual	accruing	60-89 days past due	30-59 days past due	Current	Total Loans		
<b>Loan Balances (includes PCD):</b>								
Commercial								
Commercial, industrial and other	\$ 38,940	\$ 98	\$ 19,488	\$ 85,743	\$ 12,687,784	\$ 12,832,053		
Commercial real estate								
Construction and development	2,205	—	251	1,343	2,080,242	2,084,041		
Non-construction	33,254	—	8,264	19,291	9,199,314	9,260,123		
Home equity	1,341	—	62	2,263	340,310	343,976		
Residential real estate, excluding early buy-out loans	15,391	—	2,325	22,942	2,578,425	2,619,083		
Premium finance receivables								
Property and casualty insurance loans	27,590	20,135	23,236	50,437	6,782,131	6,903,529		
Life insurance loans	—	—	16,206	45,464	7,816,273	7,877,943		
Consumer and other	22	54	25	165	60,234	60,500		
Total loans, net of unearned income, excluding early buy-out loans	\$ 118,743	\$ 20,287	\$ 69,857	\$ 227,648	\$ 41,544,713	\$ 41,981,248		
Early buy-out loans guaranteed by U.S. government agencies <sup>(1)</sup>	—	57,688	250	328	92,317	150,583		
Total loans, net of unearned income	\$ 118,743	\$ 77,975	\$ 70,107	\$ 227,976	\$ 41,637,030	\$ 42,131,831		

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

As of September 30, 2023

<u>(In thousands)</u>	90+ days and still							
	Nonaccrual	accruing	60-89 days past due	30-59 days past due	Current	Total Loans		
<b>Loan Balances (includes PCD):</b>								
Commercial								
Commercial, industrial and other	\$ 43,569	\$ 200	\$ 22,889	\$ 35,681	\$ 12,623,134	\$ 12,725,473		
Commercial real estate								
Construction and development	8,384	—	2,438	31,292	1,851,659	1,893,773		
Non-construction	8,659	1,092	4,957	29,692	9,008,007	9,052,407		
Home equity	1,363	—	219	1,668	340,008	343,258		
Residential real estate, excluding early buy-out loans	16,103	—	1,145	904	2,520,478	2,538,630		
Premium finance receivables								
Property and casualty insurance loans	26,756	16,253	16,552	31,919	6,631,267	6,722,747		
Life insurance loans	—	10,679	41,894	14,972	7,864,263	7,931,808		
Consumer and other	16	27	196	519	68,205	68,963		
Total loans, net of unearned income, excluding early buy-out loans	\$ 104,850	\$ 28,251	\$ 90,290	\$ 146,647	\$ 40,907,021	\$ 41,277,059		
Early buy-out loans guaranteed by U.S. government agencies <sup>(1)</sup>	117	57,558	2,116	—	109,182	168,973		
Total loans, net of unearned income	\$ 104,967	\$ 85,809	\$ 92,406	\$ 146,647	\$ 41,016,203	\$ 41,446,032		

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

**Credit Quality Indicators**

Credit quality indicators, specifically the Company's internal risk rating systems, reflect how the Company monitors credit losses and represents factors used by the Company when measuring the allowance for credit losses. Descriptions of the Company's credit quality indicators by financial asset are included in Note (5) "Allowance for Credit Losses" of the 2023 Form 10-K.

The table below shows the Company's loan portfolio by credit quality indicator and year of origination at September 30, 2024:

(In thousands)	Year of Origination						Revolving	Total	
	2024	2023	2022	2021	2020	Prior	Revolving to Term	Loans	
<b>Loan Balances:</b>									
<b>Commercial, industrial and other</b>									
Pass	\$ 2,460,772	\$ 2,366,998	\$ 1,841,838	\$ 1,219,759	\$ 463,726	\$ 1,115,942	\$ 5,053,494	\$ 13,568	\$ 14,536,097
Special mention	6,148	68,788	72,908	80,229	13,257	17,456	164,169	1,474	424,429
Substandard accrual	3,789	47,800	42,374	29,408	7,256	13,029	79,030	655	223,341
Substandard nonaccrual/doubtful	500	5,536	6,980	9,331	1,084	8,547	31,619	229	63,826
<b>Total commercial, industrial and other</b>	<b>\$ 2,471,209</b>	<b>\$ 2,489,122</b>	<b>\$ 1,964,100</b>	<b>\$ 1,338,727</b>	<b>\$ 485,323</b>	<b>\$ 1,154,974</b>	<b>\$ 5,328,312</b>	<b>\$ 15,926</b>	<b>\$ 15,247,693</b>
<b>Construction and development</b>									
Pass	\$ 196,556	\$ 573,342	\$ 965,654	\$ 289,324	\$ 95,193	\$ 149,561	\$ 17,560	—	\$ 2,287,190

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Special mention	—	417	14,990	—	—	14,794	3,780	—	33,981
Substandard accrual	—	757	18,999	1,102	1,777	57,600	—	—	80,235
Substandard nonaccrual/doubtful	—	251	—	—	2,033	—	—	—	2,284
<b>Total construction and development</b>	<b>\$ 196,556</b>	<b>\$ 574,767</b>	<b>\$ 999,643</b>	<b>\$ 290,426</b>	<b>\$ 99,003</b>	<b>\$ 221,955</b>	<b>\$ 21,340</b>	<b>\$ —</b>	<b>\$ 2,403,690</b>
<b>Non-construction</b>									
Pass	\$ 1,078,671	\$ 1,527,560	\$ 1,934,856	\$ 1,460,051	\$ 933,785	\$ 2,929,344	\$ 217,237	\$ 2,144	\$ 10,083,648
Special mention	3,613	13,006	29,415	35,222	5,298	51,144	1,688	—	139,386
Substandard accrual	158	3,876	14,103	31,573	29,718	47,478	—	—	126,906
Substandard nonaccrual/doubtful	—	1,173	453	586	—	37,575	—	—	39,787
<b>Total non-construction</b>	<b>\$ 1,082,442</b>	<b>\$ 1,545,615</b>	<b>\$ 1,978,827</b>	<b>\$ 1,527,432</b>	<b>\$ 968,801</b>	<b>\$ 3,065,541</b>	<b>\$ 218,925</b>	<b>\$ 2,144</b>	<b>\$ 10,389,727</b>
<b>Home equity</b>									
Pass	\$ 70	\$ —	\$ 45	\$ 175	\$ —	\$ 6,771	\$ 398,843	\$ 4,608	\$ 410,512
Special mention	—	48	220	59	119	2,871	6,172	454	9,943
Substandard accrual	—	16	—	—	57	4,836	541	16	5,466
Substandard nonaccrual/doubtful	—	—	497	135	—	402	—	88	1,122
<b>Total home equity</b>	<b>\$ 70</b>	<b>\$ 64</b>	<b>\$ 762</b>	<b>\$ 369</b>	<b>\$ 176</b>	<b>\$ 14,880</b>	<b>\$ 405,556</b>	<b>\$ 5,166</b>	<b>\$ 427,043</b>
<b>Residential real estate</b>									
Early buy-out loans guaranteed by U.S. government agencies	\$ —	\$ 4,594	\$ 3,743	\$ 3,759	\$ 5,206	\$ 118,087	\$ —	\$ —	\$ 135,389
Pass	584,491	535,419	834,543	774,793	211,510	258,425	—	—	3,199,181
Special mention	250	2,846	9,093	2,063	577	9,928	—	—	24,757
Substandard accrual	24	585	3,401	906	1,122	4,714	—	—	10,752
Substandard nonaccrual/doubtful	160	1,073	4,436	4,624	1,227	6,439	—	—	17,959
<b>Total residential real estate</b>	<b>\$ 584,925</b>	<b>\$ 544,517</b>	<b>\$ 855,216</b>	<b>\$ 786,145</b>	<b>\$ 219,642</b>	<b>\$ 397,593</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,388,038</b>
<b>Premium finance receivables - property and casualty</b>									
Pass	\$ 6,827,867	\$ 169,649	\$ —	\$ 6,351	\$ 71	\$ —	\$ —	\$ —	\$ 7,003,938
Special mention	85,094	3,442	64	2	—	—	—	—	88,602
Substandard accrual	1,749	1,308	1	4	—	—	—	—	3,062
Substandard nonaccrual/doubtful	18,543	17,249	274	12	1	—	—	—	36,079
<b>Total premium finance receivables - property and casualty</b>	<b>\$ 6,933,253</b>	<b>\$ 191,648</b>	<b>\$ 339</b>	<b>\$ 6,369</b>	<b>\$ 72</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,131,681</b>
<b>Premium finance receivables - life</b>									
Pass	\$ 1,232,306	\$ 6,740,906	\$ 3,929	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,977,141
Special mention	—	8,188	—	—	—	—	—	—	8,188
Substandard accrual	7,514	4,056	—	—	—	—	—	—	11,570
Substandard nonaccrual/doubtful	—	—	—	—	—	—	—	—	—
<b>Total premium finance receivables - life</b>	<b>\$ 1,239,820</b>	<b>\$ 6,753,150</b>	<b>\$ 3,929</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,996,899</b>
<b>Consumer and other</b>									
Pass	\$ 3,319	\$ 3,545	\$ 839	\$ 983	\$ 88	\$ 16,145	\$ 57,448	\$ —	\$ 82,367
Special mention	17	9	8	5	—	136	6	—	181
Substandard accrual	—	4	87	—	—	26	9	—	126
Substandard nonaccrual/doubtful	—	—	1	1	—	—	—	—	2
<b>Total consumer and other</b>	<b>\$ 3,336</b>	<b>\$ 3,558</b>	<b>\$ 935</b>	<b>\$ 989</b>	<b>\$ 88</b>	<b>\$ 16,307</b>	<b>\$ 57,463</b>	<b>\$ —</b>	<b>\$ 82,676</b>
<b>Total loans</b>									
Early buy-out loans guaranteed by U.S. government agencies	\$ —	\$ 4,594	\$ 3,743	\$ 3,759	\$ 5,206	\$ 118,087	\$ —	\$ —	\$ 135,389
Pass	12,384,052	11,917,419	5,581,704	3,751,436	1,704,373	4,476,188	5,744,582	20,320	45,580,074
Special mention	95,122	96,744	126,698	117,580	19,251	96,329	175,815	1,928	729,467
Substandard accrual	13,234	58,402	78,965	62,993	39,930	127,683	79,580	671	461,458
Substandard nonaccrual/doubtful	19,203	25,282	12,641	14,689	4,345	52,963	31,619	317	161,059
<b>Total loans</b>	<b>\$ 12,511,611</b>	<b>\$ 12,102,441</b>	<b>\$ 5,803,751</b>	<b>\$ 3,950,457</b>	<b>\$ 1,773,105</b>	<b>\$ 4,871,250</b>	<b>\$ 6,031,596</b>	<b>\$ 23,236</b>	<b>\$ 47,067,447</b>
<b>Gross write offs</b>									
Nine months ended September 30, 2024	8,223	30,985	5,797	20,094	2,206	22,310	—	—	89,615

[Held-to-maturity debt securities](#)

The Company conducts an assessment of its investment securities, including those classified as held-to-maturity, at the time of purchase and on at least

an annual basis to ensure such investment securities remain within appropriate levels of risk and continue to perform satisfactorily in fulfilling its obligations. The Company considers, among other factors, the nature of the

securities and credit ratings or financial condition of the issuer. If available, the Company obtains a credit rating for issuers from a Nationally Recognized Statistical Rating Organization (“NRSRO”) for consideration. If no such rating is available for an issuer, the Company performs an internal rating based on the scale utilized within the loan portfolio as discussed above. For purposes of the table below, the Company has converted any issuer rating from an NRSRO into the Company’s internal ratings based on Investment Policy and review by the Company’s management.

As of September 30, 2024 <i>(In thousands)</i>	Year of Origination						Total
	2024	2023	2022	2021	2020	Prior	Balance
<b>Amortized Cost Balances:</b>							
<b>U.S. government agencies</b>							
1-4 internal grade	\$ —	\$ —	\$ 135,000	\$ 147,818	\$ 25,000	\$ 6,760	\$ 314,578
5-7 internal grade							—
8-10 internal grade							—
Total U.S. government agencies	\$ —	\$ —	\$ 135,000	\$ 147,818	\$ 25,000	\$ 6,760	\$ 314,578
<b>Municipal</b>							
1-4 internal grade	\$ —	\$ 4,176	\$ 1,034	\$ 6,839	\$ 258	\$ 150,481	\$ 162,788
5-7 internal grade	—	—	—	—	—	2,353	2,353
8-10 internal grade							—
Total municipal	\$ —	\$ 4,176	\$ 1,034	\$ 6,839	\$ 258	\$ 152,834	\$ 165,141
<b>Mortgage-backed securities</b>							
1-4 internal grade	\$ —	\$ 352,905	\$ 544,887	\$ 2,243,363	\$ —	\$ —	\$ 3,141,155
5-7 internal grade							—
8-10 internal grade							—
Total mortgage-backed securities	\$ —	\$ 352,905	\$ 544,887	\$ 2,243,363	\$ —	\$ —	\$ 3,141,155
<b>Corporate notes</b>							
1-4 internal grade	\$ —	\$ —	\$ 14,968	\$ —	\$ 6,005	\$ 36,052	\$ 57,025
5-7 internal grade							—
8-10 internal grade							—
Total corporate notes	\$ —	\$ —	\$ 14,968	\$ —	\$ 6,005	\$ 36,052	\$ 57,025
Total held-to-maturity securities							\$ 3,677,899
Less: Allowance for credit losses							(479)
Held-to-maturity securities, net of allowance for credit losses							\$ 3,677,420

#### Measurement of Allowance for Credit Losses

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

<i>(In thousands)</i>	September 30,	December 31,	September 30,
	2024	2023	2023
Allowance for loan losses	\$ 360,279	\$ 344,235	\$ 315,039
Allowance for unfunded lending-related commitments losses	75,435	83,030	84,111
Allowance for loan losses and unfunded lending-related commitments losses	435,714	427,265	399,150
Allowance for held-to-maturity securities losses	479	347	381
<b>Allowance for credit losses</b>	<b>\$ 436,193</b>	<b>\$ 427,612</b>	<b>\$ 399,531</b>

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

Assets that do not share similar risk characteristics with a pool are assessed for the allowance for credit losses on an individual basis. These typically include assets experiencing financial difficulties, including assets rated as substandard nonaccrual and doubtful. If foreclosure is probable or the asset is considered collateral-dependent, expected credit losses are measured based upon the fair value of the underlying collateral adjusted for selling costs, if appropriate. Underlying collateral across the Company's segments consist primarily of real estate, land and construction assets as well as general business assets of the borrower. As of September 30, 2024, excluding loans carried at fair value, substandard nonaccrual loans totaling \$62.7 million in carrying balance had no related allowance for credit losses.

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

#### Loan portfolios

A summary of activity in the allowance for credit losses, specifically for the loan portfolio (i.e. allowance for loan losses and allowance for unfunded commitment losses), for the three and nine months ended September 30, 2024 and September 30, 2023 is as follows:

#### Three months ended September 30, 2024

(In thousands)	Commercial		Home	Residential	Premium	Consumer	Total Loans
	Commercial	Real Estate	Equity	Real Estate	Finance Receivables	and Other	
<b>Allowance for credit losses at beginning of period</b>	\$ 181,991	\$ 223,728	\$ 7,242	\$ 8,773	\$ 14,746	\$ 589	\$ 437,069
Other adjustments	—	—	—	—	30	—	30
<b>Charge-offs</b>	(22,975)	(95)	—	—	(7,794)	(154)	(31,018)
<b>Recoveries</b>	649	30	101	5	3,477	21	4,283
<b>Provision for credit losses - Other</b>	7,128	(4,162)	134	268	3,284	147	6,799
<b>Provision for credit losses - Day 1 on non-PCD assets acquired during the period</b>	2,967	10,540	1,344	638	—	58	15,547
<b>Initial allowance for credit losses recognized on PCD assets acquired during the period</b>	1,838	1,103	2	61	—	—	3,004
<b>Allowance for credit losses at period end</b>	\$ 171,598	\$ 231,144	\$ 8,823	\$ 9,745	\$ 13,743	\$ 661	\$ 435,714
<b>By measurement method:</b>							
Individually measured	\$ 21,573	\$ 5,958	\$ 50	\$ 48	\$ —	\$ 1	\$ 27,630
Collectively measured	150,025	225,186	8,773	9,697	13,743	660	408,084
<b>Loans at period end</b>							
Individually measured	\$ 63,826	\$ 42,071	\$ 1,122	\$ 17,565	\$ —	\$ 2	\$ 124,586
Collectively measured	15,183,867	12,751,346	425,921	3,232,435	15,128,580	82,674	46,804,823
Loans held at fair value	—	—	—	138,038	—	—	138,038

**Three months ended September 30, 2023**

(In thousands)	Premium						Total Loans
	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Finance Receivables	Consumer and Other	
Allowance for credit losses at beginning of period	\$ 143,142	\$ 215,696	\$ 6,967	\$ 12,252	\$ 9,046	\$ 277	\$ 387,380
Other adjustments	—	—	—	—	(60)	—	(60)
<b>Charge-offs</b>	(2,427)	(1,713)	(227)	(78)	(5,848)	(184)	(10,477)
<b>Recoveries</b>	1,162	243	33	1	906	14	2,359
<b>Provision for credit losses</b>	9,611	1,492	307	484	7,776	278	19,948
<b>Allowance for credit losses at period end</b>	<u>\$ 151,488</u>	<u>\$ 215,718</u>	<u>\$ 7,080</u>	<u>\$ 12,659</u>	<u>\$ 11,820</u>	<u>\$ 385</u>	<u>\$ 399,150</u>
<b>By measurement method:</b>							
Individually measured	\$ 9,773	\$ 5,408	\$ —	\$ 109	\$ —	\$ 12	\$ 15,302
Collectively measured	141,715	210,310	7,080	12,550	11,820	373	383,848
<b>Loans at period end</b>							
Individually measured	\$ 43,569	\$ 17,043	\$ 1,363	\$ 15,946	\$ —	\$ 16	\$ 77,937
Collectively measured	12,681,904	10,929,137	341,895	2,520,479	14,654,555	68,947	41,196,917
Loans held at fair value	—	—	—	171,178	—	—	171,178

**Nine months ended September 30, 2024**

(In thousands)	Premium						Total Loans
	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Finance Receivables	Consumer and Other	
Allowance for credit losses at beginning of period	\$ 169,604	\$ 223,853	\$ 7,116	\$ 13,133	\$ 13,069	\$ 490	\$ 427,265
Other adjustments	—	—	—	—	(20)	—	(20)
<b>Charge-offs</b>	(43,774)	(21,090)	(74)	(61)	(24,218)	(398)	(89,615)
<b>Recoveries</b>	2,078	151	165	15	8,667	68	11,144
<b>Provision for credit losses - Other</b>	38,885	16,587	270	(4,041)	16,245	443	68,389
<b>Provision for credit losses - Day 1 on non-PCD assets acquired during the period</b>	2,967	10,540	1,344	638	—	58	15,547
<b>Initial allowance for credit losses recognized on PCD assets acquired during the period</b>	1,838	1,103	2	61	—	—	3,004
<b>Allowance for credit losses at period end</b>	<u>\$ 171,598</u>	<u>\$ 231,144</u>	<u>\$ 8,823</u>	<u>\$ 9,745</u>	<u>\$ 13,743</u>	<u>\$ 661</u>	<u>\$ 435,714</u>

**Nine months ended September 30, 2023**

(In thousands)	Premium						Total Loans
	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Finance Receivables	Consumer and Other	
Allowance for credit losses at beginning of period	\$ 142,769	\$ 184,352	\$ 7,573	\$ 11,585	\$ 10,671	\$ 498	\$ 357,448
Cumulative effect adjustment from the adoption of ASU 2016-13	111	1,356	(33)	(692)	—	(1)	741
Other adjustments	—	—	—	—	(15)	—	(15)
<b>Charge-offs</b>	(10,599)	(9,842)	(227)	(78)	(15,151)	(447)	(36,344)
<b>Recoveries</b>	2,059	368	105	11	3,119	69	5,731
<b>Provision for credit losses</b>	17,148	39,484	(338)	1,833	13,196	266	71,589
<b>Allowance for credit losses at period end</b>	<u>\$ 151,488</u>	<u>\$ 215,718</u>	<u>\$ 7,080</u>	<u>\$ 12,659</u>	<u>\$ 11,820</u>	<u>\$ 385</u>	<u>\$ 399,150</u>

For the three and nine months ended September 30, 2024, the Company recognized approximately \$ 22.3 million and \$83.9 million of provision for credit losses, respectively, related to loans and lending agreements, which includes \$15.5 million of Day 1 provision related to the acquisition of Macatawa. The provision for each period was primarily the result of losses experienced in the Commercial, Commercial Real Estate and Premium Finance Receivables portfolios along with growth across various segments, which was offset by improved macroeconomic forecasts related to Baa Credit Spread and CRE Price Index. Uncertainties remain regarding expected economic performance and macroeconomic forecasts utilized in the measurement of the allowance for credit losses as of September 30, 2024. Net charge-offs in the three and nine month periods ended September 30, 2024, totaled \$26.7 million and \$78.5 million, respectively.

**Held-to-maturity debt securities**

The allowance for credit losses on the Company's held-to-maturity debt securities is presented as a reduction to the amortized cost basis of held-to-maturity securities on the Company's Consolidated Statements of Condition. For the three and nine month



period ended September 30, 2024, the Company recognized approximately \$( 12,000) and \$132,000, respectively, of provision for credit losses related to held-to-maturity securities. At September 30, 2024, the Company did not identify any held-to-maturity debt securities within its portfolio that would require a charge-off.

*Loan Modifications to Borrowers Experiencing Financial Difficulties*

The Company's approach to restructuring or modifying loans is built on its credit risk rating system, which requires credit management personnel to assign a credit risk rating to each loan. In each case, the loan officer is responsible for recommending a credit risk rating for each loan and ensuring the credit risk ratings are appropriate. These credit risk ratings are then reviewed and approved by the bank's chief credit officer and/or concurrence credit officer. Credit risk ratings are determined by evaluating a number of factors, including a borrower's financial strength, cash flow coverage, collateral protection and guarantees. The Company's credit risk rating scale is one through ten with higher scores indicating higher risk. In the case of loans rated six or worse following modification, the Company's Managed Assets Division evaluates the loan and the credit risk rating and determines that the loan has been restructured to be reasonably assured of repayment and of performance according to the modified terms and is supported by a current, well-documented credit assessment of the borrower's financial condition and prospects for repayment under the revised terms. Based on the Company's credit risk rating system, it considers that borrowers whose credit risk rating is 5 or better are not experiencing financial difficulties.

Restructurings may arise when, due to financial difficulties experienced by the borrower, the Company obtains through physical possession one or more collateral assets in satisfaction of all or part of an existing credit. Once possession is obtained, the Company reclassifies the appropriate portion of the remaining balance of the credit from loans to other real estate owned ("OREO"), which is included within other assets in the Consolidated Statements of Condition. For any residential real estate property collateralizing a consumer mortgage loan, the Company is considered to possess the related collateral only if legal title is obtained upon completion of foreclosure, or the borrower conveys all interest in the residential real estate property to the Company through completion of a deed in lieu of foreclosure or similar legal agreement. At September 30, 2024, the Company had no foreclosed residential real estate properties included within OREO. Further, the recorded investment in residential mortgage loans secured by residential real estate properties for which foreclosure proceedings are in process totaled \$40.4 million and \$55.1 million at September 30, 2024 and 2023, respectively.

The tables below presents a summary of the period-end balance of loans to borrowers experiencing financial difficulties during the three and nine months ended September 30, 2024 and 2023:

Three Months Ended September 30, 2024 (Dollars in thousands)	Total	Percentage of Total Class of Loan	Extension of Term	Reduction of Interest Rate	Interest Only Payments	Delay in Contractual Payments	Extension of Term and Reduction of Interest Rate
Commercial							
Commercial, industrial and other	\$ 1,469	0.0 %	\$ 1,240	\$ 42	\$ 17	\$ —	\$ 170
Commercial real estate							
Non-construction	192	0.0	192	—	—	—	—
Home equity	—	—	—	—	—	—	—
Residential real estate	—	—	—	—	—	—	—
Premium Finance Receivables							
Property and casualty insurance loans	1,548	0.0	30	1,457	—	—	61
<b>Total loans</b>	<b>\$ 3,209</b>	<b>0.0 %</b>	<b>\$ 1,462</b>	<b>\$ 1,499</b>	<b>\$ 17</b>	<b>\$ —</b>	<b>\$ 231</b>

Three Months Ended September 30, 2024 (Dollars in thousands)	Weighted Average Magnitude of Modifications:			
	Total	Duration of Extension of Term (months)	Reduction of Interest Rate (bps)	Duration of Delay in Contractual Payments (months)
Commercial				
Commercial, industrial and other	\$ 1,469	27	—	—
Commercial real estate				
Non-construction	192	6	—	—
Home equity	—	—	—	—
Residential real estate	—	—	—	—
Premium finance receivables				
Property and casualty insurance loans	1,548	4	—	—
Total loans	\$ 3,209	9	—	—

Three Months Ended September 30, 2023 (Dollars in thousands)	Total	Percentage of Total Class of Loan	Extension of Term	Extension of Term and Reduction of Interest		
				Reduction of Interest Rate	Delay in Contractual Payments	Reduction of Interest Rate
Commercial						
Commercial, industrial and other	\$ 1,256	0.0 %	\$ 1,256	\$ —	\$ —	\$ —
Commercial real estate						
Non-construction	—	—	—	—	—	—
Home equity	—	—	—	—	—	—
Residential real estate	141	0.0	141	—	—	—
Premium finance receivables						
Property and casualty insurance loans	40	0.0	40	—	—	—
Total loans	\$ 1,437	0.0 %	\$ 1,437	\$ —	\$ —	\$ —

Three Months Ended September 30, 2023 (Dollars in thousands)	Weighted Average Magnitude of Modifications:			
	Total	Duration of Extension of Term (months)	Reduction of Interest Rate (bps)	Duration of Delay in Contractual Payments (months)
Commercial				
Commercial, industrial and other	\$ 1,256	16	—	—
Commercial real estate				
Non-construction	—	—	—	—
Home equity	—	—	—	—
Residential real estate	141	14	—	—
Premium finance receivables				
Property and casualty insurance loans	40	2	—	—
Total loans	\$ 1,437	16	—	—

Nine Months Ended September 30, 2024 (Dollars in thousands)	Total <sup>(1)</sup>	Percentage of Total Class of Loan	Extension of Term <sup>(1)</sup>	Reduction of Interest Rate <sup>(1)</sup>	Interest Only Payments	Delay in Contractual Payments <sup>(1)</sup>	Extension of Term and Reduction of Interest Rate <sup>(1)</sup>
Commercial							
Commercial, industrial and other	\$ 4,687	0.0 %	\$ 4,195	\$ 42	\$ 17	\$ 97	\$ 336
Commercial real estate							
Non-Construction	1,662	0.0	486	—	319	857	—
Home equity	89	0.0	89	—	—	—	—
Residential real estate	282	0.0	114	168	—	—	—
Premium finance receivables							
Property and casualty insurance loans	1,554	0.0	33	1,460	—	—	61
<b>Total loans</b>	<b>\$ 8,274</b>	<b>0.0</b>	<b>\$ 4,917</b>	<b>\$ 1,670</b>	<b>\$ 336</b>	<b>\$ 954</b>	<b>\$ 397</b>

**Weighted Average Magnitude of Modifications:**

Nine Months Ended September 30, 2024 (Dollars in thousands)	Total	Duration of Extension of Term (months)	Reduction of Interest Rate (bps)	Duration of Delay in Contractual Payments (months)
Commercial				
Commercial, industrial and other	\$ 4,687	35	113	34
Commercial real estate				
Non-construction	1,662	29	—	16
Home equity	89	12	—	—
Residential real estate	282	19	201	—
Premium finance receivables				
Property and casualty insurance loans	1,554	6	86	—
<b>Total loans</b>	<b>\$ 8,274</b>	<b>9</b>	<b>156</b>	<b>18</b>

Nine Months Ended September 30, 2023 (Dollars in thousands)	Total	Percentage of Total Class of Loan	Extension of Term	Reduction of Interest Rate	Delay in Contractual Payments	Extension of Term and Reduction of Interest Rate
Commercial						
Commercial, industrial and other	\$ 39,153	0.3 %	\$ 3,194	\$ 221	\$ 35,265	\$ 473
Commercial real estate						
Non-construction	5,709	0.1	467	827	39	4,376
Home equity	203	0.1	203	—	—	—
Residential real estate	2,113	0.1	1,537	271	—	305
Premium finance receivables						
Property and casualty insurance loans	51	0.0	43	—	—	8
<b>Total loans</b>	<b>\$ 47,229</b>	<b>0.1 %</b>	<b>\$ 5,444</b>	<b>\$ 1,319</b>	<b>\$ 35,304</b>	<b>\$ 5,162</b>

Nine Months Ended September 30, 2023 (Dollars in thousands)	Weighted Average Magnitude of Modifications:			
	Total	Duration of Extension of Term (months)	Reduction of Interest Rate (bps)	Duration of Delay in Contractual Payments (months)
Commercial				
Commercial, industrial and other	\$ 39,153	15	108	16
Commercial real estate				
Non-construction	5,709	40	232	101
Home equity	203	12	—	—
Residential real estate	2,113	54	284	—
Premium finance receivables				
Property and casualty insurance loans	51	2	50	—
Total loans	\$ 47,229	33	223	17

The Company had commitments of \$8.6 million and \$45.0 million as of September 30, 2024 and September 30, 2023, respectively, to lend additional funds to borrowers experiencing financial difficulty and for whom the Company has modified the terms of loans in the form of principal forgiveness, an interest rate reduction, an other-than insignificant payment delay or a term extension during the periods presented.

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

(Dollars in thousands)	For the Twelve Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	September 30, 2024	September 30, 2024	September 30, 2024	September 30, 2023	September 30, 2023	September 30, 2023	September 30, 2023	
	Total	Payments in Default <sup>(1)</sup>	Payments in Default <sup>(1)</sup>	Total	Payments in Default <sup>(1)</sup>	Payments in Default <sup>(1)</sup>	Payments in Default <sup>(1)</sup>	
Commercial								
Commercial, industrial and other	\$ 6,757	\$ 42	\$ 1,826	\$ 39,153	\$ 18,727	\$ 18,749		
Commercial real estate								
Construction and development	2,504	—	—	—	—	—	—	
Non-construction	2,933	—	923	5,709	95	923	923	
Home equity	588	—	203	203	203	203	203	
Residential real estate	282	—	541	2,113	817	902	902	
Premium finance receivables								
Property and casualty insurance loans	1,632	47	61	51	40	40	40	
Total loans	\$ 14,696	\$ 89	\$ 3,554	\$ 47,229	\$ 19,882	\$ 20,817		

(1) Modified loans considered to be in payment default are over 30 days past due subsequent to the restructuring.

## (8) Goodwill and Other Acquisition-Related Intangible Assets

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

(In thousands)	December 31, 2023	Goodwill Acquired	Impairment Loss	Goodwill Adjustments	September 30, 2024
Community banking	\$ 545,671	\$ 144,586	\$ —	\$ —	\$ 690,257
Specialty finance	39,006	—	—	(478)	38,528
Wealth management	71,995	—	—	—	71,995
Total	\$ 656,672	\$ 144,586	\$ —	\$ (478)	\$ 800,780

The community banking unit's goodwill increased \$144.6 million in the third quarter of 2024 as a result of the Macatawa acquisition. The specialty finance unit's goodwill decreased \$478,000 in the first nine months of 2024 as a result of foreign currency translation adjustments related to the Canadian acquisitions.

The Company assesses each reporting unit's goodwill for impairment on at least an annual basis and considers potential indicators of impairment at each reporting date between annual goodwill impairment tests. At October 1, 2023, the Company utilized a qualitative approach for its annual goodwill impairment tests of the community banking, specialty finance and wealth



management reporting units and determined that it was more likely than not that the fair value of all reporting units exceeded the respective carrying value of such reporting unit at that time.

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

At the conclusion of this assessment of all reporting units, the Company determined that as of September 30, 2024, it was more likely than not that the fair value of all reporting units exceeded the respective carrying value of such reporting unit.

A summary of acquisition-related intangible assets as of the dates shown and the expected amortization of finite-lived acquisition-related intangible assets as of September 30, 2024 is as follows:

<u>(In thousands)</u>	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
<b>Community banking segment:</b>			
Core deposit intangibles with finite lives:			
Gross carrying amount	\$ 154,506	\$ 55,206	\$ 55,206
Accumulated amortization	(51,358)	(46,125)	(45,304)
Net carrying amount	\$ 103,148	\$ 9,081	\$ 9,902
Trademark with indefinite lives:			
Carrying amount	13,800	5,800	5,800
Total net carrying amount	\$ 116,948	\$ 14,881	\$ 15,702
<b>Specialty finance segment:</b>			
Customer list intangibles with finite lives:			
Gross carrying amount	\$ 1,962	\$ 1,963	\$ 1,962
Accumulated amortization	(1,871)	(1,837)	(1,826)
Net carrying amount	\$ 91	\$ 126	\$ 136
<b>Wealth management segment:</b>			
Customer list and other intangibles with finite lives:			
Gross carrying amount	\$ 26,630	\$ 26,630	\$ 26,630
Accumulated amortization	(19,803)	(18,748)	(18,224)
Net carrying amount	\$ 6,827	\$ 7,882	\$ 8,406
<b>Total acquisition-related intangible assets:</b>			
Gross carrying amount	\$ 196,898	\$ 89,599	\$ 89,598
Accumulated amortization	(73,032)	(66,710)	(65,354)
<b>Total other acquisition-related intangible assets, net</b>	<b>\$ 123,866</b>	<b>\$ 22,889</b>	<b>\$ 24,244</b>
<b>Estimated amortization</b>			
Actual in nine months ended September 30, 2024			<b>\$ 6,322</b>
Estimated remaining in 2024			<b>5,501</b>
Estimated—2025			<b>20,784</b>
Estimated—2026			<b>18,268</b>
Estimated—2027			<b>15,848</b>
Estimated—2028			<b>13,477</b>

The community banking unit's core deposit intangibles and trademarks with indefinite lives increased \$ 99.3 million and \$8.0 million, respectively, in the third quarter of 2024 as a result of the Macatawa acquisition.

The core deposit intangibles recognized in connection with the Company's bank acquisitions are amortized over a ten-year period on an accelerated basis. The customer list intangibles recognized in connection with the purchase of life insurance premium finance assets in 2009 are being amortized over an 18-year period on an accelerated basis. The customer list and other

intangibles recognized in connection with prior acquisitions within the wealth management segment are being amortized over a period of up to ten years on a straight-line or accelerated basis. Indefinite-lived intangible assets consist of certain trade and domain names recognized in connection with prior acquisitions. As indefinite-lived intangible assets are not amortized, the Company assesses impairment on at least an annual basis. Total amortization expense associated with finite-lived acquisition-related intangibles totaled approximately \$6.3 million and \$4.1 million for the nine months ended September 30, 2024 and 2023, respectively.

**(9) Mortgage Servicing Rights (“MSRs”)**

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

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2024	2023	2024	2023
Fair value at beginning of the period	\$ 204,610	\$ 200,692	\$ 192,456	\$ 230,225
Additions from loans sold with servicing retained	6,357	9,706	19,959	23,533
Servicing rights sold	—	—	—	(30,170)
Estimate of changes in fair value due to:				
Payoffs, paydowns and repurchases	(7,328)	(4,597)	(17,248)	(13,549)
Changes in valuation inputs or assumptions	(17,331)	4,723	(8,859)	485
Fair value at end of the period	\$ 186,308	\$ 210,524	\$ 186,308	\$ 210,524
Unpaid principal balance of mortgage loans serviced for others	\$ 12,253,361	\$ 11,885,531		

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

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

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

Periodically, the Company will purchase options for the right to purchase securities not currently held within the banks’ investment portfolios or enter into interest rate swaps in which the Company elects not to designate such derivatives as hedging instruments. These option and swap transactions are designed primarily to economically hedge a portion of the fair value adjustments related to the Company’s MSRs. The gain or loss associated with these derivative contracts is included in mortgage banking revenue. For more information regarding these hedges outstanding as of September 30, 2024 and September 30, 2023, see Note (14) “Derivative Financial Instruments” in Item 1 of this report.

**(10) Deposits**

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

(Dollars in thousands)	September 30, 2024	December 31, 2023	September 30, 2023
<b>Balance:</b>			
Non-interest-bearing	\$ 10,739,132	\$ 10,420,401	\$ 10,347,006
NOW and interest-bearing demand deposits	5,466,932	5,797,649	6,006,114
Wealth management deposits	1,303,354	1,614,499	1,788,099
Money market	17,713,726	15,149,215	14,478,504
Savings	6,183,249	5,790,334	5,584,294
Time certificates of deposit	9,998,573	6,625,072	6,788,669
Total deposits	<u>\$ 51,404,966</u>	<u>\$ 45,397,170</u>	<u>\$ 44,992,686</u>
<b>Mix:</b>			
Non-interest-bearing	21 %	23 %	23 %
NOW and interest-bearing demand deposits	11	13	13
Wealth management deposits	3	4	4
Money market	34	33	32
Savings	12	13	13
Time certificates of deposit	19	14	15
Total deposits	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

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

**(11) FHLB Advances, Other Borrowings and Subordinated Notes**

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

(In thousands)	September 30, 2024	December 31, 2023	September 30, 2023
FHLB advances	\$ 3,171,309	\$ 2,326,071	\$ 2,326,071
Other borrowings:			
Notes payable	149,894	171,282	178,411
Short-term borrowings	—	13,430	14,183
Secured borrowings	439,513	401,897	391,681
Other	57,636	59,204	59,724
Total other borrowings	<u>647,043</u>	<u>645,813</u>	<u>643,999</u>
Subordinated notes	298,188	437,866	437,731
Total FHLB advances, other borrowings and subordinated notes	<u>\$ 4,116,540</u>	<u>\$ 3,409,750</u>	<u>\$ 3,407,801</u>

Descriptions of the Company's FHLB advances, other borrowings, and subordinated notes are included in Note (11) "Federal Home Loan Bank Advances", Note (12) "Subordinated Notes" and Note (13) "Other Borrowings" of the 2023 Form 10-K.

*Notes Payable*

Notes payable balances represent the balances on the Company's credit agreement with certain unaffiliated banks. At September 30, 2024, the outstanding principal balance under the term loan facility was \$149.9 million and there was no outstanding balance under the revolving credit facility. Borrowings under notes payable are secured by pledges of and first priority perfected security interests in the Company's equity interest in its bank subsidiaries and contain several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and other indebtedness. At September 30, 2024, the Company was in compliance with all such covenants.

### *Short-term Borrowings*

Short-term borrowings include securities sold under repurchase agreements of customer sweep accounts in connection with master repurchase agreement at the banks. There were no borrowings at September 30, 2024 compared to \$ 13.4 million and \$14.2 million at December 31, 2023 and September 30, 2023, respectively. As of September 30, 2024, the Company had no pledged securities related to its customer balances in sweep accounts.

### *Secured Borrowings*

The balance of secured borrowings primarily represents a third party Canadian transaction ("Canadian Secured Borrowing"). Under the Canadian Secured Borrowing, the Company, through its subsidiary, FIFC Canada, sells an undivided co-ownership interest in all receivables owed to FIFC Canada to an unrelated third party in exchange for cash payments pursuant to a receivables purchase agreement ("Receivables Purchase Agreement"). On August 29, 2024, the Company entered into the Twelfth Amending Agreement to the Receivables Purchase Agreement dated as of December 16, 2014. The amended Receivables Purchase Agreement provides for, among other things, an extension of the maturity date to December 15, 2025 and an increase to the facility limit from \$520 million to \$650 million. Additionally, Wintrust guarantees the performance of FIFC Canada of its obligations under the Receivables Purchase Agreement and any subsequent amendments thereto.

At September 30, 2024, the translated balance of the secured borrowings totaled \$ 428.6 million compared to \$392.5 million at December 31, 2023 and \$382.8 million at September 30, 2023. The interest rate under the Receivables Purchase Agreement is the Canadian Commercial Paper Rate plus fee rate of 0.825%.

The remaining \$10.9 million, \$9.4 million and \$8.9 million within secured borrowings at September 30, 2024, December 31, 2023 and September 30, 2023, respectively, represent other sold interests in certain loans by the Company that were not considered sales and, as such, related proceeds received are reflected on the Company's Consolidated Statements of Condition as a secured borrowing owed to the various unrelated third parties.

### *Other Borrowings*

Other borrowings represent a fixed-rate promissory note ("Fixed-Rate Promissory Note") issued by the Company in June 2017. Subsequent amendments to the Fixed-Rate Promissory Note since issuance increased the principal amount to \$66.4 million, reduced the interest rate to 1.70% and extended the maturity date to March 31, 2025. The Fixed-Rate Promissory Note contains several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and indebtedness. At September 30, 2024, the Company was in compliance with all such covenants.

### *Subordinated Notes*

At September 30, 2024, the Company had outstanding subordinated notes totaling \$ 298.2 million compared to \$437.9 million and \$437.7 million at December 31, 2023 and September 30, 2023, respectively. The notes issued in 2019 have a stated interest rate of 4.85% and mature in June 2029. In the second quarter of 2024, the Company repaid the \$140.0 million of subordinated notes issued in 2014. The notes had a stated interest rate of 5.00% and matured in June 2024.

### **(12) Junior Subordinated Debentures**

The following table provides a summary of the Company's junior subordinated debentures as of September 30, 2024. The junior subordinated debentures represent the par value of the obligations owed to the Trusts.

(Dollars in thousands)	Trust		Junior	Rate Structure <sup>(1)</sup>	Contractual Rate at 9/30/2024	Issue Date	Maturity Date	Earliest Redemption Date
	Common Securities	Preferred Securities	Subordinated Debentures					
Wintrust Capital Trust III	\$ 774	\$ 25,000	\$ 25,774	S+0.26161+3.25	8.81 %	04/2003	04/2033	04/2008
Wintrust Statutory Trust IV	619	20,000	20,619	S+0.26161+2.80	7.67 %	12/2003	12/2033	12/2008
Wintrust Statutory Trust V	1,238	40,000	41,238	S+0.26161+2.60	7.47 %	05/2004	05/2034	06/2009
Wintrust Capital Trust VII	1,550	50,000	51,550	S+0.26161+1.95	7.16 %	12/2004	03/2035	03/2010
Wintrust Capital Trust VIII	1,238	25,000	26,238	S+0.26161+1.45	6.32 %	08/2005	09/2035	09/2010
Wintrust Capital Trust IX	1,547	50,000	51,547	S+0.26161+1.63	6.84 %	09/2006	09/2036	09/2011
Northview Capital Trust I	186	6,000	6,186	S+0.26161+3.00	8.51 %	08/2003	11/2033	08/2008
Town Bankshares Capital Trust I	186	6,000	6,186	S+0.26161+3.00	8.51 %	08/2003	11/2033	08/2008
First Northwest Capital Trust I	155	5,000	5,155	S+0.26161+3.00	7.87 %	05/2004	05/2034	05/2009
Suburban Illinois Capital Trust II	464	15,000	15,464	S+0.26161+1.75	6.96 %	12/2006	12/2036	12/2011
Community Financial Shares Statutory Trust II	109	3,500	3,609	S+0.26161+1.62	6.83 %	06/2007	09/2037	06/2012
Total			\$ 253,566		7.33 %			

(1) The interest rates on the variable rate junior subordinated debentures are based on the three-month Chicago Mercantile Exchange ("CME") Term Secured Overnight Financing Rate ("SOFR") and reset on a quarterly basis.

The junior subordinated debentures totaled \$253.6 million at September 30, 2024, December 31, 2023 and September 30, 2023. At September 30, 2024, the weighted average contractual interest rate on the junior subordinated debentures was 7.33%.

### (13) Segment Information

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

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

For purposes of internal segment profitability, management allocates certain intersegment and parent company balances. Management allocates a portion of revenues to the specialty finance segment related to loans and leases originated by the specialty finance segment and sold or assigned to the community banking segment. Similarly, for purposes of analyzing the contribution from the wealth management segment, management allocates a portion of the net interest income earned by the community banking segment on deposit balances of customers of the wealth management segment to the wealth management segment. See Note (10) "Deposits" in Item 1 of this report for more information on these deposits. Finally, expenses incurred at the Wintrust parent company are allocated to each segment based on each segment's risk-weighted assets.

The segment financial information provided in the following table has been derived from the internal profitability reporting system used by management to monitor and manage the financial performance of the Company. The accounting policies of the segments are substantially similar to those described in Note (1) "Summary of Significant Accounting Policies" of the 2023 Form 10-K. The Company evaluates segment performance based on after-tax profit or loss and other appropriate profitability measures common to each segment.

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

(Dollars in thousands)	Three Months Ended		\$ Change in Contribution	% Change in Contribution
	September 30, 2024	September 30, 2023		
<b>Net interest income:</b>				
Community Banking	\$ 396,894	\$ 360,575	\$ 36,319	10 %
Specialty Finance	88,448	85,427	3,021	4
Wealth Management	6,932	7,997	(1,065)	(13)
Total Operating Segments	492,274	453,999	38,275	8
Intersegment Eliminations	10,309	8,359	1,950	23
Consolidated net interest income	\$ 502,583	\$ 462,358	\$ 40,225	9 %
<b>Provision for credit losses:</b>				
Community Banking	\$ 20,475	\$ 16,742	\$ 3,733	22 %
Specialty Finance	1,859	3,181	(1,322)	(42)
Wealth Management	—	—	—	—
Total Operating Segments	22,334	19,923	2,411	12
Intersegment Eliminations	—	—	—	—
Consolidated provision for credit losses	\$ 22,334	\$ 19,923	\$ 2,411	12 %
<b>Non-interest income:</b>				
Community Banking	\$ 66,323	\$ 70,536	\$ (4,213)	(6) %
Specialty Finance	29,587	20,793	8,794	42
Wealth Management	37,431	37,312	119	0
Total Operating Segments	133,341	128,641	4,700	4
Intersegment Eliminations	(20,194)	(16,163)	(4,031)	25
Consolidated non-interest income	\$ 113,147	\$ 112,478	\$ 669	1 %
<b>Net revenue:</b>				
Community Banking	\$ 463,217	\$ 431,111	\$ 32,106	7 %
Specialty Finance	118,035	106,220	11,815	11
Wealth Management	44,363	45,309	(946)	(2)
Total Operating Segments	625,615	582,640	42,975	7
Intersegment Eliminations	(9,885)	(7,804)	(2,081)	27
Consolidated net revenue	\$ 615,730	\$ 574,836	\$ 40,894	7 %
<b>Segment profit:</b>				
Community Banking	\$ 115,213	\$ 115,156	\$ 57	0 %
Specialty Finance	46,803	40,548	6,255	15
Wealth Management	7,985	8,494	(509)	(6)
Consolidated net income	\$ 170,001	\$ 164,198	\$ 5,803	4 %
<b>Segment assets:</b>				
Community Banking	\$ 51,598,626	\$ 43,801,560	\$ 7,797,066	18 %
Specialty Finance	11,047,585	10,521,547	526,038	5
Wealth Management	1,142,213	1,232,139	(89,926)	(7)
Consolidated total assets	\$ 63,788,424	\$ 55,555,246	\$ 8,233,178	15 %

NM - Not meaningful

	Nine Months Ended			
	September 30, 2024	September 30, 2023	\$ Change in Contribution	% Change in Contribution
<i>(Dollars in thousands)</i>				
<b>Net interest income:</b>				
Community Banking	\$ 1,119,411	\$ 1,076,655	\$ 42,756	4 %
Specialty Finance	265,921	240,771	25,150	10
Wealth Management	22,618	24,356	(1,738)	(7)
Total Operating Segments	1,407,950	1,341,782	66,168	5
Intersegment Eliminations	29,437	26,108	3,329	13
Consolidated net interest income	<u>\$ 1,437,387</u>	<u>\$ 1,367,890</u>	<u>\$ 69,497</u>	<u>5 %</u>
<b>Provision for credit losses:</b>				
Community Banking	\$ 77,192	\$ 64,554	\$ 12,638	20 %
Specialty Finance	6,876	6,928	(52)	(1)
Wealth Management	—	—	—	—
Total Operating Segments	84,068	71,482	12,586	18
Intersegment Eliminations	—	—	—	—
Consolidated provision for credit losses	<u>\$ 84,068</u>	<u>\$ 71,482</u>	<u>\$ 12,586</u>	<u>18 %</u>
<b>Non-interest income:</b>				
Community Banking	\$ 212,578	\$ 207,399	\$ 5,179	2 %
Specialty Finance	89,221	78,320	10,901	14
Wealth Management	131,521	101,000	30,521	30
Total Operating Segments	433,320	386,719	46,601	12
Intersegment Eliminations	(58,446)	(53,442)	(5,004)	9
Consolidated non-interest income	<u>\$ 374,874</u>	<u>\$ 333,277</u>	<u>\$ 41,597</u>	<u>12 %</u>
<b>Net revenue:</b>				
Community Banking	\$ 1,331,989	\$ 1,284,054	\$ 47,935	4 %
Specialty Finance	355,142	319,091	36,051	11
Wealth Management	154,139	125,356	28,783	23
Total Operating Segments	1,841,270	1,728,501	112,769	7
Intersegment Eliminations	(29,009)	(27,334)	(1,675)	6
Consolidated net revenue	<u>\$ 1,812,261</u>	<u>\$ 1,701,167</u>	<u>\$ 111,094</u>	<u>7 %</u>
<b>Segment profit:</b>				
Community Banking	\$ 326,495	\$ 351,905	\$ (25,410)	18 %
Specialty Finance	142,417	123,687	18,730	5
Wealth Management	40,771	23,554	17,217	(7)
Consolidated net income	<u>\$ 509,683</u>	<u>\$ 499,146</u>	<u>\$ 10,537</u>	<u>15 %</u>

NM - Not meaningful

#### (14) Derivative Financial Instruments

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

The derivative financial instruments currently used by the Company to manage its exposure to interest rate risk include: (1) interest rate swaps and collars to manage the interest rate risk of certain fixed and variable rate assets and variable rate liabilities; (2) interest rate lock commitments provided to customers to fund certain mortgage loans to be sold into the secondary market; (3) forward commitments for the future delivery of such mortgage loans to protect the Company from adverse changes in interest rates and corresponding changes in the value of mortgage loans held-for-sale; (4) covered call options to economically hedge specific investment securities and receive fee income, effectively enhancing the overall yield on such securities to compensate for net interest margin compression; and (5) options and swaps to economically hedge a portion of the fair value adjustments related to the Company's mortgage servicing rights portfolio. The Company also enters into derivatives (typically interest rate swaps and commodity forward contracts) with certain qualified borrowers to facilitate the borrowers' risk management strategies and concurrently enters into mirror-image derivatives with a third party counterparty, effectively making a market in the derivatives for such borrowers. Additionally, the Company enters into foreign currency contracts to manage foreign exchange risk associated with certain foreign currency denominated assets.



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

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

The table below presents the fair value of the Company's derivative financial instruments as of September 30, 2024, December 31, 2023 and September 30, 2023:

(In thousands)	Derivative Assets			Derivative Liabilities		
	September 30, 2024	December 31, 2023	September 30, 2023	September 30, 2024	December 31, 2023	September 30, 2023
<b>Derivatives designated as hedging instruments under ASC 815:</b>						
Interest rate derivatives designated as Cash Flow Hedges	\$ 53,402	\$ 40,116	\$ —	\$ 14,522	\$ 44,456	\$ 157,355
Interest rate derivatives designated as Fair Value Hedges	8,069	12,349	17,929	351	273	—
<b>Total derivatives designated as hedging instruments under ASC 815</b>	<b>\$ 61,471</b>	<b>\$ 52,465</b>	<b>\$ 17,929</b>	<b>\$ 14,873</b>	<b>\$ 44,729</b>	<b>\$ 157,355</b>
<b>Derivatives not designated as hedging instruments under ASC 815:</b>						
Interest rate derivatives	\$ 185,456	\$ 211,490	\$ 294,324	\$ 180,160	\$ 210,397	\$ 295,916
Interest rate lock commitments	5,143	4,511	2,516	6	—	72
Forward commitments to sell mortgage loans	31	—	3,261	1,055	5,212	—
Commodity forward contracts	1,647	888	1,320	1,365	609	1,076
Foreign exchange contracts	1,914	6,372	4,355	1,880	6,308	4,287
<b>Total derivatives not designated as hedging instruments under ASC 815</b>	<b>\$ 194,191</b>	<b>\$ 223,261</b>	<b>\$ 305,776</b>	<b>\$ 184,466</b>	<b>\$ 222,526</b>	<b>\$ 301,351</b>
<b>Total Derivatives</b>	<b>\$ 255,662</b>	<b>\$ 275,726</b>	<b>\$ 323,705</b>	<b>\$ 199,339</b>	<b>\$ 267,255</b>	<b>\$ 458,706</b>

### Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to net interest income and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and interest rate collars as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts to or from a counterparty in exchange for the Company receiving or paying fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. Interest rate collars designated as cash flow hedges involve the settlement of amounts in which the interest rate index specified in the contract exceeds the agreed upon cap strike rate or in which the interest rate index specified in the contract is below the agreed upon floor strike rate at the end of each period.

As of September 30, 2024, the Company had various interest rate collar and swap derivatives designated as cash flow hedges of variable rate loans. When the relationship between the hedged item and hedging instrument is highly effective at achieving offsetting changes in cash flows attributable to the hedged risk, changes in the fair value of these cash flow hedges are recorded in accumulated other comprehensive income or loss and are subsequently reclassified to interest income as interest payments

are made on such variable rate loans. The changes in fair value (net of tax) are separately disclosed in the Consolidated Statements of Comprehensive Income.

The table below provides details on these cash flow hedges, summarized by derivative type and maturity, as of September 30, 2024:

	September 30, 2024	
	Notional Amount	Fair Value Asset (Liability)
<i>(In thousands)</i>		
<i>Interest Rate Collars at 1-month CME term SOFR:</i>		
Buy 2.250% floor, sell 3.743% cap; matures September 2025	\$ 1,250,000	\$ (4,251)
Buy 2.750% floor, sell 4.320% cap; matures October 2026	500,000	1,345
Buy 2.000% floor, sell 3.450% cap; matures September 2027	1,250,000	(10,270)
<i>Interest Rate Swaps at 1-month CME term SOFR:</i>		
Fixed 3.748%; matures December 2025	250,000	290
Fixed 3.759%; matures December 2025	250,000	324
Fixed 3.680%; matures February 2026	250,000	233
Fixed 4.176%; matures March 2026	250,000	2,088
Fixed 3.915%; matures March 2026	250,000	1,182
Fixed 4.450%; matures July 2026	250,000	4,220
Fixed 3.515%; matures December 2026	250,000	822
Fixed 3.512%; matures December 2026	250,000	806
Fixed 3.453%; matures February 2027	250,000	578
Fixed 4.150%; matures July 2027	250,000	5,610
Fixed 3.748%; matures March 2028	250,000	3,998
Fixed 3.526%; matures March 2028	250,000	2,186
Fixed 3.993%; matures October 2029	350,000	12,573
Fixed 4.245%; matures November 2029	350,000	17,146
<b>Total Cash Flow Hedges</b>	<b>\$ 6,700,000</b>	<b>\$ 38,880</b>

In the first quarter of 2022, the Company terminated interest rate swap derivative contracts designated as cash flow hedges of variable rate deposits with a total notional value of \$1.0 billion and a five-year term effective July 2022. At the time of termination, the fair value of the derivative contracts totaled an asset of \$66.5 million, with such adjustments to fair value recorded in accumulated other comprehensive income or loss. In the second quarter of 2022, the Company terminated two additional interest rate swap derivative contracts designated as cash flow hedges of variable rate deposits with a total notional value of \$500.0 million each effective since April 2020. The remaining terms of such derivative contracts were through March 2023 and April 2024 and, at the time of termination, the fair value of the derivative contracts totaled assets of \$3.7 million and \$10.7 million, respectively, with such adjustments to fair value recorded in accumulated other comprehensive income or loss. In the fourth quarter of 2022, the Company terminated one additional interest rate collar derivative contract designated as a cash flow hedge of a term borrowing facility with a total notional value of \$64.3 million effective since September 2018. The remaining term of such derivative contract was through September 2023 and, at the time of termination, the fair value of the derivative contract totaled an asset of \$875,000, with such adjustments to fair value recorded in accumulated other comprehensive income or loss.

For all such terminations, as the hedged forecasted transactions (interest payments on variable rate deposits and a term borrowing facility) are still expected to occur over the remaining term of such terminated derivatives, such adjustments will remain in accumulated other comprehensive income or loss and be reclassified as a reduction to interest expense on a straight-line basis over the original term of the terminated derivative contracts.

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

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Unrealized (loss) gain at beginning of period	\$ (49,396)	\$ (61,739)	\$ 43,538	\$ 10,026
Amount reclassified from accumulated other comprehensive income or loss to interest income or expense on deposits, loans, and other borrowings	20,378	18,374	60,720	36,038
Amount of gain (loss) recognized in other comprehensive income or loss	104,470	(61,456)	(28,806)	(150,885)
Unrealized gain (loss) at end of period	\$ 75,452	\$ (104,821)	\$ 75,452	\$ (104,821)

As of September 30, 2024, the Company estimated that during the next 12 months \$ 13.9 million will be reclassified from accumulated other comprehensive income or loss as a decrease to net interest income. Such estimate consists of \$13.3 million reclassified as a reduction to interest expense on the terminated cash flow hedges discussed above and \$27.2 million reclassified as a reduction to interest income related to the interest rate collars and swaps noted above that remain outstanding.

### Fair Value Hedges of Interest Rate Risk

Interest rate swaps designated as fair value hedges involve the payment of fixed amounts to a counterparty in exchange for the Company receiving variable payments over the life of the agreements without the exchange of the underlying notional amount. As of September 30, 2024, the Company had 13 interest rate swaps with an aggregate notional amount of \$ 204.3 million that were designated as fair value hedges primarily associated with fixed rate commercial and industrial and commercial real estate loans as well as life insurance premium finance receivables.

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

The following table presents the carrying amount of the hedged assets/(liabilities) and the cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged assets/(liabilities) that are designated as a fair value hedge accounting relationship as of September 30, 2024:

(In thousands)		September 30, 2024		
Derivatives in Fair Value Hedging Relationships	Location in the Statement of Condition	Carrying Amount of the Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment Remaining for any Hedged Assets/(Liabilities) for which Hedge Accounting has been Discontinued
Interest rate swaps	Loans, net of unearned income	\$ 195,978	\$ (7,703)	\$ (63)
	Available-for-sale debt securities	654	(5)	—

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

(In thousands)		Three Months Ended	Nine Months Ended
Derivatives in Fair Value Hedging Relationships	Location of (Loss)/Gain Recognized in Income on Derivative	September 30, 2024	September 30, 2024
Interest rate swaps	Interest and fees on loans	\$ (28)	\$ (34)
	Interest income - investment securities	—	—

### Non-Designated Hedges

The Company does not use derivatives for speculative purposes. Derivatives not designated as accounting hedges are used to manage the Company's economic exposure to interest rate movements and other identified risks but do not meet the strict

hedge accounting requirements of ASC 815. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings.

*Interest Rate Derivatives*—Periodically, the Company may purchase interest rate cap derivatives designed to act as an economic hedge of the risk of the negative impact on its fixed-rate loan portfolios from rising interest rates. As of September 30, 2024, there were no interest rate caps outstanding that were designed to act as an economic hedge.

Additionally, the Company has interest rate derivatives, including swaps and option products, resulting from a service the Company provides to certain qualified borrowers. The Company's banking subsidiaries execute certain derivative products (typically interest rate swaps) directly with qualified commercial borrowers to facilitate their respective risk management strategies. For example, these arrangements allow the Company's commercial borrowers to effectively convert a variable rate loan to a fixed rate. In order to minimize the Company's exposure on these transactions, the Company simultaneously executes offsetting derivatives with third parties. In most cases, the offsetting derivatives have mirror-image terms, which result in the positions' changes in fair value substantially offsetting through earnings each period. However, to the extent that the derivatives are not a mirror-image and because of differences in counterparty credit risk, changes in fair value will not completely offset resulting in some earnings impact each period. Changes in the fair value of these derivatives are included in other non-interest income. At September 30, 2024 and December 31, 2023, the Company had interest rate derivative transactions with an aggregate notional amount of approximately \$12.8 billion and \$11.4 billion, respectively, (all interest rate swaps and caps with customers and third parties) related to this program. At September 30, 2024 these interest rate derivatives had maturity dates ranging from October 2024 to January 2037.

*Mortgage Banking Derivatives*—These derivatives include interest rate lock commitments provided to customers to fund certain mortgage loans to be sold into the secondary market and forward commitments for the future delivery of such loans. It is the Company's practice to enter into forward commitments for the future delivery of a portion of its residential mortgage loan production when interest rate lock commitments are entered into in order to economically hedge the effect of future changes in interest rates on its commitments to fund the loans as well as on its portfolio of mortgage loans held-for-sale. The Company's mortgage banking derivatives have not been designated as being in hedge relationships. At September 30, 2024 and December 31, 2023, the Company had interest rate lock commitments with an aggregate notional amount of approximately \$288.9 million and \$129.9 million, and forward commitments to sell mortgage loans with an aggregate notional amount of approximately \$667.6 million and \$626.9 million, respectively. The fair values of these derivatives were estimated based on changes in mortgage rates from the dates of the commitments. Changes in the fair value of these mortgage banking derivatives are included in mortgage banking revenue.

*Commodity Derivatives*—The Company has commodity forward contracts resulting from a service the Company provides to certain qualified borrowers. The Company's banking subsidiaries execute certain derivative products directly with qualified commercial borrowers to facilitate their respective risk management strategies. For example, these arrangements allow the Company's commercial borrowers to effectively purchase or sell a given commodity at an agreed-upon price on an agreed-upon settlement date. In order to minimize the Company's exposure on these transactions, the Company simultaneously executes offsetting derivatives with third parties. In most cases, the offsetting derivatives have mirror-image terms, which result in the positions' changes in fair value substantially offsetting through earnings each period. However, to the extent that the derivatives are not a mirror-image and because of differences in counterparty credit risk, changes in fair value will not completely offset resulting in some earnings impact each period. Changes in the fair value of these derivatives are included in other non-interest income. At September 30, 2024 and December 31, 2023, the Company had commodity derivative transactions with an aggregate notional amount of approximately \$7.6 million and \$8.4 million, respectively, (all forward contracts with customers and third parties) related to this program. At September 30, 2024, these commodity derivatives had maturity dates ranging from October 2024 to October 2025.

*Foreign Currency Derivatives*—The Company has foreign currency derivative contracts resulting from a service the Company provides to certain qualified customers. The Company's banking subsidiaries execute certain derivative products directly with qualified customers to facilitate their respective risk management strategies related to foreign currency fluctuations. For example, these arrangements allow the Company's customers to effectively exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. In order to minimize the Company's exposure on these transactions, the Company simultaneously executes offsetting derivatives with third parties. In most cases, the offsetting derivatives have mirror-image terms, which result in the positions' changes in fair value substantially offsetting through earnings each period. However, to the extent that the derivatives are not a mirror-image and because of differences in counterparty credit risk, changes in fair value will not completely offset resulting in some earnings impact each period. Changes in the fair value of these derivatives are included in other non-interest income. As of September 30, 2024 and December 31, 2023, the Company held foreign currency derivatives with an aggregate notional amount of approximately \$108.9 million and \$144.3 million, respectively.

*Other Derivatives*—Periodically, the Company will sell options to a bank or dealer for the right to purchase certain securities held within the banks' investment portfolios (covered call options). These option transactions are designed to increase the total return associated with the investment securities portfolio. These options do not qualify as accounting hedges pursuant to ASC 815 and, accordingly, changes in the fair value of these contracts are recognized as other non-interest income. There were no covered call options outstanding as of September 30, 2024, December 31, 2023 or September 30, 2023.

Periodically, the Company will purchase options for the right to purchase securities not currently held within the banks' investment portfolios or enter into interest rate swaps in which the Company elects to not designate such derivatives as hedging instruments. These option and swap transactions are designed primarily to economically hedge a portion of the fair value adjustments related to the Company's mortgage servicing rights portfolio. The gain or loss associated with these derivative contracts are included in mortgage banking revenue. The Company held eight interest rate derivatives with an aggregate notional value of \$220.0 million at September 30, 2024 and four interest rate derivatives with an aggregate notional value of and \$ 195.0 million at December 31, 2023, for such purpose of economically hedging a portion of the fair value adjustment related to its mortgage servicing rights portfolio.

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

(In thousands)		Three Months Ended		Nine Months Ended	
Derivative	Location in income statement	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Interest rate swaps and caps	Trading (losses) gains, net	\$ (245)	\$ 778	\$ 248	\$ 1,590
Mortgage banking derivatives	Mortgage banking revenue	(1,692)	1,428	2,014	9,859
Commodity contracts	Trading (losses) gains, net	(116)	23	282	243
Foreign exchange contracts	Trading (losses) gains, net	(171)	—	(152)	—
Covered call options	Fees from covered call options	988	4,215	7,891	17,184
Derivative contract held as economic hedge on MSRs	Mortgage banking revenue	6,892	(2,481)	3,543	(2,261)

### Credit Risk

Derivative instruments have inherent risks, primarily market risk and credit risk. Market risk is associated with changes in interest rates and credit risk relates to the risk that the counterparty will fail to perform according to the terms of the agreement. The amounts potentially subject to market and credit risks are the streams of interest payments under the contracts and the market value of the derivative instrument and not the notional principal amounts used to express the volume of the transactions. Market and credit risks are managed and monitored as part of the Company's overall asset-liability management process, except that the credit risk related to derivatives entered into with certain qualified borrowers is managed through the Company's standard loan underwriting process since these derivatives are secured through collateral provided by the loan agreements. Actual exposures are monitored against various types of credit limits established to contain risk within parameters. When deemed necessary, appropriate types and amounts of collateral are obtained to minimize credit exposure.

The Company has agreements with certain of its interest rate derivative counterparties that contain cross-default provisions, which provide that if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. The Company also has agreements with certain of its derivative counterparties that contain a provision allowing the counterparty to terminate the derivative positions if the Company fails to maintain its status as a well or adequately capitalized institution, which would require the Company to settle its obligations under the agreements. As of September 30, 2024, there were \$97.5 million interest rate derivatives in a net asset position that were subject to such agreements. The fair value of such derivatives includes accrued interest related to these agreements. If the Company had breached any of these provisions and those derivatives subject to such agreements were in a liability position, and the derivatives were terminated as a result, the Company would have been required to settle its obligations under the agreements at the termination value and would have been required to pay any additional amounts due in excess of amounts previously posted as collateral with the respective counterparty.

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

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

(In thousands)	Derivative Assets			Derivative Liabilities		
	Fair Value			Fair Value		
	September 30, 2024	December 31, 2023	September 30, 2023	September 30, 2024	December 31, 2023	September 30, 2023
Gross Amounts Recognized	\$ 246,927	\$ 263,955	\$ 312,253	\$ 195,033	\$ 255,126	\$ 453,271
Less: Amounts offset in the Statements of Condition	—	—	—	—	—	—
Net amount presented in the Statements of Condition	\$ 246,927	\$ 263,955	\$ 312,253	\$ 195,033	\$ 255,126	\$ 453,271
<b>Gross amounts not offset in the Statements of Condition</b>						
Offsetting Derivative Positions	(82,819)	(76,514)	(157,673)	(82,819)	(76,514)	(157,673)
Collateral Posted	(59,791)	(144,899)	(140,857)	(420)	—	(3,785)
Net Credit Exposure	\$ 104,317	\$ 42,542	\$ 13,723	\$ 111,794	\$ 178,612	\$ 291,813

### (15) Fair Values of Assets and Liabilities

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

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

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

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

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

At September 30, 2024, the Company classified \$135.3 million of municipal securities as Level 3. These municipal securities are bond issues for various municipal government entities primarily located in the Chicago metropolitan area and southern Wisconsin and are privately placed, non-rated bonds without CUSIP numbers. The Company's methodology for pricing these securities focuses on three distinct inputs: equivalent rating, yield and other pricing terms. To determine the rating for a given non-rated investment debt security, the Investment Operations Department references a rated, publicly issued bond by the same issuer if available. A reduction is then applied to the rating obtained from the comparable bond, as the Company believes if liquidated, a non-rated bond would be valued less than a similar bond with a verifiable rating. The reduction applied by the Company is one complete rating grade (i.e. a "AA" rating for a comparable bond would be reduced to "A" for the Company's valuation). For bond issues without comparable bond proxies, a rating of "BBB" was assigned. In the third quarter of 2024, all of the ratings derived by the Investment Operations Department using the above process were "BBB" or better. The fair value measurement noted above is sensitive to the rating input, as a higher rating typically results in an increased valuation. The remaining pricing inputs used in the bond valuation are observable. Based on the rating determined in the above process, Investment Operations obtains a corresponding current market yield curve available to market participants. Other terms including coupon, maturity date, redemption price, number of coupon payments per year, and accrual method are obtained from the individual bond term sheets. Certain municipal bonds held by the Company at September 30, 2024 are continuously callable. When valuing these bonds, the fair value is capped at par value as the Company assumes a market participant would not pay more than par for a continuously callable bond.

*Mortgage loans held-for-sale*—The fair value of mortgage loans held-for-sale is typically determined by reference to investor price sheets for loan products with similar characteristics. Loans measured with this valuation technique are classified as Level 2 in the fair value hierarchy.

At September 30, 2024, the Company classified \$59.1 million of certain delinquent mortgage loans held-for-sale as Level 3. For such delinquent loans in which investor interest may be limited, the Company estimates fair value by discounting future scheduled cash flows for the specific loan through its life, adjusted for estimated credit losses. The Company uses a discount rate based on prevailing market coupon rates on loans with similar characteristics. The assumed weighted average discount rate used as an input to value these loans at September 30, 2024 was 6.14%. The higher the rate utilized to discount estimated future cash flows, the lower the fair value measurement. Additionally, the weighted average credit discount used as an input to value the specific loans was 0.52% with credit loss discount ranging from 0%-14% at September 30, 2024.

*Loans held-for-investment*—The fair value for certain loans in which the Company previously elected the fair value option is estimated by discounting future scheduled cash flows for the specific loan through maturity, adjusted for estimated credit losses and prepayment or life assumptions. These loans primarily consist of early buyout loans guaranteed by U.S. government agencies that are delinquent and, as a result, investor interest may be limited. The Company uses a discount rate based on the actual coupon rate of the underlying loan. At September 30, 2024, the Company classified \$44.8 million of loans held-for-investment carried at fair value as Level 3. The assumed weighted average discount rate used as an input to value these loans at September 30, 2024 was 6.14%. The higher the rate utilized to discount estimated future cash flows, the lower the fair value measurement. As noted above, the fair value estimate also includes assumptions of prepayment speeds and average life as well as credit losses. The weighted average prepayments speed used as an input to value current loans was 9.21% at September 30, 2024. Prepayment speeds are inversely related to the fair value of these loans as an increase in prepayment speeds results in a decreased valuation. For delinquent loans in which performance is not assumed and there is a higher probability of resolution of the loan ending in foreclosure, the weighted average life of such loans was 5.9 years. Average life is inversely related to the fair value of these loans as an increase in estimated life results in a decreased valuation. Additionally, the weighted average credit discount used as an input to value the specific loans was 1.07% with credit loss discounts ranging from 0%-39% at September 30, 2024.

*MSRs*—Fair value for MSRs is determined utilizing a valuation model which calculates the fair value of each servicing right based on the present value of estimated future cash flows. The Company uses a discount rate commensurate with the risk associated with each servicing right, given current market conditions. At September 30, 2024, the Company classified \$186.3 million of MSRs as Level 3. The weighted average discount rate used as an input to value the pool of MSRs at September 30, 2024 was 10.96% with discount rates applied ranging from 6%-20%. The higher the rate utilized to discount estimated future cash flows, the lower the fair value measurement. The fair value of MSRs was also estimated based on other assumptions including prepayment speeds and the cost to service. Prepayment speeds ranged from 6%-90% or a weighted average prepayment speed of 9.21%. Further, for current and delinquent loans, the Company assumed a weighted average cost of servicing of \$76 and \$386, respectively, per loan. Prepayment speeds and the cost to service are both inversely related to the fair value of MSRs as an increase in prepayment speeds or the cost to service results in a decreased valuation. See Note (9) "Mortgage Servicing Rights ("MSRs")" in Item 1 of this report for further discussion of MSRs.

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

At September 30, 2024, the Company classified \$5.1 million of derivative assets related to interest rate locks as Level 3. The fair value of interest rate locks is based on prices obtained for loans with similar characteristics from third parties, adjusted for the pull-through rate, which represents the Company's best estimate of the likelihood that a committed loan will ultimately fund. The weighted-average pull-through rate at September 30, 2024 was 80.71% with pull-through rates applied ranging from 1% to 100%. Pull-through rates are directly related to the fair value of interest rate locks as an increase in the pull-through rate results in an increased valuation.

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

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

(In thousands)	September 30, 2024			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	\$ 98,323	\$ 98,323	\$ —	\$ —
U.S. government agencies	47,654	—	47,654	—
Municipal	200,212	—	64,962	135,250
Corporate notes	80,117	—	80,117	—
Mortgage-backed	3,485,926	—	3,485,926	—
Trading account securities	3,472	—	3,472	—
Equity securities with readily determinable fair value	125,310	117,244	8,066	—
Mortgage loans held-for-sale	461,067	—	402,004	59,063
Loans held-for-investment	138,038	—	93,263	44,775
MSRs	186,308	—	—	186,308
Nonqualified deferred compensation assets	16,756	—	16,756	—
Derivative assets	255,662	—	250,520	5,142
Total	\$ 5,098,845	\$ 215,567	\$ 4,452,740	\$ 430,538
Derivative liabilities	\$ 199,339	\$ —	\$ 199,339	\$ —

(In thousands)	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	\$ 6,968	\$ 6,968	\$ —	\$ —
U.S. government agencies	45,124	—	45,124	—
Municipal	140,958	—	54,721	86,237
Corporate notes	76,531	—	76,531	—
Mortgage-backed	3,233,334	—	3,233,334	—
Trading account securities	4,707	—	4,707	—
Equity securities with readily determinable fair value	139,268	131,202	8,066	—
Mortgage loans held-for-sale	292,722	—	265,887	26,835
Loans held-for-investment	155,261	—	94,591	60,670
MSRs	192,456	—	—	192,456
Nonqualified deferred compensation assets	15,238	—	15,238	—
Derivative assets	275,726	—	271,216	4,510
Total	\$ 4,578,293	\$ 138,170	\$ 4,069,415	\$ 370,708
Derivative liabilities	\$ 267,255	\$ —	\$ 267,255	\$ —

September 30, 2023

(In thousands)	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
U.S. Treasury	\$ 4,931	\$ 4,931	\$ —	\$ —
U.S. government agencies	72,430	—	72,430	—
Municipal	168,523	—	55,304	113,219
Corporate notes	76,606	—	76,606	—
Mortgage-backed	3,289,345	—	3,289,345	—
Trading account securities	1,663	—	1,663	—
Equity securities with readily determinable fair value	134,310	126,244	8,066	—
Mortgage loans held-for-sale	304,808	—	279,621	25,187
Loans held-for-investment	171,178	—	113,217	57,961
MSRs	210,524	—	—	210,524
Nonqualified deferred compensation assets	14,449	—	14,449	—
Derivative assets	323,705	—	321,189	2,516
Total	\$ 4,772,472	\$ 131,175	\$ 4,231,890	\$ 409,407
Derivative liabilities	\$ 458,706	\$ —	\$ 458,706	\$ —

The aggregate remaining contractual principal balance outstanding as of September 30, 2024, December 31, 2023 and September 30, 2023 for mortgage loans held-for-sale measured at fair value under ASC 825 was \$462.2 million, \$291.7 million and \$308.5 million, respectively, while the aggregate fair value of mortgage loans held-for-sale was \$461.1 million, \$292.7 million and \$304.8 million, for the same respective periods, as shown in the above tables. At September 30, 2024, \$2.4 million of mortgage loans held-for-sale were classified as nonaccrual compared to \$ 649,000 as of December 31, 2023 and \$619,000 as of September 30, 2023. Additionally, there were \$ 58.4 million of loans past due greater than 90 days and still accruing in the mortgage loans held-for-sale portfolio as of September 30, 2024 compared to \$26.6 million as of December 31, 2023 and \$ 23.7 million as of September 30, 2023. All of the nonaccrual loans and loans past due greater than 90 days and still accruing within the mortgage loans held-for-sale portfolio at September 30, 2024, December 31, 2023, and September 30, 2023 were individual delinquent mortgage loans bought back from GNMA at the unconditional option of the Company as servicer for those loans.

The aggregate remaining contractual principal balance outstanding as of September 30, 2024, December 31, 2023 and September 30, 2023 for loans held-for-investment measured at fair value under ASC 825 was \$138.8 million, \$156.9 million and \$171.9 million, respectively, while the aggregate fair value of loans held-for-investment was \$138.0 million, \$155.3 million and \$171.2 million, respectively, as shown in the above tables.

The changes in Level 3 assets measured at fair value on a recurring basis during the three and nine months ended September 30, 2024 and 2023 are summarized as follows:

(In thousands)	Mortgage				
	Municipal	loans held-for-sale	Loans held-for-investment	Mortgage servicing rights	Derivative assets
Balance at July 1, 2024	\$ 95,792	\$ 40,545	\$ 45,721	\$ 204,610	\$ 4,795
Total net (losses) gains included in:					
Net income <sup>(1)</sup>	—	126	381	(18,302)	347
Other comprehensive income or loss	968	—	—	—	—
Purchases	38,490	—	—	—	—
Settlements	—	(8,078)	(7,924)	—	—
Net transfers into Level 3	—	26,470	6,597	—	—
Balance at September 30, 2024	\$ 135,250	\$ 59,063	\$ 44,775	\$ 186,308	\$ 5,142

(thousands)	Mortgage				
	Municipal	loans held-for-sale	Loans held-for-investment	Mortgage servicing rights	Derivative assets
Balance at July 1, 2023	\$ 114,155	\$ 29,406	\$ 61,123	\$ 200,692	\$ 3,487
Total net (losses) gains included in:					
Net income <sup>(1)</sup>	—	626	(260)	9,832	(971)
Other comprehensive income or loss	(1,614)	—	—	—	—
Purchases	678	—	—	—	—
Settlements	—	—	—	—	—
Net transfers into Level 3	—	(18,454)	(16,852)	—	—
Balance at September 30, 2023	\$ 113,219	\$ 25,187	\$ 57,961	\$ 210,524	\$ 2,516

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

(In thousands)	Mortgage				
	Municipal	loans held-for-sale	Loans held-for-investment	Mortgage servicing rights	Derivative Assets
Balance at January 1, 2024	\$ 86,237	\$ 26,835	\$ 60,670	\$ 192,456	\$ 4,510
Total net (losses) gains included in:					
Net income <sup>(1)</sup>	—	398	130	(6,148)	632
Other comprehensive income or loss	(1,700)	—	—	—	—
Purchases	56,556	—	—	—	—
Issuances	—	—	—	—	—
Sales	—	—	—	—	—
Settlements	(5,843)	(28,687)	(31,436)	—	—
Net transfers into Level 3	—	60,517	15,411	—	—
Balance at September 30, 2024	\$ 135,250	\$ 59,063	\$ 44,775	\$ 186,308	\$ 5,142

(In thousands)	Mortgage				
	Municipal	loans held-for-sale	Loans held-for-investment	Mortgage servicing rights	Derivative Assets
Balance at January 1, 2023	\$ 117,537	\$ 48,655	\$ 84,165	\$ 230,225	\$ 1,711
Total net (losses) gains included in:					
Net income <sup>(1)</sup>	—	1,494	(515)	10,469	805
Other comprehensive income or loss	(6,437)	—	—	—	—
Purchases	12,074	—	—	—	—
Sales	—	—	—	(30,170)	—
Settlements	(9,955)	(61,046)	(53,767)	—	—
Net transfers into Level 3	—	36,084	28,078	—	—
Balance at September 30, 2023	\$ 113,219	\$ 25,187	\$ 57,961	\$ 210,524	\$ 2,516

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

Also, the Company may be required, from time to time, to measure certain other assets at fair value on a non-recurring basis in accordance with GAAP. These adjustments to fair value usually result from impairment charges on individual assets. For assets measured at fair value on a non-recurring basis that were still held in the balance sheet at the end of the period, the following table provides the carrying value of the related individual assets or portfolios at September 30, 2024:

(In thousands)	September 30, 2024				Three Months Ended	Nine Months Ended
	Total	Level 1	Level 2	Level 3	September 30, 2024	September 30, 2024
					Fair Value Losses	Fair Value Losses
					Recognized, net	Recognized, net
Individually assessed loans - foreclosure probable and collateral-dependent	\$ 124,586	\$ —	\$ —	\$ 124,586	\$ 22,908	\$ 64,747
Other real estate owned <sup>(1)</sup>	13,682	—	—	13,682	—	207
Total	\$ 138,268	\$ —	\$ —	\$ 138,268	\$ 22,908	\$ 64,954

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

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

The Company's Managed Assets Division is primarily responsible for the valuation of Level 3 inputs of individually assessed loans. For more information on individually assessed loans refer to Note (7) "Allowance for Credit Losses" in Item 1 of this report. At September 30, 2024, the Company had \$124.6 million of individually assessed loans classified as Level 3. All of the \$124.6 million of individually assessed loans were measured at fair value based on the underlying collateral of the loan as shown in the table above.

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

The Company's Managed Assets Division is primarily responsible for the valuation of Level 3 inputs for other real estate owned. At September 30, 2024, the Company had \$13.7 million of other real estate owned classified as Level 3. The unobservable input applied to other real estate owned relates to the 10% reduction to the appraisal value representing the estimated cost of sale of the foreclosed property. A higher discount for the estimated cost of sale results in a decreased carrying value.

The valuation techniques and significant unobservable inputs used to measure both recurring and non-recurring Level 3 fair value measurements at September 30, 2024 were as follows:

(Dollars in thousands)	Fair Value	Valuation Methodology	Significant Unobservable Input	Input / Range of Inputs	Weighted Average of Inputs	Impact to valuation from an increased or higher input value
<b>Measured at fair value on a recurring basis:</b>						
Municipal securities	\$ 135,250	Bond pricing	Equivalent rating	BBB-AA+	N/A	Increase
Mortgage loans held-for-sale	59,063	Discounted cash flows	Discount rate	6.14%	6.14%	Decrease
			Credit discount	0% - 14%	0.52%	Decrease
Loans held-for-investment	44,775	Discounted cash flows	Discount rate	6.12% - 6.14%	6.14%	Decrease
			Credit discount	0% - 39%	1.07%	Decrease
			Constant prepayment rate (CPR) - current loans	9.21%	9.21%	Decrease
			Average life - delinquent loans (in years)	1.4 years - 11.3 years	5.9 years	Decrease
MSRs	186,308	Discounted cash flows	Discount rate	6% - 20%	10.96%	Decrease
			Constant prepayment rate (CPR)	6% - 90%	9.21%	Decrease
			Cost of servicing	\$70 - \$200	\$ 76	Decrease
			Cost of servicing - delinquent	\$200 - 1,000	\$ 386	Decrease
Derivatives	5,142	Discounted cash flows	Pull-through rate	1% - 100%	80.71 %	Increase
<b>Measured at fair value on a non-recurring basis:</b>						
Individually assessed loans - foreclosure probable and collateral-dependent	124,586	Appraisal value	Appraisal adjustment - cost of sale	10%	10.00%	Decrease
Other real estate owned	13,682	Appraisal value	Appraisal adjustment - cost of sale	10%	10.00%	Decrease

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

(In thousands)	At September 30, 2024		At December 31, 2023		At September 30, 2023	
	Carrying	Fair	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value	Value	Value
<b>Financial Assets:</b>						
Cash and cash equivalents	\$ 731,128	\$ 731,128	\$ 423,464	\$ 423,464	\$ 418,148	\$ 418,148
Interest-bearing deposits with banks	3,648,117	3,648,117	2,084,323	2,084,323	2,448,570	2,448,570
Available-for-sale securities	3,912,232	3,912,232	3,502,915	3,502,915	3,611,835	3,611,835
Held-to-maturity securities	3,677,420	3,121,820	3,856,916	3,215,468	3,909,150	3,057,959
Trading account securities	3,472	3,472	4,707	4,707	1,663	1,663
Equity securities with readily determinable fair value	125,310	125,310	139,268	139,268	134,310	134,310
FHLB and FRB stock, at cost	266,908	266,908	205,003	205,003	204,040	204,040
Brokerage customer receivables	16,662	16,662	10,592	10,592	14,042	14,042
Mortgage loans held-for-sale, at fair value	461,067	461,067	292,722	292,722	304,808	304,808
Loans held-for-investment, at fair value	138,038	138,038	155,261	155,261	171,178	171,178
Loans held-for-investment, at amortized cost	46,929,409	46,081,849	41,976,570	41,090,010	41,274,854	40,300,208
Nonqualified deferred compensation assets	16,756	16,756	15,238	15,238	14,449	14,449
Derivative assets	255,662	255,662	275,726	275,726	323,705	323,705
Accrued interest receivable and other	588,594	588,594	477,832	477,832	465,117	465,117
Total financial assets	\$ 60,770,775	\$ 59,367,615	\$ 53,420,537	\$ 51,892,529	\$ 53,295,869	\$ 51,470,032
<b>Financial Liabilities</b>						
Non-maturity deposits	\$ 41,406,393	\$ 41,406,393	\$ 38,772,098	\$ 38,772,098	\$ 38,204,017	\$ 38,204,017
Time certificates of deposit	9,998,573	9,985,778	6,625,072	6,603,746	6,788,669	6,744,989
FHLB advances	3,171,309	3,334,183	2,326,071	2,367,107	2,326,071	2,189,101
Other borrowings	647,043	646,272	645,813	643,755	643,999	641,514
Subordinated notes	298,188	289,260	437,866	413,501	437,731	400,520
Junior subordinated debentures	253,566	253,662	253,566	253,579	253,566	253,568
Derivative liabilities	199,339	199,339	267,255	267,255	458,706	458,706
Accrued interest payable	75,254	75,254	51,116	51,116	54,383	54,383
Total financial liabilities	\$ 56,049,665	\$ 56,190,141	\$ 49,378,857	\$ 49,372,157	\$ 49,167,142	\$ 48,946,798

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

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

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

*Loans held-for-investment, at amortized cost.* Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are analyzed by type such as commercial, residential real estate, etc. Each category is further segmented by interest rate type (fixed and variable). The fair value for loans is estimated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect credit and interest rate risks inherent in the loan category. In accordance with ASC 820, the Company has categorized these loans as a Level 3 fair value measurement.

*Time certificates of deposit.* The fair value of time 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 time certificates of deposit. In accordance with ASC 820, the Company has categorized time certificates of deposit as a Level 3 fair value measurement.

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

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

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

#### **(16) Stock-Based Compensation Plans**

As of September 30, 2024, approximately 659,000 shares were available for future grants, assuming the maximum number of shares are issued for the performance awards outstanding, approved under the Company Stock Incentive Plans ("the Plans"). Descriptions of the Plans are included in Note (18) "Stock Compensation Plans and Other Employee Benefit Plans" of the 2023 Form 10-K.

Stock-based compensation expense recognized in the Consolidated Statements of Income was \$ 9.5 million in the third quarter of 2024 and \$ 8.1 million in the third quarter of 2023, and \$27.6 million and \$24.5 million in the nine months ended September 30, 2024 and 2023, respectively.

A summary of the Plans' stock option activity for the nine months ended September 30, 2024 and September 30, 2023 is presented below:

<i>Stock Options</i>	Common Shares	Weighted Average Strike Price	Remaining Contractual Term <sup>(1)</sup>	Intrinsic Value <sup>(2)</sup> (in thousands)
Outstanding at January 1, 2024	13,100	\$ 42.76		
Granted	—	—		
Exercised	(775)	32.26		
Forfeited or canceled	—	—		
Outstanding at September 30, 2024	12,325	\$ 43.42	3.7	\$ 802
Exercisable at September 30, 2024	12,325	\$ 43.42	3.7	\$ 802

<i>Stock Options</i>	Common Shares	Weighted Average Strike Price	Remaining Contractual Term <sup>(1)</sup>	Intrinsic Value <sup>(2)</sup> (in thousands)
Outstanding at January 1, 2023	68,093	\$ 41.14		
Granted	—	—		
Exercised	(54,218)	40.87		
Forfeited or canceled	—	—		
Outstanding at September 30, 2023	13,875	\$ 42.18	4.2	\$ 462
Exercisable at September 30, 2023	13,875	\$ 42.18	4.2	\$ 462

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

(2) Aggregate intrinsic value represents the total pre-tax intrinsic value (i.e., the difference between the Company's stock price on the last trading day of the quarter and the option exercise price, multiplied by the number of shares) that would have been received by the option holders if they had exercised their options on the last day of the quarter. Options with exercise prices above the stock price on the last trading day of the quarter are excluded from the calculation of intrinsic value. The intrinsic value will change based on the fair market value of the Company's stock.

The aggregate intrinsic value of options exercised during the nine months ended September 30, 2024 and September 30, 2023, was approximately \$50,000 and \$2.5 million, respectively. Cash received from option exercises under the Plans for the nine months ended September 30, 2024 and September 30, 2023 was approximately \$25,000 and \$2.2 million, respectively.

A summary of the Plans' restricted share activity for the nine months ended September 30, 2024 and September 30, 2023 is presented below:

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	Common Shares	Weighted Average Grant-Date Fair Value	Common Shares	Weighted Average Grant-Date Fair Value
<b>Restricted Shares</b>				
Outstanding at January 1	746,123	\$ 79.60	610,155	\$ 73.21
Granted	405,506	99.78	268,142	88.18
Vested and issued	(238,002)	70.14	(117,365)	65.51
Forfeited or canceled	(17,885)	92.77	(12,491)	83.47
Outstanding at September 30	895,742	\$ 90.99	748,441	\$ 79.61
Vested, but deferred, at September 30	100,281	\$ 54.19	98,747	\$ 53.46

A summary of the Plans' performance-based stock award activity, based on the target level of the awards, for the nine months ended September 30, 2024 and September 30, 2023 is presented below:

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	Common Shares	Weighted Average Grant-Date Fair Value	Common Shares	Weighted Average Grant-Date Fair Value
<b>Performance-based Stock</b>				
Outstanding at January 1	553,026	\$ 79.69	545,379	\$ 70.30
Granted	111,398	100.44	189,219	92.37
Added by performance factor at vesting	96,952	58.78	23,161	63.64
Vested and issued	(296,243)	58.76	(178,203)	63.64
Forfeited or canceled	(5,304)	95.77	(19,289)	82.14
Outstanding at September 30	459,829	\$ 93.61	560,267	\$ 79.18
Vested, but deferred, at September 30	21,688	\$ 44.21	36,465	\$ 45.08

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

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

(In thousands)	Accumulated Unrealized (Losses) Gains on Securities	Accumulated Unrealized Gains (Losses) on Derivative Instruments	Accumulated Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive (Loss) Income
Balance at July 1, 2024	\$ (424,172)	\$ (36,304)	\$ (51,722)	\$ (512,198)
Other comprehensive income during the period, net of tax, before reclassifications	124,478	77,308	3,204	204,990
Amount reclassified from accumulated other comprehensive income or loss into net income, net of tax	(39)	15,080	—	15,041
Amount reclassified from accumulated other comprehensive income or loss related to amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale, net of tax	(10)	—	—	(10)
Net other comprehensive income (loss) during the period, net of tax	\$ 124,429	\$ 92,388	\$ 3,204	\$ 220,021
Balance at September 30, 2024	\$ (299,743)	\$ 56,084	\$ (48,518)	\$ (292,177)
Balance at January 1, 2024	\$ (350,697)	\$ 32,049	\$ (42,583)	\$ (361,231)
Other comprehensive income or loss during the period, net of tax, before reclassifications	51,916	(20,715)	(5,935)	25,266
Amount reclassified from accumulated other comprehensive income or loss into net income, net of tax	(905)	44,750	—	43,845
Amount reclassified from accumulated other comprehensive income or loss related to amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale, net of tax	(57)	—	—	(57)
Net other comprehensive loss during the period, net of tax	\$ 50,954	\$ 24,035	\$ (5,935)	\$ 69,054
Balance at September 30, 2024	\$ (299,743)	\$ 56,084	\$ (48,518)	\$ (292,177)
Balance at July 1, 2023	\$ (385,925)	\$ (45,259)	\$ (42,906)	\$ (474,090)
Other comprehensive loss during the period, net of tax, before reclassifications	(130,622)	(45,078)	(6,270)	(181,970)
Amount reclassified from accumulated other comprehensive income or loss into net income, net of tax	(118)	13,478	—	13,360
Amount reclassified from accumulated other comprehensive income or loss related to amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale, net of tax	(23)	—	—	(23)
Net other comprehensive loss during the period, net of tax	\$ (130,763)	\$ (31,600)	\$ (6,270)	\$ (168,633)
Balance at September 30, 2023	\$ (516,688)	\$ (76,859)	\$ (49,176)	\$ (642,723)
Balance at January 1, 2023	\$ (386,057)	\$ 7,381	\$ (48,960)	\$ (427,636)
Other comprehensive loss during the period, net of tax, before reclassifications	(130,028)	(110,931)	(216)	(241,175)
Amount reclassified from accumulated other comprehensive income or loss into net income, net of tax	(528)	26,691	—	26,163
Amount reclassified from accumulated other comprehensive income or loss related to amortization of unrealized gains on investment securities transferred to held-to-maturity from available-for-sale, net of tax	(75)	—	—	(75)
Net other comprehensive loss during the period, net of tax	\$ (130,631)	\$ (84,240)	\$ (216)	\$ (215,087)
Balance at September 30, 2023	\$ (516,688)	\$ (76,859)	\$ (49,176)	\$ (642,723)

Details Regarding the Component of Accumulated Other Comprehensive Income (Loss)	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) for the				Impacted Line on the Consolidated Statements of Income
	Three Months Ended		Nine Months Ended		
	September 30,		September 30,		
	2024	2023	2024	2023	
<b>Accumulated unrealized gains on securities</b>					
Gains included in net income	\$ 45	\$ 158	\$ 1,223	\$ 720	Gains (losses) on investment securities, net
	45	158	1,223	720	Income before taxes
Tax effect	(6)	(40)	(318)	(192)	Income tax expense
Net of tax	\$ 39	\$ 118	\$ 905	\$ 528	Net income
<b>Accumulated unrealized gains on derivative instruments</b>					
Amount reclassified to interest income on loans	\$ 23,704	\$ 22,768	\$ 72,027	\$ 50,501	Interest on Loans
Amount reclassified to interest expense on deposits	\$ (3,325)	\$ (4,657)	\$ (11,307)	\$ (14,902)	Interest on deposits
Amount reclassified to interest expense on other borrowings	—	263	—	789	Interest on other borrowings
	(20,379)	(18,374)	(60,720)	(36,388)	Income before taxes
Tax effect	5,299	4,896	15,970	9,697	Income tax expense
Net of tax	\$ (15,080)	\$ (13,478)	\$ (44,750)	\$ (26,691)	Net income

### Earnings per Share

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

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2024	2023	2024	2023
<i>(Dollars in thousands, except per share data)</i>				
Net income	\$ 170,001	\$ 164,198	\$ 509,683	\$ 499,146
Less: Preferred stock dividends	6,991	6,991	20,973	20,973
Net income applicable to common shares	(A) \$ 163,010	\$ 157,207	\$ 488,710	\$ 478,173
Weighted average common shares outstanding	(B) 64,888	61,213	62,743	61,119
Effect of dilutive potential common shares				
Common stock equivalents	1,053	964	934	888
Weighted average common shares and effect of dilutive potential common shares	(C) 65,941	62,177	63,677	62,007
Net income per common share:				
Basic	(A/B) \$ 2.51	\$ 2.57	\$ 7.79	\$ 7.82
Diluted	(A/C) \$ 2.47	\$ 2.53	\$ 7.67	\$ 7.71

Potentially dilutive common shares can result from stock options, restricted stock unit awards and shares to be issued under the Employee Stock Purchase Plan and the Directors Deferred Fee and Stock Plan, being treated as if they had been either exercised or issued, computed by application of the treasury stock method. While potentially dilutive common shares are typically included in the computation of diluted earnings per share, potentially dilutive common shares are excluded from this computation in periods in which the effect of inclusion would either reduce the loss per share or increase the income per share.

At the January 2024 meeting of the board of directors of the Company (the "Board of Directors"), a quarterly cash dividend of \$ 0.45 per share (\$1.80 on an annualized basis) was declared. It was paid on February 22, 2024 to shareholders of record as of February 8, 2024. At the April 2024 meeting of the Board of Directors, a quarterly cash dividend of \$0.45 per share (\$1.80 on an annualized basis) was declared. It was paid on May 23, 2024 to shareholders of record as of May 9, 2024. At the July 2024 meeting of the Board of Directors, a quarterly cash dividend of \$0.45 (\$1.80 on an annualized basis) was declared. It was paid on August 22, 2024 to shareholders of record as of August 8, 2024.

**ITEM 2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of the financial condition of Wintrust Financial Corporation and its subsidiaries (collectively, "Wintrust" or the "Company") as of September 30, 2024 compared with December 31, 2023 and September 30, 2023, and the results of operations for the three and nine month periods ended September 30, 2024 and September 30, 2023, should be read in conjunction with the unaudited consolidated financial statements and notes contained in this report and the risk factors discussed under Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Form 10-K") and in Part II, Item 1A, of this Form 10-Q. This discussion contains forward-looking statements that involve risks and uncertainties and, as such, future results could differ significantly from management's current expectations. See the last section of this discussion for further information on forward-looking statements.

**Introduction**

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

**Overview**

***Third Quarter Highlights***

The Company recorded net income of \$170.0 million for the third quarter of 2024 compared to \$164.2 million in the third quarter of 2023. The results for the third quarter of 2024 demonstrate the Company's ability to grow net interest income through both organic earning asset growth and growth through acquisitions. Partially offsetting the increase in net interest income was an increase in non-interest expense. The increase in non-interest expense was a result of additional expenses to support organic growth as well as the impact from the Macatawa acquisition. Comprehensive income includes 1) net income as presented on the Company's Consolidated Statements of Income and 2) other comprehensive income or loss from unrealized gains and losses on the Company's available-for-sale investment securities portfolios and derivative contracts designated as cash flow hedges as well as foreign currency translation adjustments. Comprehensive income (loss) totaled \$390.0 million for the third quarter of 2024 compared to a loss of \$4.4 million for the third quarter of 2023.

The Company increased its loan portfolio from \$41.4 billion at September 30, 2023 and \$42.1 billion at December 31, 2023 to \$47.1 billion at September 30, 2024. The increase in the current period compared to the prior periods was a result of organic growth in several portfolios, including the commercial, commercial real estate, residential real estate loans held for investment portfolios, and property and casualty insurance premium finance receivable portfolios as well as \$1.3 billion in loans acquired from Macatawa. For more information regarding changes in the Company's loan portfolio, see Financial Condition – Interest Earning Assets and Note (6) "Loans" of the Consolidated Financial Statements in Item 1 of this report.

The Company recorded net interest income of \$502.6 million in the third quarter of 2024 compared to \$462.4 million in the third quarter of 2023. This increase in net interest income recorded in the third quarter of 2024 compared to the third quarter of 2023 resulted primarily from growth in earning assets, specifically a \$5.2 billion increase in average loans. Net interest margin was 3.49% (3.51% on a fully taxable-equivalent basis, non-GAAP) in the third quarter of 2024 compared to 3.60% (3.62% on a fully taxable-equivalent basis, non-GAAP) in the third quarter of 2023. The decrease is primarily due to higher rates on interest-bearing liabilities, most notably interest-bearing deposits (see "Net Interest Income" for further detail).

Non-interest income totaled \$113.1 million in the third quarter of 2024 compared to \$112.5 million in the third quarter of 2023. The increase is due to increased net gains on investment securities of \$5.5 million, increased wealth management revenue of \$3.7 million and an increase of service charges on deposits of \$2.2 million which was offset by decreased mortgage banking revenue of \$11.4 million in the third quarter of 2024 compared to the third quarter of 2023 (see "Non-Interest Income" for further detail).

Non-interest expense totaled \$360.7 million in the third quarter of 2024, an increase of \$30.6 million, or 9%, compared to the third quarter of 2023. This increase compared to the third quarter of 2023 was primarily attributable to increased salaries and employee benefits of \$18.9 million and increased software and equipment expenses of \$5.6 million. (see "Non-Interest Expense" for further detail).

Management considers the maintenance of adequate liquidity to be important to the management of risk. Accordingly, during the third quarter of 2024, the Company continued its practice of maintaining appropriate funding capacity to provide the Company with adequate liquidity for its ongoing operations. In this regard, the Company benefited from its strong deposit base, a liquid short-term investment portfolio and its access to funding from a variety of external funding sources. See “Deposits” and “Other Funding Sources” for additional information regarding liquidity sources.

## RESULTS OF OPERATIONS

### Earnings Summary

The Company’s key operating measures and growth rates for the three and nine months ended September 30, 2024, as compared to the same period last year, are shown below:

	Three Months Ended		Percentage (%) or Basis Point (bp) Change
	September 30, 2024	September 30, 2023	
<i>(Dollars in thousands, except per share data)</i>			
Net income	\$ 170,001	\$ 164,198	4 %
Pre-tax income, excluding provision for credit losses (non-GAAP) <sup>(1)</sup>	255,043	244,781	4
Net income per common share—Diluted	2.47	2.53	(2)
Net revenue <sup>(2)</sup>	615,730	574,836	7
Net interest income	502,583	462,358	9
Net interest margin	3.49 %	3.60 %	(11) bps
Net interest margin - fully taxable-equivalent (non-GAAP) <sup>(1)</sup>	3.51	3.62	(11)
Net overhead ratio <sup>(3)</sup>	1.62	1.59	3
Return on average assets	1.11	1.20	(9)
Return on average common equity	11.63	13.35	(172)
Return on average tangible common equity (non-GAAP) <sup>(1)</sup>	13.92	15.73	(181)
<b>Nine months ended</b>			
	September 30, 2024	September 30, 2023	Percentage (%) or Basis Point (bp) Change
<i>(Dollars in thousands, except per share data)</i>			
Net income	\$ 509,683	\$ 499,146	2 %
Pre-tax income, excluding provision for credit losses (non-GAAP) <sup>(1)</sup>	778,076	751,320	4
Net income per common share—Diluted	7.67	7.71	0
Net revenue <sup>(2)</sup>	1,812,261	1,701,167	7
Net interest income	1,437,387	1,367,890	5
Net interest margin	3.52 %	3.68 %	(16) bps
Net interest margin - fully taxable-equivalent (non-GAAP) <sup>(1)</sup>	3.54	3.70	(16)
Net overhead ratio <sup>(3)</sup>	1.52	1.55	(3)
Return on average assets	1.17	1.26	(9)
Return on average common equity	12.52	13.91	(139)
Return on average tangible common equity (non-GAAP) <sup>(1)</sup>	14.69	16.43	(174)
<b>At end of period</b>			
Total assets	\$ 63,788,424	\$ 55,555,246	15 %
Total loans, excluding loans held-for-sale	47,067,447	41,446,032	14
Total loans, including loans held-for-sale	47,528,514	41,750,840	14
Total deposits	51,404,966	44,992,686	14
Total shareholders’ equity	6,399,714	5,015,613	28
Book value per common share <sup>(1)</sup>	\$ 90.06	\$ 75.19	20
Tangible common book value per share <sup>(1)</sup>	76.15	64.07	19
Market price per common share	108.53	75.50	44
Allowance for loan and unfunded lending-related commitment losses to total loans	0.93 %	0.96 %	(3) bps

(1) See following section titled “Supplemental Non-GAAP Financial Measures/Ratios” for additional information on this performance measure/ratio.

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

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

Certain returns, yields, performance ratios, and quarterly growth rates are “annualized” throughout this report to represent an annual time period. This is done for analytical purposes to better discern for decision-making purposes underlying performance trends when compared to full-year or year-over-year

amounts. For example, balance sheet growth rates are most often expressed in terms of an annual rate. As such, 5% growth during a quarter would represent an annualized growth rate of 20%.

## **SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES/RATIOS**

The accounting and reporting policies of the Company conform to generally accepted accounting principles ("GAAP") in the United States and prevailing practices in the banking industry. However, certain non-GAAP performance measures and ratios are used by management to evaluate and measure the Company's performance. These include taxable-equivalent net interest income (including its individual components), taxable-equivalent net interest margin (including its individual components), the taxable-equivalent efficiency ratio, tangible common equity ratio, tangible book value per common share, return on average tangible common equity and pre-tax income, excluding provision for credit losses. Management believes that these measures and ratios provide users of the Company's financial information a more meaningful view of the performance of the Company's interest-earning assets and interest-bearing liabilities and of the Company's operating efficiency. Other financial holding companies may define or calculate these measures and ratios differently.

Management reviews yields on certain asset categories and the net interest margin of the Company and its banking subsidiaries on a fully taxable-equivalent ("FTE") basis. In this non-GAAP presentation, net interest income is adjusted to reflect tax-exempt interest income on an equivalent before-tax basis using tax rates effective as of the end of the period. This measure ensures comparability of net interest income arising from both taxable and tax-exempt sources. Net interest income on a fully taxable-equivalent basis is also used in the calculation of the Company's efficiency ratio. The efficiency ratio, which is calculated by dividing non-interest expense by total taxable-equivalent net revenue (less securities gains or losses), measures how much it costs to produce one dollar of revenue. Securities gains or losses are excluded from this calculation to better match revenue from daily operations to operational expenses. Management considers the tangible common equity ratio and tangible book value per common share as useful measurements of the Company's equity. The Company references the return on average tangible common equity as a measurement of profitability. Management considers pre-tax income, excluding provision for credit losses as a useful measurement of the Company's core net income.

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

	Three Months Ended			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	September 30,
	2024	2024	2023	2024	2023
<b>(Dollars and shares in thousands)</b>					
<b>Reconciliation of Non-GAAP Net Interest Margin and Efficiency Ratio:</b>					
<b>(A) Interest Income (GAAP)</b>	\$ 908,604	\$ 849,979	\$ 762,400	\$ 2,564,096	\$ 2,099,266
Taxable-equivalent adjustment:					
- Loans	2,474	2,305	1,923	7,025	5,677
- Liquidity management assets	668	567	572	1,785	1,674
- Other earning assets	2	3	1	10	6
<b>(B) Interest Income (non-GAAP)</b>	\$ 911,748	\$ 852,854	\$ 764,896	\$ 2,572,916	\$ 2,106,623
<b>(C) Interest Expense (GAAP)</b>	406,021	379,369	300,042	1,126,709	731,376
<b>(D) Net Interest Income (GAAP) (A minus C)</b>	\$ 502,583	\$ 470,610	\$ 462,358	\$ 1,437,387	\$ 1,367,890
<b>(E) Net Interest Income, fully taxable-equivalent (non-GAAP) (B minus C)</b>	\$ 505,727	\$ 473,485	\$ 464,854	\$ 1,446,207	\$ 1,375,247
<b>Net interest margin (GAAP)</b>	3.49 %	3.50 %	3.60 %	3.52 %	3.68 %
<b>Net interest margin, fully taxable-equivalent (non-GAAP)</b>	3.51	3.52	3.62	3.54	3.70
(F) Non-interest income	\$ 113,147	\$ 121,147	\$ 112,478	\$ 374,874	\$ 333,277
(G) (Losses) gains on investment securities, net	3,189	(4,282)	(2,357)	233	(959)
(H) Non-interest expense	360,687	340,353	330,055	1,034,185	949,847
<b>Efficiency ratio (H/(D+F-G))</b>	58.88 %	57.10 %	57.18 %	57.07 %	55.80 %
<b>Efficiency ratio (non-GAAP) (H/(E+F-G))</b>	58.58	56.83	56.94	56.80	55.56
<b>Reconciliation of Non-GAAP Tangible Common Equity Ratio:</b>					
Total shareholders' equity (GAAP)	\$ 6,399,714	\$ 5,536,628	\$ 5,015,613		
Less: Non-convertible preferred stock (GAAP)	(412,500)	(412,500)	(412,500)		
Less: Acquisition-related intangible assets (GAAP)	(924,646)	(676,562)	(680,353)		
<b>(I) Total tangible common shareholders' equity (non-GAAP)</b>	\$ 5,062,568	\$ 4,447,566	\$ 3,922,760		
<b>(J) Total assets (GAAP)</b>	\$ 63,788,424	\$ 59,781,516	\$ 55,555,246		
Less: Acquisition-related intangible assets (GAAP)	(924,646)	(676,562)	(680,353)		
<b>(K) Total tangible assets (non-GAAP)</b>	\$ 62,863,778	\$ 59,104,954	\$ 54,874,893		
<b>Common equity to assets ratio (GAAP) (L/J)</b>	9.4 %	8.6 %	8.3 %		
<b>Tangible common equity ratio (non-GAAP) (I/K)</b>	8.1	7.5	7.1		
<b>Reconciliation of Non-GAAP Tangible Book Value per Common Share:</b>					
Total shareholders' equity	\$ 6,399,714	\$ 5,536,628	\$ 5,015,613		
Less: Preferred stock	(412,500)	(412,500)	(412,500)		
<b>(L) Total common equity</b>	\$ 5,987,214	\$ 5,124,128	\$ 4,603,113		
<b>(M) Actual common shares outstanding</b>	66,482	61,760	61,222		
<b>Book value per common share (L/M)</b>	\$ 90.06	\$ 82.97	\$ 75.19		
<b>Tangible book value per common share (non-GAAP) (I/M)</b>	76.15	72.01	64.07		
<b>Reconciliation of Non-GAAP Return on Average Tangible Common Equity:</b>					
(N) Net income applicable to common shares	\$ 163,010	\$ 145,397	\$ 157,207	\$ 488,710	\$ 478,173
Add: Acquisition-related intangible asset amortization	4,042	1,122	1,408	6,322	4,142
Less: Tax effect of acquisition-related intangible asset amortization	(1,087)	(311)	(380)	(1,682)	(1,102)
<b>After-tax acquisition-related intangible asset amortization</b>	\$ 2,955	\$ 811	\$ 1,028	\$ 4,640	\$ 3,040
<b>(O) Tangible net income applicable to common shares (non-GAAP)</b>	\$ 165,965	\$ 146,208	\$ 158,235	\$ 493,350	\$ 481,213
Total average shareholders' equity	\$ 5,990,429	\$ 5,450,173	\$ 5,083,883	\$ 5,628,346	\$ 5,008,648
Less: Average preferred stock	(412,500)	(412,500)	(412,500)	(412,500)	(412,500)
<b>(P) Total average common shareholders' equity</b>	\$ 5,577,929	\$ 5,037,673	\$ 4,671,383	\$ 5,215,846	\$ 4,596,148
Less: Average acquisition-related intangible assets	(833,574)	(677,207)	(681,520)	(730,216)	(679,799)
<b>(Q) Total average tangible common shareholders' equity (non-GAAP)</b>	\$ 4,744,355	\$ 4,360,466	\$ 3,989,863	\$ 4,485,630	\$ 3,916,349
<b>Return on average common equity, annualized (N/P)</b>	11.63 %	11.61 %	13.35 %	12.52 %	13.91 %
<b>Return on average tangible common equity, annualized (non-GAAP) (O/Q)</b>	13.92	13.49	15.73	14.69	16.43

**Reconciliation of Non-GAAP Pre-Tax, Pre-Provision Income:**

Income before taxes	\$	232,709	\$	211,343	\$	224,858	\$	694,008	\$	679,838
Add: Provision for credit losses		22,334		40,061		19,923		84,068		71,482
<b>Pre-tax income, excluding provision for credit losses (non-GAAP)</b>	<b>\$</b>	<b>255,043</b>	<b>\$</b>	<b>251,404</b>	<b>\$</b>	<b>244,781</b>	<b>\$</b>	<b>778,076</b>	<b>\$</b>	<b>751,320</b>

**Critical Accounting Estimates**

The Company's Consolidated Financial Statements are prepared in accordance with GAAP in the United States, prevailing practices of the banking industry, and the application of accounting policies of which are described in Note (1) "Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8 of the Company's 2023 Form 10-K. These policies require numerous estimates and strategic or economic assumptions, which may prove inaccurate or subject to

variations. Changes in underlying factors, assumptions or estimates could have a material impact on the Company's future financial condition and results of operations. At September 30, 2024, management views critical accounting estimates to include the determination of the allowance for credit losses, estimations of fair value, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and income taxes as the accounting areas that require the most subjective and complex judgments, and as such could be most subject to revision as new information becomes available. These estimates were reviewed with the Audit Committee of the Board of Directors.

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

The allowance for credit losses represents management's estimate of expected credit losses over the life of a financial asset carried at amortized cost. Determining the amount of the allowance for credit losses is considered a critical accounting estimate because it requires significant judgment and the use of estimates related to the fair value of the underlying collateral and amount and timing of expected future cash flows on individually assessed financial assets, estimated credit losses on pools of loans with similar risk characteristics, and consideration of reasonable and supportable forecasts of macroeconomic conditions, all of which are susceptible to significant change. At September 30, 2024, the loan and held-to-maturity debt securities portfolios represent 80% of the total assets on the Company's consolidated balance sheet. The Company also maintains an allowance for lending-related commitments, specifically unfunded loan commitments and letters of credit, which relates to certain amounts the Company is committed to lend (not unconditionally cancelable) but for which funds have not yet been disbursed.

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

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

Holding all other inputs constant, the following table provides a sensitivity analysis for the commercial and commercial real estate portfolios based on a 20 basis point change in Baa credit spreads from the assumption utilized in the estimate of that portfolio's allowance for credit losses at September 30, 2024:

Baa Credit Spread	Narrows	Widens
Commercial	Decreases estimate by 5%-10%	Increases estimate by 10%-15%
Commercial Real Estate:		
Construction	Decreases estimate by 15%-20%	Increases estimate by 15%-20%
Non-Construction	Decreases estimate by 5%-6%	Increases estimate by 5%-6%

Holding all other inputs constant, the following table provides a sensitivity analysis for the commercial real estate construction and non-construction portfolios based on a 10% change in CREPI from the assumption utilized in the estimate of that portfolio's allowance for credit losses at September 30, 2024:

CRE Price Index	Increases	Decreases
Commercial Real Estate:		
Construction	Decreases estimate by 40%-45%	Increases estimate by 105%-110%
Non-Construction	Decreases estimate by 30%-35%	Increases estimate by 55%-60%

See Note (7) "Allowance for Credit Losses" to the Consolidated Financial Statements in Item 1 of this report and the section titled "Credit Quality" in Item 2 of this report for a description of the methodology used to determine the allowance for credit losses.

For a more detailed discussion on these critical accounting estimates, see “Summary of Critical Accounting Estimates” beginning on page 57 of the 2023 Form 10-K.

### **Net Income**

Net income for the quarter ended September 30, 2024 totaled \$170.0 million, an increase of \$5.8 million, or 4%, compared to the quarter ended September 30, 2023. On a per share basis, net income for the third quarter of 2024 totaled \$2.47 per diluted common share compared to \$2.53 for the third quarter of 2023.

The increase in net income for the third quarter of 2024 as compared to the same period in the prior year is primarily attributable to increased net interest income, partially offset by increased non-interest expense including the impact of the Macatawa acquisition. See “Net Interest Income”, “Non-interest Income”, “Non-interest Expense” and “Credit Quality” for further detail.

### **Net Interest Income**

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

Quarter Ended September 30, 2024 compared to the Quarters Ended June 30, 2024 and September 30, 2023

The following table presents a summary of the Company's average balances, net interest income and related net interest margins, including a calculation on a fully taxable-equivalent basis, for the third quarter of 2024 as compared to the second quarter of 2024 (sequential quarters) and third quarter of 2023 (linked quarters):

	Average Balance			Interest			Yield/Rate		
	for three months ended,			for three months ended,			for three months ended,		
	Sep 30,	Jun 30,	Sep 30,	Sep 30,	Jun 30,	Sep 30,	Sep 30,	Jun 30,	Sep 30,
(Dollars in thousands)	2024	2024	2023	2024	2024	2023	2024	2024	2023
Interest-bearing deposits with banks, securities purchased under resale agreements and cash equivalents <sup>(1)</sup>	\$ 2,413,728	\$ 1,485,481	\$ 2,053,568	\$ 32,885	\$ 19,748	\$ 28,022	5.42 %	5.35 %	5.41 %
Investment securities <sup>(2)</sup>	8,276,576	8,203,764	7,706,285	70,260	70,346	59,737	3.38	3.45	3.08
FHLB and FRB stock	263,707	253,614	201,252	5,451	4,974	3,896	8.22	7.89	7.68
Liquidity management assets <sup>(3)(6)</sup>	\$ 10,954,011	\$ 9,942,859	\$ 9,961,105	\$ 108,596	\$ 95,068	\$ 91,655	3.94 %	3.85 %	3.65 %
Other earning assets <sup>(3)(4)(6)</sup>	17,542	15,257	17,879	282	235	291	6.38	6.23	6.47
Mortgage loans held-for-sale	376,251	347,236	319,099	6,233	5,434	4,767	6.59	6.29	5.93
Loans, net of unearned income <sup>(3)(5)(6)</sup>	45,920,586	43,819,354	40,707,042	796,637	752,117	668,183	6.90	6.90	6.51
Total earning assets <sup>(6)</sup>	\$ 57,268,390	\$ 54,124,706	\$ 51,005,125	\$ 911,748	\$ 852,854	\$ 764,896	6.33 %	6.34 %	5.95 %
Allowance for loan and investment security losses	(383,736)	(360,504)	(319,491)						
Cash and due from banks	467,333	434,916	459,819						
Other assets	3,563,296	3,294,066	3,236,528						
Total assets	\$ 60,915,283	\$ 57,493,184	\$ 54,381,981						
NOW and interest-bearing demand deposits	\$ 5,174,673	\$ 4,985,306	\$ 5,815,155	\$ 30,971	\$ 32,719	\$ 36,001	2.38 %	2.64 %	2.46 %
Wealth management deposits	1,362,747	1,531,865	1,512,765	10,158	10,294	9,350	2.97	2.70	2.45
Money market accounts	16,436,111	15,272,126	14,155,446	167,382	155,100	124,742	4.05	4.08	3.50
Savings accounts	6,096,746	5,878,844	5,472,535	42,892	41,063	31,784	2.80	2.81	2.30
Time deposits	9,598,109	8,546,172	6,495,906	110,616	96,527	60,906	4.58	4.54	3.72
Interest-bearing deposits	\$ 38,668,386	\$ 36,214,313	\$ 33,451,807	\$ 362,019	\$ 335,703	\$ 262,783	3.72 %	3.73 %	3.12 %
Federal Home Loan Bank advances	3,178,973	3,096,920	2,241,292	26,254	24,797	17,436	3.29	3.22	3.09
Other borrowings	622,792	587,262	657,454	9,013	8,700	9,384	5.76	5.96	5.66
Subordinated notes	298,135	410,331	437,658	3,712	5,185	5,491	4.95	5.08	4.98
Junior subordinated debentures	253,566	253,566	253,566	5,023	4,984	4,948	7.88	7.91	7.74
Total interest-bearing liabilities	\$ 43,021,852	\$ 40,562,392	\$ 37,041,777	\$ 406,021	\$ 379,369	\$ 300,042	3.75 %	3.76 %	3.21 %
Non-interest-bearing deposits	10,271,613	9,879,134	10,612,009						
Other liabilities	1,631,389	1,601,485	1,644,312						
Equity	5,990,429	5,450,173	5,083,883						
Total liabilities and shareholders' equity	\$ 60,915,283	\$ 57,493,184	\$ 54,381,981						
Interest rate spread <sup>(6)(8)</sup>							2.58 %	2.58 %	2.74 %
Less: Fully taxable-equivalent adjustment				(3,144)	(2,875)	(2,496)	(0.02)	(0.02)	(0.02)
Net free funds/contribution <sup>(7)</sup>	\$ 14,246,538	\$ 13,562,314	\$ 13,963,348				0.93	0.94	0.88
Net interest income/margin (GAAP) <sup>(8)</sup>				\$ 502,583	\$ 470,610	\$ 462,358	3.49 %	3.50 %	3.60 %
Fully taxable-equivalent adjustment				3,144	2,875	2,496	0.02	0.02	0.02
Net interest income/margin, fully taxable-equivalent (non-GAAP) <sup>(8)</sup>				\$ 505,727	\$ 473,485	\$ 464,854	3.51 %	3.52 %	3.62 %

(1) Includes interest-bearing deposits with banks and securities purchased under resale agreements with original maturities of greater than three months. Cash equivalents include federal funds sold and securities purchased under resale agreements with original maturities of three months or less.

(2) Investment securities includes investment securities classified as available-for-sale and held-to-maturity, and equity securities with readily determinable fair values. Equity securities without readily determinable fair values are included within other assets.

(3) Interest income on tax-advantaged loans, trading securities and investment securities reflects a tax-equivalent adjustment based on the marginal federal corporate tax rate in effect as of the applicable period. The total adjustments for the three months ended September 30, 2024, June 30, 2024 and September 30, 2023 were \$3.1 million, \$2.9 million and \$2.5 million, respectively.

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

(5) Loans, net of unearned income, include nonaccrual loans.

(6) Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.

- (7) *Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.*
- (8) *See "Supplemental Non-GAAP Financial Measures/Ratios" for additional information on this performance measure/ratio.*

For the third quarter of 2024, net interest income totaled \$502.6 million, an increase of \$32.0 million as compared to the second quarter of 2024, and an increase of \$40.2 million as compared to the third quarter of 2023. Net interest margin was 3.49% (3.51% on a FTE basis, non-GAAP) during the third quarter of 2024 compared to 3.50% (3.52% on a FTE basis, non-GAAP) during the second quarter of 2024, and 3.60% (3.62% on a FTE basis, non-GAAP) during the third quarter of 2023.

The following table presents a summary of the Company's net interest income and related net interest margin, including a calculation on a fully taxable-equivalent basis, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023:

	Average Balance		Interest		Yield/Rate	
	for nine months ended,		for nine months ended,		for nine months ended,	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(Dollars in thousands)</i>						
Interest-bearing deposits with banks, securities purchased under resale agreements and cash equivalents <sup>(1)</sup>	\$ 1,720,387	\$ 1,584,120	\$ 69,310	\$ 58,443	5.38 %	4.93 %
Investment securities <sup>(2)</sup>	8,276,711	7,637,612	210,834	172,025	3.40	3.01
FHLB and FRB stock	249,375	219,442	14,903	11,120	7.98	6.77
Liquidity management assets <sup>(3)(8)</sup>	\$ 10,246,473	\$ 9,441,174	\$ 295,047	\$ 241,588	3.85 %	3.42 %
Other earning assets <sup>(3)(4)(8)</sup>	15,966	17,906	715	876	5.98	6.54
Mortgage loans held-for-sale	338,061	299,426	15,813	12,473	6.25	5.57
Loans, net of unearned income <sup>(3)(5)(8)</sup>	43,963,779	39,974,840	2,261,341	1,851,686	6.87	6.19
Total earning assets <sup>(8)</sup>	\$ 54,564,279	\$ 49,733,346	\$ 2,572,916	\$ 2,106,623	6.30 %	5.66 %
Allowance for loan and investment security losses	(368,713)	(301,742)				
Cash and due from banks	450,899	476,490				
Other assets	3,367,882	3,120,105				
Total assets	\$ 58,014,347	\$ 53,028,199				
NOW and interest-bearing demand deposits	\$ 5,279,697	\$ 5,544,488	\$ 98,586	\$ 83,949	2.49 %	2.02 %
Wealth management deposits	1,467,886	1,739,427	30,913	30,705	2.81	2.36
Money market accounts	15,398,045	13,480,887	460,466	299,649	3.99	2.97
Savings accounts	5,923,205	5,172,174	123,026	73,203	2.77	1.89
Time deposits	8,435,172	5,718,850	284,263	133,574	4.50	3.12
Interest-bearing deposits	\$ 36,504,005	\$ 31,655,826	\$ 997,254	\$ 621,080	3.65 %	2.62 %
Federal Home Loan Bank advances	3,002,228	2,313,571	73,099	53,970	3.25	3.12
Other borrowings	612,627	628,915	26,961	25,723	5.88	5.47
Subordinated notes	381,813	437,543	14,384	16,502	5.03	5.04
Junior subordinated debentures	253,566	253,566	15,011	14,101	7.91	7.44
Total interest-bearing liabilities	\$ 40,754,239	\$ 35,289,421	\$ 1,126,709	\$ 731,376	3.69 %	2.77 %
Non-interest-bearing deposits	10,041,972	11,224,841				
Other liabilities	1,589,790	1,505,289				
Equity	5,628,346	5,008,648				
Total liabilities and shareholders' equity	\$ 58,014,347	\$ 53,028,199				
Interest rate spread <sup>(6)(8)</sup>					2.61 %	2.89 %
Less: Fully taxable-equivalent adjustment			(8,820)	(7,357)	(0.02)	(0.02)
Net free funds/contribution <sup>(7)</sup>	\$ 13,810,040	\$ 14,443,925			0.93	0.81
Net interest income/margin (GAAP) <sup>(8)</sup>			\$ 1,437,387	\$ 1,367,890	3.52 %	3.68 %
Fully taxable-equivalent adjustment			8,820	7,357	0.02	0.02
Net interest income/margin, fully taxable-equivalent (non-GAAP) <sup>(8)</sup>			\$ 1,446,207	\$ 1,375,247	3.54 %	3.70 %

(1) Includes interest-bearing deposits with banks and securities purchased under resale agreements with original maturities of greater than three months. Cash equivalents include federal funds sold and securities purchased under resale agreements with original maturities of three months or less.

(2) Investment securities includes investment securities classified as available-for-sale and held-to-maturity, and equity securities with readily determinable fair values. Equity securities without readily determinable fair values are included within other assets.

(3) Interest income on tax-advantaged loans, trading securities and investment securities reflects a taxable-equivalent adjustment based on a marginal federal corporate tax rate in effect as of the applicable period. The total adjustments for the nine months ended September 30, 2024 and September 30, 2023 were \$8.8 million and \$7.4 million, respectively.

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

(5) Loans, net of unearned income, include nonaccrual loans.

(6) Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.

(7) Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.

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

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

The following table presents an analysis of the changes in the Company's net interest income on a FTE basis (non-GAAP) comparing the three month ended September 30, 2024 to each of the three month periods ended June 30, 2024 and September 30, 2023 and nine month periods ended September 30, 2024 and 2023. The reconciliations set forth the changes in the net interest income on a FTE basis (non-GAAP) as a result of changes in volumes, changes in rates and differing number of days in each period:

(In thousands)	Third Quarter of 2024 Compared to Second Quarter of 2024	Third Quarter of 2024 Compared to Third Quarter of 2023	First Nine Months of 2024 Compared to First Nine Months of 2023
Net interest income, FTE basis (non-GAAP) <sup>(1)</sup> for comparative period	\$ 473,485	\$ 464,854	\$ 1,375,247
Change due to mix and growth of earning assets and interest-bearing liabilities (volume)	27,425	44,676	87,092
Change due to interest rate fluctuations (rate)	(329)	(3,803)	(21,151)
Change due to number of days in each period	5,146	—	5,019
Less: FTE adjustment	(3,144)	(3,144)	(8,820)
Net interest income (GAAP) <sup>(1)</sup> for the period ended September 30, 2024	\$ 502,583	\$ 502,583	\$ 1,437,387
FTE adjustment	3,144	3,144	8,820
Net interest income, FTE basis (non-GAAP) <sup>(1)</sup>	\$ 505,727	\$ 505,727	\$ 1,446,207

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

### Non-interest Income

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

(Dollars in thousands)	Three Months Ended			
	September 30, 2024	September 30, 2023	\$ Change	% Change
Brokerage	\$ 6,139	\$ 4,359	\$ 1,780	41 %
Trust and asset management	31,085	29,170	1,915	7
Total wealth management <sup>(1)</sup>	37,224	33,529	3,695	11
Mortgage banking	15,974	27,395	(11,421)	(42)
Service charges on deposit accounts	16,430	14,217	2,213	16
Gains (losses) on investment securities, net	3,189	(2,357)	5,546	NM
Fees from covered call options	988	4,215	(3,227)	(77)
Trading gains, net	(130)	728	(858)	NM
Operating lease income, net	15,335	13,863	1,472	11
Other:				
Interest rate swap fees	2,914	2,913	1	—
BOLI	1,517	729	788	NM
Administrative services	1,450	1,336	114	9
Foreign currency remeasurement (losses) gains	696	(446)	1,142	NM
Changes in fair value on EBOs and loans held-for-investment	518	(338)	856	NM
Early pay-offs of capital leases	532	461	71	15
Miscellaneous	16,510	16,233	277	2
Total Other	24,137	20,888	3,249	16
<b>Total Non-interest Income</b>	<b>\$ 113,147</b>	<b>\$ 112,478</b>	<b>\$ 669</b>	<b>1 %</b>

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

NM—Not Meaningful.

(Dollars in thousands)	Nine Months Ended			
	September 30, 2024	September 30, 2023	\$ Change	% Change
Brokerage	\$ 17,283	\$ 13,296	\$ 3,987	30 %
Trust and asset management	90,169	84,036	6,133	7
Total wealth management <sup>(1)</sup>	107,452	97,332	10,120	10
Mortgage banking	72,761	75,640	(2,879)	(4)
Service charges on deposit accounts	46,787	40,728	6,059	15
Gains (losses) on investment securities, net	233	(959)	1,192	NM
Fees from covered call options	7,891	17,184	(9,293)	(54)
Trading gains, net	617	1,647	(1,030)	(63)
Operating lease income, net	43,383	39,136	4,247	11
Other:				
Interest rate swap fees	9,134	8,230	904	11
BOLI	4,519	3,402	1,117	33
Administrative services	3,989	4,270	(281)	(7)
Foreign currency remeasurement (losses) gains	(620)	(91)	(529)	NM
Changes in fair value on EBOs and loans held-for-investment	683	(35)	718	NM
Early pay-offs of capital leases	1,355	1,027	328	32
Miscellaneous	76,690	45,766	30,924	68
Total Other	95,750	62,569	33,181	53
<b>Total Non-interest Income</b>	<b>\$ 374,874</b>	<b>\$ 333,277</b>	<b>\$ 41,597</b>	<b>12 %</b>

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

NM—Not Meaningful.

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

Wealth management revenue increased by \$3.7 million and \$10.1 million in the three and nine months ended September 30, 2024 as compared to the same periods of 2023, respectively. For the three and nine months ended September 30, 2024, the increase is primarily due to increased asset management fees as a result of higher assets under management when compared to same period in the prior year.

Mortgage banking revenue decreased for the three months ended September 30, 2024 as compared to the same period in 2023 due to lower net revenue related to MSR activity and valuation adjustments. On a year-to-date basis, mortgage banking revenue decreased slightly for the nine months ended September 30, 2024 as compared to the same period in 2023 as a result of lower net revenue related to MSR activity which was offset by higher production revenue from increased mortgage production. Mortgage banking revenue includes revenue from activities related to originating, selling and servicing residential real estate loans for the secondary market. A main factor in the mortgage banking revenue recognized by the Company is the volume of mortgage loans originated or purchased for sale. Mortgage loans originated for sale totaled \$766.8 million in the third quarter of 2024 as compared to \$572.6 million in the third quarter of 2023. On a year-to-date basis, mortgage loans originated for sale totaled \$2.0 billion for the nine months ended September 30, 2024 as compared to \$1.5 billion for the nine months ended September 30, 2023. The increase in originations from the comparative three and nine month periods was driven by growth in both purchase and refinance originations as housing inventories have improved and interest rates pulled back from peak levels reached in 2023. The percentage of origination volume from refinancing activities was 28% and 22% for the three and nine months ended September 30, 2024, as compared to 16% and 17%, for the same periods in 2023, respectively.

The Company records MSRs at fair value on a recurring basis. For the three months ended September 30, 2024, the fair value of the MSRs portfolio decreased as a result of an unfavorable fair value adjustment of \$17.3 million was recorded and a reduction in value of \$7.3 million due to payoffs, paydowns and repurchases of the existing portfolio, partially offset as retained servicing rights led to capitalization of \$6.4 million. On a year-to-date basis, the fair value of MSRs decreased due to a unfavorable fair value adjustment of \$8.9 million as well as a reduction in value of \$17.2 million due to payoffs, paydowns and repurchases of the existing portfolio, partially offset by retained servicing rights led to capitalization of \$20.0 million. See Note (9) "Mortgage Servicing Rights ("MSRs")" to the Consolidated Financial Statements in Item 1 of this report for a summary of the changes in the carrying value of MSRs.

Mortgage banking revenue is also impacted by changes in the fair value of derivative contracts held to economically hedge a portion of the fair value adjustments related to the Company's MSR portfolio. The change in fair value of the derivative contracts held as an economic hedge was a favorable \$6.9 million and \$3.5 million for the three and nine months ended September 30, 2024, respectively.

Service charges on deposits increased for the three and nine months ended September 30, 2024 as compared to the same periods in 2023 primarily as a result of increased account analysis services fees. Service charges on deposit accounts include fees charged to deposit customers for various services, including account analysis services, and are based on factors such as the size and type of customer, type of product and number of transactions. The fees are based on a standard schedule of fees and, depending on the nature of the service performed, the service is performed at a point in time or over a period of a month.

The Company recognized net gains on investment securities for the three and nine months ended September 30, 2024 of \$3.2 million and \$233,000, respectively. The Company recognized net losses on investment securities for the three and nine months ended September 30, 2023 of \$2.4 million and \$1.0 million, respectively. The net gains for the three and nine months ended September 30, 2024 were primarily due to gains on the Company's equity investment securities recorded in the third quarter of 2024. See Note (5) "Investment Securities" to the Consolidated Financial Statements in Item 1 of this report for more information on net gains and losses on investment securities.

Fees from covered call options for the three and nine months ended September 30, 2024 decreased \$3.2 million and \$9.3 million, respectively, when compared to the same periods in the prior year, respectively. The decreased income was primarily because the Company sold less options than the prior year for both comparative periods. The Company has typically written call options with terms of less than three months against certain U.S. Treasury and agency securities held in its portfolio for liquidity and other purposes. Management has effectively entered into these transactions with the goal of economically hedging security positions and enhancing its overall return on its investment portfolio. These option transactions are designed to increase the total return associated with holding certain investment securities and do not qualify as hedges pursuant to accounting guidance. There were no outstanding call option contracts at September 30, 2024 and 2023.

Miscellaneous non-interest income includes loan servicing fees, income from other investments, and other fees. This category of income increased \$277,000 and \$30.9 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023, respectively. For the three months ended September 30, 2024, miscellaneous income increased compared to the same period in 2023 primarily due higher fee income earned on card-related arrangements and partnership income. The increased income on a year-to-date basis was primarily due to a \$20.0 million gain recognized in the first quarter of 2024 related to the sale of the Company's Retirement Benefits Advisors ("RBA") division within its wealth management business as well as a \$4.6 million gain recognized in the second quarter of 2024 on the sale of premium finance receivables.

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

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Originations:</b>				
Retail originations	\$ 527,408	\$ 408,761	\$ 1,403,306	\$ 1,071,786
Veterans First originations	239,369	163,856	561,270	451,218
Total originations for sale (A)	\$ 766,777	\$ 572,617	\$ 1,964,576	\$ 1,523,004
Originations for investment	218,984	137,622	663,561	453,597
Total originations	\$ 985,761	\$ 710,239	\$ 2,628,137	\$ 1,976,601
<b>As percentage of originations for sale:</b>				
Retail originations	69 %	71 %	71 %	70 %
Veterans First originations	31	29	29	30
Purchases	72 %	84 %	78 %	83 %
Refinances	28	16	22	17
<b>Production Margin:</b>				
Production revenue (B) <sup>(1)</sup>	\$ 13,113	\$ 13,766	\$ 41,538	\$ 34,233
Total originations for sale (A)	\$ 766,777	\$ 572,617	\$ 1,964,576	\$ 1,523,004
Add: Current period end mandatory interest rate lock commitments to fund originations for sale <sup>(2)</sup>	272,072	150,713	272,072	150,713
Less: Prior period end mandatory interest rate lock commitments to fund originations for sale <sup>(2)</sup>	222,738	196,246	119,624	113,303
Total mortgage production volume (C)	\$ 816,111	\$ 527,084	\$ 2,117,024	\$ 1,560,414
Production margin (B/C)	1.61 %	2.61 %	1.96 %	2.19 %
<b>Mortgage Servicing:</b>				
Loans serviced for others (D)	\$ 12,253,361	\$ 11,885,531		
MSRs, at fair value (E)	186,308	210,524		
Percentage of MSRs to loans serviced for others (E/D)	1.52 %	1.77 %		
Servicing income	\$ 10,809	\$ 10,191	\$ 31,893	\$ 33,277
<b>Components of MSR:</b>				
MSR - changes in fair value model assumptions	\$ (17,331)	\$ 4,723	\$ (8,859)	\$ 485
Changes in fair value of derivative contract held as an economic hedge, net	6,892	(2,481)	3,543	(2,261)
MSR valuation adjustment, net of changes in fair value of derivative contract held as an economic hedge	\$ (10,439)	\$ 2,242	\$ (5,316)	\$ (1,776)
MSR - current period capitalization	6,357	9,706	19,959	23,533
MSR - collection of expected cash flow - paydowns	(1,598)	(1,492)	(4,546)	(4,712)
MSR - collection of expected cash flow - payoffs and repurchases	(5,730)	(3,105)	(12,702)	(8,837)
MSR activity	\$ (11,410)	\$ 7,351	\$ (2,605)	\$ 8,208
<b>Summary of Mortgage Banking Revenue:</b>				
Production revenue <sup>(1)</sup>	\$ 13,113	\$ 13,766	\$ 41,538	\$ 34,233
Servicing income	10,809	10,191	31,893	33,277
MSR activity	(11,410)	7,351	(2,605)	8,208
Changes in fair value on EBO loans guaranteed by U.S. government agencies	3,529	(4,245)	1,981	(440)
Other revenue	(67)	332	(46)	362
Total mortgage banking revenue	\$ 15,974	\$ 27,395	\$ 72,761	\$ 75,640
Changes in fair value on EBOs and loans held-for-investment	\$ 518	\$ (338)	\$ 683	\$ (35)

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

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

## Non-interest Expense

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

(Dollars in thousands)	Three Months Ended		\$ Change	% Change
	September 30, 2024	September 30, 2023		
Salaries and employee benefits:				
Salaries	\$ 118,971	\$ 111,303	\$ 7,668	7 %
Commissions and incentive compensation	57,575	48,817	8,758	18
Benefits	34,715	32,218	2,497	8
Total salaries and employee benefits	211,261	192,338	18,923	10
Software and equipment	31,574	25,951	5,623	22
Operating lease equipment	10,518	12,020	(1,502)	(12)
Occupancy, net	19,945	21,304	(1,359)	(6)
Data processing	9,984	10,773	(789)	(7)
Advertising and marketing	18,239	18,169	70	0
Professional fees	9,783	8,887	896	10
Amortization of other acquisition-related intangible assets	4,042	1,408	2,634	NM
FDIC insurance	10,512	9,748	764	8
FDIC insurance - special assessment	—	—	—	NM
OREO expense, net	(938)	120	(1,058)	NM
Other:				
Lending expenses, net of deferred originations costs	4,995	4,777	218	5
Travel and entertainment	5,364	5,449	(85)	(2)
Miscellaneous	25,408	19,111	6,297	33
Total other	35,767	29,337	6,430	22
<b>Total Non-interest Expense</b>	<b>\$ 360,687</b>	<b>\$ 330,055</b>	<b>\$ 30,632</b>	<b>9 %</b>

(Dollars in thousands)	Nine Months Ended		\$ Change	% Change
	September 30, 2024	September 30, 2023		
Salaries and employee benefits:				
Salaries	\$ 345,003	\$ 327,328	\$ 17,675	5 %
Commissions and incentive compensation	160,727	133,127	27,600	21
Benefits	99,245	93,587	5,658	6
Total salaries and employee benefits	604,975	554,042	50,933	9
Software and equipment	88,536	76,853	11,683	15
Operating lease equipment	32,035	31,669	366	1
Occupancy, net	58,616	58,966	(350)	(1)
Data processing	28,779	29,908	(1,129)	(4)
Advertising and marketing	48,715	47,909	806	2
Professional fees	29,303	25,990	3,313	13
Amortization of other acquisition-related intangible assets	6,322	4,142	2,180	53
FDIC insurance	30,322	27,425	2,897	11
FDIC insurance - special assessment	5,156	—	5,156	NM
OREO expense, net	(805)	31	(836)	NM
Other:				
Lending expenses, net of deferred originations costs	15,408	15,766	(358)	(2)
Travel and entertainment	15,301	15,440	(139)	(1)
Miscellaneous	71,522	61,706	9,816	16
Total other	102,231	92,912	9,319	10
<b>Total Non-interest Expense</b>	<b>\$ 1,034,185</b>	<b>\$ 949,847</b>	<b>\$ 84,338</b>	<b>9 %</b>

NM - Not meaningful.



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

Salaries and employee benefits expense increased for the three and nine months ended September 30, 2024 as compared to the same periods in 2023. The increase was primarily due to elevated commissions from increased mortgage production as well as due to the increase in employees related to the growth of the Company, including the Macatawa acquisition.

Software and equipment expense increased for the three and nine months ended September 30, 2024 as compared to the same periods in 2023 as a result of higher software license fees as well as higher computer and software depreciation expense as the Company invests in enhancements to the digital customer experience, upgrades to infrastructure and enhancements to information security capabilities.

Amortization of other acquisition-related intangible assets increased for the three and nine months ended September 30, 2024 compared to the same periods in 2023. The Macatawa acquisition impacted this increase by approximately \$3.0 million.

FDIC insurance expense increased for the three and nine months ended September 30, 2024 compared to the same periods in 2023. On a year-to-date basis, the increase is primarily due to the Company's recognition of approximately \$5.2 million accrued in the first quarter of 2024 as a result of the FDIC special assessment on uninsured deposits in response to certain bank failures that occurred in 2023 as compared to the nine months ended September 30, 2023. For the three months ended September 30, 2024, the increased expense is primarily due to balance sheet growth as compared to the three months ended September 30, 2023.

Miscellaneous expense includes ATM expenses, correspondent bank charges, directors' fees, telephone, postage, corporate insurance, dues and subscriptions, problem loan expenses and other miscellaneous operational losses and costs. During the three and nine months ended September 30, 2024, the company incurred \$1.6 million and \$2.5 million, respectively, in acquisition expenses related to the acquisition of Macatawa.

### **Income Taxes**

The Company recorded income tax expense of \$62.7 million in the third quarter of 2024 compared to \$60.7 million in the third quarter of 2023. The effective tax rates were 26.95% in the third quarter of 2024 compared to 26.98% in the third quarter of 2023. During the first nine months of 2024, the Company recorded income tax expense of \$184.3 million compared to \$180.7 million for the first nine months of 2023. The effective tax rates were 26.56% for the first nine months of 2024 and 26.58% for the first nine months of 2023.

The effective tax rates were partially impacted by the tax effects related to share-based compensation which fluctuate based on the Company's stock price and timing of employee stock option exercises and vesting of other shared-based awards. The Company recorded net excess tax benefits of \$4.4 million in the first nine months of 2024, compared to net excess tax benefits of \$2.9 million in the first nine months of 2023 related to share-based compensation, most of which was recorded in the first quarter for each year.

### **Operating Segment Results**

The Company's operations consist of three primary segments: community banking, specialty finance and wealth management. Refer to Note (13) "Segment Information" to the Consolidated Financial Statements in Item 1 of this report for further information on the Company's primary segments. The Company's profitability is primarily dependent on the net interest income, provision for credit losses, non-interest income and operating expenses of its community banking segment.

The community banking segment's net interest income for the quarter ended September 30, 2024 totaled \$396.9 million as compared to \$360.6 million for the same period in 2023, an increase of \$36.3 million, or 10%. On a year-to-date basis, net interest income for the nine months ended September 30, 2024 and September 30, 2023 was \$1.1 billion. The increase in the third quarter of 2024, was primarily attributable to increased interest and fees on loans. The community banking segment's non-interest income totaled \$66.3 million in the third quarter of 2024, an decrease of \$4.2 million, or 6%, when compared to the third quarter of 2023 total of \$70.5 million. On a year-to-date basis, non-interest income totaled \$212.6 million for the nine months ended September 30, 2024, an increase of \$5.2 million, or 2%, compared to \$207.4 million for the nine months ended September 30, 2023. The increase in the nine month period was primarily the result of gains on investment securities and increased service charges on deposit accounts, partially offset by decreased mortgage banking revenue due to the decrease in the fair value of MSRs related to the changes in fair value model assumptions. The community banking segment recorded provision for credit losses of \$20.5 million and \$77.2 million, respectively, for the three and nine months ended September 30, 2024, compared to \$16.7 million and \$64.6 million, respectively, for the same periods in 2023. The increase in provision for credit losses for the three and nine month period was primarily the result of loan growth, including \$15.5 million in Day 1 provision related to the acquisition of Macatawa, coupled with losses experienced in the Commercial and Commercial Real

Estate portfolios. The community banking segment's net income for each of the quarters ended September 30, 2024 and September 30, 2023 totaled \$115.2 million. On a year-to-date basis, the net income of the community banking segment for the nine months ended September 30, 2024 totaled \$326.5 million as compared to \$351.9 million for the nine months ended September 30, 2023.

The specialty finance segment's net interest income totaled \$88.4 million for the quarter ended September 30, 2024, compared to \$85.4 million for the same period in 2023, an increase of \$3.0 million, or 4%. On a year-to-date basis, net interest income for the segment increased \$25.2 million, or 10%, compared to the same period in 2023. The increase for the three and nine month period was primarily due to loan growth and increased interest rates on the premium finance receivables portfolios. The specialty finance segment's non-interest income increased to \$29.6 million from \$20.8 million for the three months ended September 30, 2024 and 2023, respectively, and stood at \$89.2 million and \$78.3 million for the nine months ended September 30, 2024 and 2023, respectively. Our property and casualty insurance premium finance operations, life insurance finance operations, lease financing operations and accounts receivable finance operations accounted for 51%, 29%, 18% and 2%, respectively, of the net revenues of our specialty finance business for the nine month period ended September 30, 2024. The net income of the specialty finance segment for the quarter ended September 30, 2024 totaled \$46.8 million as compared to \$40.5 million for the quarter ended September 30, 2023. On a year-to-date basis, the net income of the specialty finance segment for the nine months ended September 30, 2024 totaled \$142.4 million as compared to \$123.7 million for the nine months ended September 30, 2023.

The wealth management segment reported net interest income of \$6.9 million for the third quarter of 2024 compared to \$8.0 million in the same quarter of 2023, a decrease of \$1.1 million, or 13%. On a year-to-date basis, net interest income totaled \$22.6 million for the first nine months of 2024, as compared to \$24.4 million for the first nine months of 2023. Net interest income for this segment is primarily comprised of an allocation of the net interest income earned by the community banking segment on non-interest-bearing and interest-bearing wealth management customer account balances on deposit at the banks. Wealth management customer account balances on deposit at the banks averaged \$1.5 billion and \$1.7 billion in the first nine months of 2024 and 2023, respectively. This segment recorded non-interest income of \$37.4 million for the third quarter of 2024 compared to \$37.3 million for the third quarter of 2023. On a year-to-date basis, this segment recorded non-interest income of \$131.5 million for the first nine months of 2024 as compared to \$101.0 million for the first nine months of 2023. The increase was primarily due to a \$20.0 million gain recognized in the first quarter of 2024 related to the sale of the Company's RBA division within the wealth management business. Distribution of wealth management services through each bank continues to be a focus of the Company. The Company is committed to growing the wealth management segment in order to better service its customers and create a more diversified revenue stream. The wealth management segment's net income totaled \$8.0 million for the third quarter of 2024 compared to \$8.5 million for the third quarter of 2023. On a year-to-date basis, the wealth management segment's net income totaled \$40.8 million and \$23.6 million for the nine month period ended September 30, 2024 and 2023, respectively.

#### **Financial Condition**

Total assets were \$63.8 billion at September 30, 2024, representing an increase of \$8.2 billion, or 15%, when compared to September 30, 2023 and an increase of approximately \$4.0 billion, or 27% on an annualized basis, when compared to June 30, 2024. Total funding, which includes deposits, all notes and advances, including secured borrowings and the junior subordinated debentures, was \$55.8 billion at September 30, 2024, \$52.4 billion at June 30, 2024, and \$48.7 billion at September 30, 2023. See Notes (5), (6), (10), (11) and (12) of the Consolidated Financial Statements presented under Item 1 of this report for additional period-end detail on the Company's interest-earning assets and funding liabilities.

## Interest-Earning Assets

The following table sets forth, by category, the composition of average earning asset balances and the relative percentage of total average earning assets for the periods presented:

(Dollars in thousands)	Three Months Ended					
	September 30, 2024		June 30, 2024		September 30, 2023	
	Balance	Percent	Balance	Percent	Balance	Percent
Mortgage loans held-for-sale	\$ 376,251	1 %	\$ 347,236	1 %	\$ 319,099	1 %
Loans, net of unearned income						
Commercial	\$ 14,544,139	25 %	\$ 13,729,524	25 %	\$ 12,323,460	24 %
Commercial real estate	12,502,355	22	11,810,525	22	10,757,683	21
Home equity	402,868	1	348,306	1	338,652	1
Residential real estate	3,171,131	6	2,893,829	5	2,556,984	5
Premium finance receivables	15,216,015	27	14,956,258	28	14,625,723	29
Other loans	84,078	0	80,912	0	104,540	0
Total average loans <sup>(1)</sup>	\$ 45,920,586	81 %	\$ 43,819,354	81 %	\$ 40,707,042	80 %
Liquidity management assets <sup>(2)</sup>	10,954,011	18	9,942,859	18	9,961,105	19
Other earning assets <sup>(3)</sup>	17,542	0	15,257	0	17,879	0
Total average earning assets	\$ 57,268,390	100 %	\$ 54,124,706	100 %	\$ 51,005,125	100 %
Total average assets	\$ 60,915,283		\$ 57,493,184		\$ 54,381,981	
Total average earning assets to total average assets		94 %		94 %		94 %

(1) Total average loans includes nonaccrual loans.

(2) Liquidity management assets include investment securities, other securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

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

*Mortgage loans held-for-sale.* Mortgage loans held-for-sale represents such loans awaiting subsequent sale in the secondary market with such sales eliminating the interest-rate risk associated with these loans, as they are predominantly long-term fixed rate loans, and provide a source of non-interest revenue. The increase in average balance for the third quarter of 2024 as compared to the sequential and prior year periods is primarily due to higher mortgage origination production.

*Loans, net of unearned income.* Growth realized in the combined commercial and commercial real estate loan categories for the third quarter of 2024 as compared to the sequential and prior year periods is primarily attributable to increased business development efforts as well as loans acquired through the Macatawa acquisition. The aggregate balances of these loan categories comprised 59%, 58% and 57% of the average loan portfolio in the third quarter of 2024, second quarter of 2024 and third quarter of 2023, respectively.

Residential real estate loans averaged \$3.2 billion in the third quarter of 2024, and increased \$614.1 million, or 24%, from the average balance of \$2.6 billion in the same period of 2023. Additionally, compared to the quarter ended June 30, 2024, the average balance increased \$277.3 million, or 38% on an annualized basis. Growth is due to the Company continuing to allocate a portion of its mortgage production for investment instead of for subsequent sale into the secondary market.

The increase in the premium finance receivables during the third quarter of 2024 compared to the third quarter of 2023 was the result of continued originations within the portfolio due to hardening insurance market conditions driving a higher average size of new property and casualty insurance premium finance receivables as well as effective marketing and customer servicing. Approximately \$4.8 billion of premium finance receivables were originated in the third quarter of 2024 compared to \$4.6 billion during the same period of 2023. Premium finance receivables consist of a property and casualty portfolio and a life portfolio comprising approximately 47% and 53%, respectively, of the average total balance of premium finance receivables for the third quarter of 2024, and 46% and 54%, respectively, for the third quarter of 2023.

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

*Liquidity management assets.* Funds that are not utilized for loan originations are used to purchase investment securities and short term money market investments, to sell as federal funds and to maintain in interest bearing deposits with banks. The balances of these assets can fluctuate based on management's ongoing effort to manage liquidity and for asset liability management purposes. The Company will continue to prudently evaluate and utilize liquidity sources as needed, including the management of availability with the FHLB and FRB and utilization of the revolving credit facility with unaffiliated banks.

The following table sets forth, by category, the composition of average earning asset balances and the relative percentage of total average earning assets for the periods presented:

(Dollars in thousands)	Nine Months Ended			
	September 30, 2024		September 30, 2023	
	Balance	Percent	Balance	Percent
Mortgage loans held-for-sale	\$ 338,061	1 %	\$ 299,426	1 %
Loans:				
Commercial	\$ 13,728,791	25 %	\$ 12,446,914	25 %
Commercial real estate	11,942,029	22	10,449,106	21
Home equity	365,150	1	336,765	1
Residential real estate	2,932,839	5	2,449,661	5
Premium finance receivables	14,913,225	27	14,209,217	28
Other loans	81,745	0	83,177	0
Total average loans <sup>(1)</sup>	\$ 43,963,779	80 %	\$ 39,974,840	80 %
Liquidity management assets <sup>(2)</sup>	10,246,473	19	9,441,174	19
Other earning assets <sup>(3)</sup>	15,966	0	17,906	0
Total average earning assets	\$ 54,564,279	100 %	\$ 49,733,346	100 %
Total average assets	\$ 58,014,347		\$ 53,028,199	
Total average earning assets to total average assets		94 %		94 %

(1) Total average loans includes nonaccrual loans.

(2) Liquidity management assets include investment securities, other securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

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

#### Maturities and Sensitivities of Loans to Changes in Interest Rates

The following table classifies the loan portfolio at September 30, 2024 by date at which the loans reprice or mature, and the type of rate exposure:

As of September 30, 2024					
(In thousands)	One year or less	From one to five years	From five to fifteen years	After fifteen years	Total
Commercial					
Fixed rate	\$ 442,214	\$ 3,352,273	\$ 1,914,643	\$ 23,532	\$ 5,732,662
Variable rate	9,513,446	1,585	—	—	9,515,031
Total commercial	\$ 9,955,660	\$ 3,353,858	\$ 1,914,643	\$ 23,532	\$ 15,247,693
Commercial real estate					
Fixed rate	\$ 570,054	\$ 2,866,473	\$ 420,951	\$ 55,521	\$ 3,912,999
Variable rate	8,868,451	11,899	68	—	8,880,418
Total commercial real estate	\$ 9,438,505	\$ 2,878,372	\$ 421,019	\$ 55,521	\$ 12,793,417
Home equity					
Fixed rate	\$ 8,588	\$ 1,593	\$ —	\$ 22	\$ 10,203
Variable rate	416,840	—	—	—	416,840
Total home equity	\$ 425,428	\$ 1,593	\$ —	\$ 22	\$ 427,043
Residential real estate					
Fixed rate	\$ 7,088	\$ 5,468	\$ 75,934	\$ 1,086,008	\$ 1,174,498
Variable rate	92,075	512,374	1,609,091	—	2,213,540
Total residential real estate	\$ 99,163	\$ 517,842	\$ 1,685,025	\$ 1,086,008	\$ 3,388,038
Premium finance receivables - property & casualty					
Fixed rate	\$ 7,049,022	\$ 82,659	\$ —	\$ —	\$ 7,131,681
Variable rate	—	—	—	—	—



Total premium finance receivables - property & casualty	\$ 7,049,022	\$ 82,659	\$ —	\$ —	\$ 7,131,681
Premium finance receivables - life insurance					
Fixed rate	\$ 160,090	\$ 444,534	\$ 4,000	\$ 4,654	\$ 613,278
Variable rate	7,383,621	—	—	—	7,383,621
Total premium finance receivables - life insurance	\$ 7,543,711	\$ 444,534	\$ 4,000	\$ 4,654	\$ 7,996,899
Consumer and other					
Fixed rate	\$ 17,226	\$ 7,218	\$ 841	\$ 998	\$ 26,283
Variable rate	56,393	—	—	—	56,393
Total consumer and other	\$ 73,619	\$ 7,218	\$ 841	\$ 998	\$ 82,676
Total per category					
Fixed rate	\$ 8,254,282	\$ 6,760,218	\$ 2,416,369	\$ 1,170,735	\$ 18,601,604
Variable rate	26,330,826	525,858	1,609,159	—	28,465,843
Total loans, net of unearned income	\$ 34,585,108	\$ 7,286,076	\$ 4,025,528	\$ 1,170,735	\$ 47,067,447
Less: Existing cash flow hedging derivatives	\$ (6,000,000)				
Less : Cash flow hedging derivatives effective in Q4 2024	\$ (700,000)				
Total loans repricing or maturing in one year or less, adjusted for cash flow hedging activity	\$ 27,885,108				

**Variable Rate Loan Pricing by Index:**

SOFR tenors	\$ 17,155,288
12- month CMT	6,242,461
Prime	3,545,047
Fed Funds	951,119
Ameribor tenors	237,486
Other U.S. Treasury tenors	196,990
Other	137,452
Total variable rate	\$ 28,465,843

SOFR - Secured Overnight Financing Rate.

CMT - Constant Maturity Treasury Rate.

Ameribor - American Interbank Offered Rate.

**CREDIT QUALITY**

**Commercial and Commercial Real Estate Loan Portfolios**

Our commercial and commercial real estate loan portfolios are comprised primarily of lines of credit for working capital purposes and commercial real estate loans. The table below sets forth information regarding the types and amounts of our loans within these portfolios as of September 30, 2024 and 2023:

	As of September 30, 2024			As of September 30, 2023		
	Balance	% of Total Balance	Allowance For Credit Losses Allocation	Balance	% of Total Balance	Allowance For Credit Losses Allocation
<i>(Dollars in thousands)</i>						
<b>Commercial:</b>						
Commercial, industrial, and other	\$ 15,247,693	54.4 %	\$ 171,598	\$ 12,725,473	53.8 %	\$ 151,488
<b>Commercial Real Estate:</b>						
Construction and development	\$ 2,403,690	8.6 %	\$ 97,949	\$ 1,893,773	8.0 %	\$ 90,622
Non-construction	10,389,727	37.0	133,195	9,052,407	38.2	125,096
<b>Total commercial real estate</b>	<b>\$ 12,793,417</b>	<b>45.6 %</b>	<b>\$ 231,144</b>	<b>\$ 10,946,180</b>	<b>46.2 %</b>	<b>\$ 215,718</b>
<b>Total commercial and commercial real estate</b>	<b>\$ 28,041,110</b>	<b>100.0 %</b>	<b>\$ 402,742</b>	<b>\$ 23,671,653</b>	<b>100.0 %</b>	<b>\$ 367,206</b>
Commercial real estate - collateral location by state:						
Illinois	\$ 7,154,012	55.9 %		\$ 6,805,308	62.2 %	
Wisconsin	868,844	6.8		889,452	8.1	
Michigan	854,189	6.7		184,197	1.7	
<b>Total primary markets</b>	<b>\$ 8,877,045</b>	<b>69.4 %</b>		<b>\$ 7,878,957</b>	<b>72.0 %</b>	
Indiana	445,417	3.5		361,776	3.3	
Florida	423,517	3.3		292,423	2.7	
Tennessee	289,989	2.3		162,961	1.5	
Texas	281,057	2.2		205,756	1.9	
California	259,341	2.0		237,145	2.2	
Other	2,217,051	17.3		1,807,162	16.4	
<b>Total commercial real estate</b>	<b>\$ 12,793,417</b>	<b>100.0 %</b>		<b>\$ 10,946,180</b>	<b>100.0 %</b>	

We make commercial loans for many purposes, including working capital lines, which are generally renewable annually and supported by business assets, personal guarantees and additional collateral. Such loans may vary in size based on customer need. Primarily as a result of growth in the Company's commercial loan portfolio our allowance for credit losses in our commercial loan portfolio increased to \$171.6 million as of September 30, 2024 compared to \$151.5 million as of September 30, 2023.

Our commercial real estate loans are generally secured by a first mortgage lien and assignment of rents on the property. Since most of our bank branches are located in the Chicago metropolitan area, southern Wisconsin and west Michigan, 69.4% of our commercial real estate loan portfolio is located in this region as of September 30, 2024. We have been able to effectively manage our total non-performing commercial real estate loans, aided by our credit management process. As of September 30, 2024, our allowance for credit losses related to this portfolio was \$231.1 million compared to \$215.7 million as of September 30, 2023. The increase in the allowance for credit losses is primarily a result of growth in our commercial real estate portfolio. The table below sets forth the commercial real estate loans by property type and owner vs. non-owner occupied.

(In thousands)

	September 30, 2024					September 30, 2023				
	Owner Occupied	Non-Owner Occupied	Total	% of Total	Average Size of Loan	Owner Occupied	Non-Owner Occupied	Total	% of Total	Average Size of Loan
<b>Commercial Real Estate:</b>										
Residential construction	\$ 1,508	\$ 71,580	\$ 73,088	1 %	\$ 620	\$ 3,517	\$ 48,033	\$ 51,550	0 %	\$ 874
Commercial construction	180,912	1,803,328	1,984,240	15	4,450	75,427	1,471,895	1,547,322	14	4,846
Land	6,411	339,951	346,362	3	1,786	9,746	285,155	294,901	3	1,798
Office	286,821	1,388,465	1,675,286	13	1,508	274,950	1,147,798	1,422,748	13	1,345
Industrial	974,064	1,553,868	2,527,932	20	1,719	826,133	1,231,824	2,057,957	19	1,531
Retail	355,867	1,048,719	1,404,586	11	1,176	322,263	1,019,188	1,341,451	12	1,184
Multi-family	103,166	3,090,173	3,193,339	25	1,336	109,611	2,601,218	2,710,829	25	1,161
Mixed use and other	548,315	1,040,269	1,588,584	12	1,151	482,197	1,037,225	1,519,422	14	1,191
<b>Total commercial real estate</b>	<b>\$ 2,457,064</b>	<b>\$ 10,336,353</b>	<b>\$ 12,793,417</b>	<b>100 %</b>	<b>1,541</b>	<b>\$ 2,103,844</b>	<b>\$ 8,842,336</b>	<b>\$ 10,946,180</b>	<b>100 %</b>	<b>1,425</b>

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

#### Past Due Loans and Non-Performing Assets

Our ability to manage credit risk depends in large part on our ability to properly identify and manage problem loans. To do so, the Company operates a credit risk rating system under which our credit management personnel assigns a credit risk rating to each loan at the time of origination and review loans on a regular basis to determine each loan's credit risk rating on a scale of 1 through 10 with higher scores indicating higher risk. Description of the Company's credit risk rating structure used is included in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2023 Form 10-K.

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

#### Loan Portfolio Aging

As of September 30, 2024, excluding early buy-out loans guaranteed by U.S. government agencies, \$83.1 million, or 0.2% of all loans, were 60 to 89 days (or two payments) past due and \$204.0 million, or 0.4% of all loans, were 30 to 59 days (or one payment) past due. As of June 30, 2024, excluding early buy-out loans guaranteed by U.S. government agencies, \$59.4 million, or 0.1% of all loans, were 60 to 89 days (or two payments) past due and \$139.8 million, or 0.3% of all loans, were 30 to 59 days (or one payment) past due. Many of the commercial and commercial real estate loans shown as 60 to 89 days and 30 to 59 days past due are included on the Company's internal problem loan reporting system. Loans on this system are closely monitored by management on a monthly basis. The Company's home equity and residential loan portfolios continue to exhibit low delinquency ratios. Home equity loans at September 30, 2024 that were current with regard to the contractual terms of the loan agreement represent 98.9% of the total home equity portfolio. Residential real estate loans, excluding early buy-out loans guaranteed by U.S. government agencies, at September 30, 2024 that were current with regards to the contractual terms of the loan agreements comprise 99.2% of total residential real estate loans outstanding. For more information regarding delinquent loans as of September 30, 2024, see Note (7) "Allowance for Credit Losses" in Item 1 of this report.

### Non-performing Assets <sup>(1)</sup>

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

(Dollars in thousands)	September 30, 2024	June 30, 2024	September 30, 2023
<b>Loans past due greater than 90 days and still accruing:</b>			
Commercial	\$ 20	\$ 304	\$ 200
Commercial real estate	225	—	1,092
Home equity	—	—	—
Residential real estate	—	—	—
Premium finance receivables—property and casualty	18,235	22,427	16,253
Premium finance receivables—life insurance	—	—	10,679
Consumer and other	148	121	27
Total loans past due greater than 90 days and still accruing	<u>18,628</u>	<u>22,852</u>	<u>28,251</u>
<b>Nonaccrual loans:</b>			
Commercial	63,826	51,087	43,569
Commercial real estate	42,071	48,289	17,043
Home equity	1,122	1,100	1,363
Residential real estate	17,959	18,198	16,103
Premium finance receivables—property and casualty	36,079	32,722	26,756
Premium finance receivables—life insurance	—	—	—
Consumer and other	2	3	16
Total nonaccrual loans	<u>161,059</u>	<u>151,399</u>	<u>104,850</u>
<b>Total non-performing loans:</b>			
Commercial	63,846	51,391	43,769
Commercial real estate	42,296	48,289	18,135
Home equity	1,122	1,100	1,363
Residential real estate	17,959	18,198	16,103
Premium finance receivables—property and casualty	54,314	55,149	43,009
Premium finance receivables—life insurance	—	—	10,679
Consumer and other	150	124	43
Total non-performing loans	<u>\$ 179,687</u>	<u>\$ 174,251</u>	<u>\$ 133,101</u>
Other real estate owned	13,682	19,731	14,060
Total non-performing assets	<u>193,369</u>	<u>\$ 193,982</u>	<u>\$ 147,161</u>
<b>Total non-performing loans by category as a percent of its own respective category's period-end balance:</b>			
Commercial	0.42 %	0.36 %	0.34 %
Commercial real estate	0.33	0.40	0.17
Home equity	0.26	0.31	0.40
Residential real estate	0.53	0.59	0.59
Premium finance receivables—property and casualty	0.76	0.78	0.64
Premium finance receivables—life insurance	—	—	0.13
Consumer and other	0.18	0.14	0.06
Total non-performing loans	<u>0.38 %</u>	<u>0.39 %</u>	<u>0.32 %</u>
<b>Total non-performing assets, as a percentage of total assets</b>	<u>0.30 %</u>	<u>0.32 %</u>	<u>0.26 %</u>
<b>Total nonaccrual loans as a percentage of total loans</b>	<u>0.34 %</u>	<u>0.34 %</u>	<u>0.25 %</u>
<b>Allowance for credit losses as a percentage of nonaccrual loans</b>	<u>270.53 %</u>	<u>288.69 %</u>	<u>380.69 %</u>

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

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



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

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

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2024	2023	2024	2023
Balance at beginning of period	\$ 174,251	\$ 108,712	\$ 139,030	\$ 100,697
Additions from becoming non-performing in the respective period	42,335	18,666	96,711	64,367
Additions from assets acquired in the respective period	189		189	—
Return to performing status	(362)	(1,702)	(1,274)	(2,542)
Payments received	(10,894)	(6,488)	(20,505)	(24,063)
Transfer to OREO and other repossessed assets	(3,680)	(2,671)	(10,625)	(5,629)
Charge-offs	(21,211)	(3,011)	(28,884)	(6,866)
Net change for premium finance receivables	(941)	19,595	(4,284)	7,137
<b>Balance at end of period</b>	<b>\$ 179,687</b>	<b>\$ 133,101</b>	<b>\$ 170,358</b>	<b>\$ 133,101</b>

#### Allowance for Credit Losses

The allowance for credit losses, specifically the allowance for loans losses and the allowance for unfunded commitment losses, represents management's estimate of lifetime expected credit losses in the loan portfolio. The allowance for credit losses is determined quarterly using a methodology that incorporates important risk characteristics of each loan. A description of how the Company determines the allowance for credit losses is included in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2023 Form 10-K.

Management determined that the allowance for credit losses was appropriate at September 30, 2024, and that the loan portfolio is well diversified and well secured, without undue concentration in any specific risk area. While this process involves a high degree of management judgment, the allowance for credit losses is based on a comprehensive, well documented, and consistently applied analysis of the Company's loan portfolio. This analysis takes into consideration all available information existing as of the financial statement date, including environmental factors such as economic, industry, geographical and political factors, when considered applicable. The relative level of allowance for credit losses is reviewed and compared to industry peers. This review encompasses levels of total non-performing loans, portfolio mix, portfolio concentrations and overall levels of net charge-off. Historical trending of both the Company's results and the industry peers is also reviewed to analyze comparative significance.

### Allowance for Credit Losses

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

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(Dollars in thousands)				
Allowance for credit losses at beginning of period	\$ 437,069	\$ 387,380	\$ 427,265	\$ 357,448
Cumulative effect adjustment from the adoption of ASU 2022-02	—	—	—	741
Provision for credit losses - other	6,799	19,948	68,389	71,589
Provision for credit losses - Day 1 on non-PCD assets acquired during the period	15,547	—	15,547	—
Initial allowance for credit losses recognized on PCD assets acquired during the period	3,004	—	3,004	—
Other adjustments	30	(60)	(20)	(15)
<b>Charge-offs:</b>				
Commercial	22,975	2,427	43,774	10,599
Commercial real estate	95	1,713	21,090	9,842
Home equity	—	227	74	227
Residential real estate	—	78	61	78
Premium finance receivables - property & casualty	7,790	5,830	24,214	14,978
Premium finance receivables - life insurance	4	18	4	173
Consumer and other	154	184	398	447
Total charge-offs	31,018	10,477	89,615	36,344
<b>Recoveries:</b>				
Commercial	649	1,162	2,078	2,059
Commercial real estate	30	243	151	368
Home equity	101	33	165	105
Residential real estate	5	1	15	11
Premium finance receivables - property & casualty	3,436	906	8,613	3,110
Premium finance receivables - life insurance	41	—	54	9
Consumer and other	21	14	68	69
Total recoveries	4,283	2,359	11,144	5,731
Net charge-offs	(26,735)	(8,118)	(78,471)	(30,613)
Allowance for credit losses at period end	\$ 435,714	\$ 399,150	\$ 435,714	\$ 399,150
<b>Annualized net charge-offs (recoveries) by category as a percentage of its own respective category's average:</b>				
Commercial	0.61 %	0.04 %	0.41 %	0.09 %
Commercial real estate	0.00	0.05	0.23	0.12
Home equity	(0.10)	0.23	(0.03)	0.05
Residential real estate	0.00	0.01	0.00	0.00
Premium finance receivables - property & casualty	0.24	0.29	0.30	0.26
Premium finance receivables - life insurance	0.00	0.00	0.00	0.00
Consumer and other	0.63	0.65	0.54	0.60
Total loans, net of unearned income	0.23 %	0.08 %	0.24 %	0.10 %
Loans at period-end	\$ 47,067,447	\$ 41,446,032		
Allowance for loan losses as a percentage of loans at period end	0.77 %	0.76 %		
Allowance for loan and unfunded loan-related commitment losses as a percentage of loans at period end	0.93	0.96		

See Note (7) "Allowance for Credit Losses" of the Consolidated Financial Statements presented under Item 1 of this report for further discussion of activity within the allowance for credit losses during the period and the relationship with respective loan balances for each loan category and the total loan portfolio.



*Other Real Estate Owned*

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

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(In thousands)				
Balance at beginning of period	\$ 19,731	\$ 11,586	\$ 13,309	\$ 9,900
Disposal/resolved	(9,729)	(467)	(11,481)	(1,635)
Transfers in at fair value, less costs to sell	3,680	2,941	12,061	5,899
Fair value adjustments	—	—	(207)	(104)
Balance at end of period	\$ 13,682	\$ 14,060	\$ 13,682	\$ 14,060

	Period End		
	September 30, 2024	June 30, 2024	September 30, 2023
(In thousands)			
Residential real estate	\$ —	\$ 161	\$ 441
Commercial real estate	13,682	19,570	13,619
Total	\$ 13,682	\$ 19,731	\$ 14,060

**Deposits**

Total deposits at September 30, 2024 were \$51.4 billion, an increase of \$6.4 billion, or 14%, compared to total deposits at September 30, 2023. See Note (10) "Deposits" to the Consolidated Financial Statements in Item 1 of this report for a summary of period end deposit balances.

The following table sets forth, by category, the maturity of time certificates of deposit as of September 30, 2024:

**Time Certificates of Deposit  
Maturity/Re-pricing Analysis  
As of September 30, 2024**

	Total Time Certificates of Deposits	Weighted-Average Rate of Maturing Time Certificates of Deposit
(Dollars in thousands)		
1-3 months	\$ 3,125,473	4.71 %
4-6 months	3,238,465	4.55
7-9 months	2,624,913	4.39
10-12 months	619,340	4.05
13-18 months	239,018	3.48
19-24 months	89,361	2.82
24+ months	62,003	2.29
Total	\$ 9,998,573	4.47 %

The following table sets forth, by category, the composition of average deposit balances and the relative percentage of total average deposits for the periods presented:

(Dollars in thousands)	Three Months Ended					
	September 30, 2024		June 30, 2024		September 30, 2023	
	Balance	Percent	Balance	Percent	Balance	Percent
Non-interest-bearing	\$ 10,271,613	21 %	\$ 9,879,134	21 %	\$ 10,612,009	25 %
NOW and interest-bearing demand deposits	5,174,673	11	4,985,306	11	5,815,155	13
Wealth management deposits	1,362,747	3	1,531,865	3	1,512,765	3
Money market	16,436,111	34	15,272,126	33	14,155,446	32
Savings	6,096,746	12	5,878,844	13	5,472,535	12
Time certificates of deposit	9,598,109	19	8,546,172	19	6,495,906	15
Total average deposits	\$ 48,939,999	100 %	\$ 46,093,447	100 %	\$ 44,063,816	100 %

Total average deposits for the third quarter of 2024 were \$48.9 billion, an increase of \$4.9 billion, or 11%, from the third quarter of 2023. Total deposits increased in the third quarter primarily as a result of the Macatawa acquisition as well as the Company's increased marketing efforts to retain and attract deposits to support continued loan growth. Additionally, the diversity of our deposit base showed its resilience in a volatile market. The Company has experienced a change in the mix of deposits as non-interest bearing deposits have migrated to interest-bearing products.

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

#### Brokered Deposits

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

(Dollars in thousands)	September 30,		December 31,		
	2024	2023	2023	2022	2021
Total deposits	\$ 51,404,966	\$ 44,992,686	\$ 45,397,170	\$ 42,902,544	\$ 42,095,585
Brokered deposits	4,080,401	3,693,997	4,216,718	3,174,093	1,591,083
Brokered deposits as a percentage of total deposits	7.9 %	8.2 %	9.3 %	7.4 %	3.8 %

Brokered deposits include certificates of deposit obtained through deposit brokers, deposits received through the Certificate of Deposit Account Registry Program, and certain deposits of brokerage customers from unaffiliated companies which have been placed into deposit accounts of the banks.

#### Other Funding Sources

Although deposits are the Company's primary source of funding its interest-earning assets, the Company's ability to manage the types and terms of deposits is somewhat limited by customer preferences and market competition. As a result, in addition to deposits and the issuance of equity securities and the retention of earnings, the Company uses several other funding sources to support its growth. These sources include FHLB advances, notes payable, short-term borrowings, secured borrowings, subordinated debt and junior subordinated debentures. The Company evaluates the terms and unique characteristics of each source, as well as its asset-liability management position, in determining the use of such funding sources.

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

(In thousands)	Three Months Ended		
	September 30, 2024	June 30, 2024	September 30, 2023
FHLB advances	\$ 3,178,973	\$ 3,096,920	\$ 2,241,292
Other borrowings:			
Notes payable	156,949	163,920	185,386
Short-term borrowings	37	799	15,706
Secured borrowings	407,993	364,207	396,464
Other	57,813	58,336	59,898
Total other borrowings	\$ 622,792	\$ 587,262	\$ 657,454
Subordinated notes	298,135	410,331	437,658
Junior subordinated debentures	253,566	253,566	253,566
Total other funding sources	\$ 4,353,466	\$ 4,348,079	\$ 3,589,970

See Note (11) "FHLB Advances, Other Borrowings and Subordinated Notes" and Note (12) "Junior Subordinated Debentures" of the Consolidated Financial Statements presented under Item 1 of this report for details of period end balances and other information for these various funding sources. The Company hereby incorporates by reference Note (11) and Note (12) of the Consolidated Financial Statements presented under Item 1 of this report in its entirety.

### Shareholders' Equity

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

	September 30, 2024	June 30, 2024	September 30, 2023
Tier 1 leverage ratio	9.6 %	9.3 %	9.2 %
<u>Risk-based capital ratios:</u>			
Tier 1 capital ratio	10.6	10.3	10.2
Common equity tier 1 capital ratio	9.8	9.5	9.3
Total capital ratio	12.2	12.1	12.0
<u>Other ratio:</u>			
Total average equity-to-total average assets <sup>(1)</sup>	9.8	9.5	9.3

(1) Based on quarterly average balances.

	Minimum Capital Requirements	Minimum Ratio + Capital Conservation Buffer <sup>(1)</sup>	Minimum Well Capitalized <sup>(2)</sup>
Tier 1 leverage ratio	4.0 %	N/A	N/A
<u>Risk-based capital ratios:</u>			
Tier 1 capital ratio	6.0	8.5	6.0
Common equity tier 1 capital ratio	4.5	7.0	N/A
Total capital ratio	8.0	10.5	10.0

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

(2) Reflects the well-capitalized standard applicable to the Company for purposes of the Federal Reserve's Regulation Y. The Federal Reserve has not yet revised the well-capitalized standard for bank holding companies ("BHCs") to reflect the higher capital requirements imposed under the U.S. Basel III Rule or to add Common Equity Tier 1 capital ratio and Tier 1 leverage ratio requirements to this standard. As a result, the Common Equity Tier 1 capital ratio and Tier 1 leverage ratio are denoted as "N/A" in this column. If the Federal Reserve were to apply the same or a very similar well-capitalized standard to BHCs as the standard applicable to our subsidiary banks, we believe the Company's capital ratios as of September 30, 2024 would exceed such revised well-capitalized standard.

The Company's principal sources of funds at the holding company level are dividends from its subsidiaries, borrowings under its loan agreement with unaffiliated banks and proceeds from the issuances of subordinated debt and additional equity. Refer to Notes (11) and (12) of the Consolidated Financial Statements in Item 1 for further information on these various funding sources. See Note (23) "Shareholders' Equity" of the Consolidated Financial Statements presented under Item 7 of the 2023 Form 10-K for details on the Company's issuance of Series D Preferred Stock in June 2015, Series E Preferred Stock and associated Depositary Shares in May 2020 and additional common stock offering in June 2022.

The Board of Directors approves dividends from time to time, however, the ability to declare a dividend is limited by the Company's financial condition, the terms of the Company's Series D and Series E Preferred Stock, the terms of the Company's Trust Preferred Securities offerings and under certain financial covenants in the Company's revolving and term facilities. In January, April and July of 2024, the Company declared a quarterly cash dividend of \$0.45 per common share. In January, April, July and October of 2023, the Company declared a quarterly cash dividend of \$0.40 per common share.

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

## **LIQUIDITY**

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

In addition to the liquidity management noted above, in the second quarter of 2024, the Company completed a loan sale transaction within our property and casualty insurance premium finance receivables portfolio which demonstrated that our premium finance portfolio is a strong source of additional liquidity if needed and demonstrated the flexibility to continue to manage our balance sheet effectively. Net proceeds to the Company totaled approximately \$627.5 million and a gain on the sale was recorded for approximately \$4.6 million. We maintain our liquid assets to ensure that we would have the balance sheet strength to serve our clients. As a result, the Company believes that it has sufficient funds and access to funds to effectively meet its working capital and other needs. The Company will continue to prudently evaluate liquidity sources, including the management of availability with the FHLB and FRB and utilization of the revolving credit facility with unaffiliated banks. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operation -Interest-Earning Assets, -Deposits, -Other Funding Sources and -Shareholders' Equity sections of this report for additional information regarding the Company's liquidity position.

## **INFLATION**

A banking organization's assets and liabilities are primarily monetary. Changes in the rate of inflation typically do not have as great an impact on the financial condition of a bank as do changes in interest rates. Moreover, interest rates do not necessarily change at the same percentage as inflation. Accordingly, changes in inflation are not expected to have as material an impact on the Company's business as entities operating in other industries. An analysis of the Company's asset and liability structure provides the best indication of how the organization is positioned to respond to changing interest rates. See "Quantitative and Qualitative Disclosures About Market Risk" section of this report for additional information.

## **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements within the meaning of federal securities laws. Forward-looking information can be identified through the use of words such as "intend," "plan," "project," "expect," "anticipate," "believe," "estimate," "contemplate," "possible," "will," "may," "should," "would" and "could." Forward-looking statements and information are not historical facts, are premised on many factors and assumptions, and represent only management's expectations, estimates and projections regarding future events. Similarly, these statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, and which may include, but are not limited to, those listed below and the Risk Factors discussed under Item 1A of the Company's 2023 Annual Report on Form 10-K and in any of the Company's

subsequent SEC filings. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements may be deemed to include, among other things, statements relating to the Company's future financial performance, the performance of its loan portfolio, the expected amount of future credit reserves and charge-offs, delinquency trends, growth plans, regulatory developments, securities that the Company may offer from time to time, and plans to form additional de novo banks or branch offices, and management's long-term performance goals, as well as statements relating to the anticipated effects on the Company's financial condition and results of operations from expected developments or events, the Company's business and growth strategies, including future acquisitions of banks, specialty finance or wealth management businesses, internal growth and plans to form additional de novo banks or branch offices. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

- economic conditions and events that affect the economy, housing prices, the job market and other factors that may adversely affect the Company's liquidity and the performance of its loan portfolios, including an actual or threatened U.S. government debt default or rating downgrade, particularly in the markets in which it operates;
- negative effects suffered by us or our customers resulting from changes in U.S. trade policies;
- the extent of defaults and losses on the Company's loan portfolio, which may require further increases in its allowance for credit losses;
- estimates of fair value of certain of the Company's assets and liabilities, which could change in value significantly from period to period;
- the financial success and economic viability of the borrowers of our commercial loans;
- commercial real estate market conditions in the Chicago metropolitan area and southern Wisconsin;
- the extent of commercial and consumer delinquencies and declines in real estate values, which may require further increases in the Company's allowance for credit losses;
- inaccurate assumptions in our analytical and forecasting models used to manage our loan portfolio;
- changes in the level and volatility of interest rates, the capital markets and other market indices that may affect, among other things, the Company's liquidity and the value of its assets and liabilities;
- the interest rate environment, including a prolonged period of low interest rates or rising interest rates, either broadly or for some types of instruments, which may affect the Company's net interest income and net interest margin, and which could materially adversely affect the Company's profitability;
- competitive pressures in the financial services business which may affect the pricing of the Company's loan and deposit products as well as its services (including wealth management services), which may result in loss of market share and reduced income from deposits, loans, advisory fees and income from other products;
- failure to identify and complete favorable acquisitions in the future or unexpected losses, difficulties or developments related to the Company's recent or future acquisitions;
- unexpected difficulties and losses related to FDIC-assisted acquisitions;
- harm to the Company's reputation;
- any negative perception of the Company's financial strength;
- ability of the Company to raise additional capital on acceptable terms when needed;
- disruption in capital markets, which may lower fair values for the Company's investment portfolio;
- ability of the Company to use technology to provide products and services that will satisfy customer demands and create efficiencies in operations and to manage risks associated therewith;
- failure or breaches of our security systems or infrastructure, or those of third parties;
- security breaches, including denial of service attacks, hacking, social engineering attacks, malware intrusion and similar events or data corruption attempts and identity theft;
- adverse effects on our information technology systems, or those of third parties, resulting from failures, human error or cyberattacks (including ransomware);
- adverse effects of failures by our vendors to provide agreed upon services in the manner and at the cost agreed, particularly our information technology vendors;
- increased costs as a result of protecting our customers from the impact of stolen debit card information;
- accuracy and completeness of information the Company receives about customers and counterparties to make credit decisions;
- ability of the Company to attract and retain senior management experienced in the banking and financial services industries, and ability of the Company to effectively manage the transition of the chief executive officer role;
- environmental liability risk associated with lending activities;
- the impact of any claims or legal actions to which the Company is subject, including any effect on our reputation;
- losses incurred in connection with repurchases and indemnification payments related to mortgages and increases in reserves associated therewith;
- the loss of customers as a result of technological changes allowing consumers to complete their financial transactions

- without the use of a bank;
- the soundness of other financial institutions and the impact of recent failures of financial institutions, including broader financial institution liquidity risk and concerns;
- the expenses and delayed returns inherent in opening new branches and de novo banks;
- liabilities, potential customer loss or reputational harm related to closings of existing branches;
- examinations and challenges by tax authorities, and any unanticipated impact of the Tax Act;
- changes in accounting standards, rules and interpretations, and the impact on the Company's financial statements;
- the ability of the Company to receive dividends from its subsidiaries;
- the impact of the Company's transition from LIBOR to an alternative benchmark rate for current and future transactions;
- a decrease in the Company's capital ratios, including as a result of declines in the value of its loan portfolios, or otherwise;
- legislative or regulatory changes, particularly changes in regulation of financial services companies and/or the products and services offered by financial services companies;
- changes in laws, regulations, rules, standards and contractual obligations regarding data privacy and cybersecurity;
- a lowering of our credit rating;
- changes in U.S. monetary policy and changes to the Federal Reserve's balance sheet, including changes in response to persistent inflation or otherwise;
- regulatory restrictions upon our ability to market our products to consumers and limitations on our ability to profitably operate our mortgage business;
- increased costs of compliance, heightened regulatory capital requirements and other risks associated with changes in regulation and the regulatory environment;
- the impact of heightened capital requirements;
- increases in the Company's FDIC insurance premiums, or the collection of special assessments by the FDIC;
- delinquencies or fraud with respect to the Company's premium finance business;
- credit downgrades among commercial and life insurance providers that could negatively affect the value of collateral securing the Company's premium finance loans;
- the Company's ability to comply with covenants under its credit facility;
- fluctuations in the stock market, which may have an adverse impact on the Company's wealth management business and brokerage operation; and
- widespread outages of operational, communication, or other systems, whether internal or provided by third parties, natural or other disasters (including acts of terrorism, armed hostilities and pandemics), and the effects of climate change.

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

### **ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

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

Since the Company's primary source of interest-bearing liabilities is from customer deposits, the Company's ability to manage the types and terms of such deposits is somewhat limited by customer preferences and local competition in the market areas in which the banks operate. The rates, terms and interest rate indices of the Company's interest-earning assets result primarily from the Company's strategy of investing in loans and securities that permit the Company to limit its exposure to interest rate risk, together with credit risk, while at the same time achieving an acceptable interest rate spread.

The Company's exposure to interest rate risk is reviewed on a regular basis by management and the Risk Management Committees of the boards of directors of the banks and the Company. The objective of the review is to measure the effect on net income and to adjust balance sheet and derivative financial instruments to minimize the inherent risk while at the same time maximizing net interest income.

The following interest rate scenarios display the percentage change in net interest income over a one-year time horizon assuming increases and decreases of 100 and 200 basis points. The Static Shock Scenario results incorporate actual cash flows and repricing characteristics for balance sheet instruments following an instantaneous, parallel change in market rates based upon a static (i.e. no growth or constant) balance sheet. Conversely, the Ramp Scenario results incorporate management's projections of future volume and pricing of each of the product lines following a gradual, parallel change in market rates over twelve months. Actual results may differ from these simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies. The interest rate sensitivity for both the Static Shock and Ramp Scenarios at September 30, 2024, June 30, 2024 and September 30, 2023 is as follows:

	<b>+200 Basis Points</b>	<b>+100 Basis Points</b>	<b>-100 Basis Points</b>	<b>-200 Basis Points</b>
<u>Static Shock Scenarios</u>				
<b>September 30, 2024</b>	<b>1.2 %</b>	<b>1.1 %</b>	<b>0.4 %</b>	<b>(0.9)%</b>
June 30, 2024	1.5	1.0	0.6	(0.0)%
September 30, 2023	3.3	1.9	(2.0)	(5.2)%

	<b>+200 Basis Points</b>	<b>+100 Basis Points</b>	<b>-100 Basis Points</b>	<b>-200 Basis Points</b>
<u>Ramp Scenarios</u>				
<b>September 30, 2024</b>	<b>1.6 %</b>	<b>1.2 %</b>	<b>0.7 %</b>	<b>0.5 %</b>
June 30, 2024	1.2	1.0	0.9	1.0 %
September 30, 2023	1.7	1.2	(0.5)	(2.4)%

One method utilized by financial institutions, including the Company, to manage interest rate risk is to enter into derivative financial instruments. Derivative financial instruments include interest rate swaps, interest rate caps, floors and collars, futures, forwards, option contracts and other financial instruments with similar characteristics. Additionally, the Company enters into commitments to fund certain mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of mortgage loans to third party investors. See Note (14) "Derivative Financial Instruments" of the Consolidated Financial Statements in Item 1 of this report for further information on the Company's derivative financial instruments.

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

Periodically, the Company enters into certain covered call option transactions related to certain securities held by the Company. The Company uses these option transactions (rather than entering into other derivative interest rate contracts, such as interest rate floors) to economically hedge positions and compensate for net interest margin compression by increasing the total return associated with the related securities through fees generated from these options. Although the revenue received from these options is recorded as non-interest income rather than interest income, the increased return attributable to the related securities from these options contributes to the Company's overall profitability. The Company's exposure to interest rate risk may be impacted by these transactions. To further mitigate this risk, the Company may acquire fixed rate term debt or use financial derivative instruments. There were no covered call options outstanding as of September 30, 2024 and September 30, 2023. See

Note (14) "Derivative Financial Instruments" of the Consolidated Financial Statements in Item 1 of this report for further information on the Company's fees from covered call options for the nine months ended September 30, 2024 and September 30, 2023.

#### **ITEM 4 CONTROLS AND PROCEDURES**

As of the end of the period covered by this report, management of the Company, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon, and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, in ensuring the information relating to the Company (and its consolidated subsidiaries) required to be disclosed by the Company in the reports it files or submits under the Exchange Act was recorded, processed, summarized and reported in a timely manner.

There were no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the period that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

#### **PART II —**

##### **Item 1: Legal Proceedings**

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

##### **Wintrust Mortgage California PAGA Matter**

On May 24, 2022, a former Wintrust Mortgage employee filed a California Private Attorney General Act ("PAGA") suit, not individually, but as representative of all Wintrust Mortgage's California hourly employees, against Wintrust Mortgage in the Superior Court of San Diego County, California. Plaintiff alleges Wintrust Mortgage failed to provide: (i) accurate sick leave accrual and pay; (ii) overtime wages; (iii) accurately itemized wage statements; (iv) meal breaks and meal premiums; (v) timely payment of earned wages; (vi) payment of all earned wages; and (vii) payment of all vested vacation hours. Wintrust Mortgage disputes the validity of Plaintiff's claims and believes, to the extent there were defects in complying with California law governing the payment of compensation to Plaintiff, such errors would have been de minimis. Plaintiff also has an arbitration agreement with a collective and class action waiver and on January 19, 2023, Wintrust Mortgage moved to compel arbitration. The court stayed litigation pending mediation, which was held on May 13, 2024. The parties agreed to settle the dispute for an immaterial amount. On October 16, 2024, the court entered an order approving the settlement.

##### **Wintrust Mortgage Fair Lending Matter**

On May 25, 2022, a Wintrust Mortgage customer filed a putative class action and asserted individual claims against Wintrust Mortgage and Wintrust Financial Corporation in the District Court for the Northern District of Illinois. Plaintiff alleges that Wintrust Mortgage discriminated against black/African American borrowers and brings class claims under the Equal Credit Opportunity Act, Sections 1981 and 1982 under Chapter 42 of the United States Code; and the Fair Housing Act of 1968. Plaintiff also asserts individual claims under theories of promissory estoppel, fraudulent inducement, and breach of contract. On September 23, 2022, Wintrust filed a motion to dismiss the entire suit and the court granted that motion to dismiss on September 27, 2023 and gave Plaintiff until October 20, 2023 to file an amended complaint. Plaintiff timely filed an amended complaint. Wintrust moved to dismiss the amended complaint on November 21, 2023. Wintrust vigorously disputes these allegations, believing them to be legally and factually meritless, and Wintrust otherwise lacks sufficient information to estimate the amount of any potential liability.

## Wintrust Financial ERISA Matter

On July 29, 2022, a former Wintrust employee filed a class action in the District Court for the Northern District of Illinois asserting claims under the federal Employee Retirement Income Security Act ("ERISA") against Wintrust Financial Corporation. Plaintiff alleges Wintrust breached its fiduciary duty in the selection of BlackRock Target Date funds for inclusion in its 401(k) plan, that Wintrust failed to monitor the performance of those funds, and in the alternative, Wintrust should be liable for breach of trust. Plaintiff's sole basis for the allegations is that BlackRock Target Date funds allegedly performed more poorly than two comparable funds over a three-year period. Wintrust is one of several public companies that were sued on identical grounds within the same week by the same plaintiff's law firm. On November 8, 2022, Wintrust filed a motion to dismiss the entire complaint. On July 14, 2023, the District Court granted Wintrust's motion to dismiss and gave Plaintiff until August 2, 2023 to file an amended complaint. Plaintiff timely filed an amended complaint which Wintrust moved to dismiss on September 14, 2023. On August 14, 2024, the district court granted Wintrust's motion with prejudice. On September 9, 2024, Plaintiff timely appealed to the Seventh Circuit. Plaintiff's opening brief is due on December 18, 2024 and Wintrust's response brief is due on January 31, 2025. We continue to believe that plaintiff's allegations continue to be legally and factually meritless, that the district court correctly dismissed the amended complaint, and otherwise lack sufficient information to estimate the amount of any potential liability.

## Other Matters

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

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

## Item 1A: Risk Factors

There have been no material changes from the risk factors set forth under Part I, Item 1A "Risk Factors" in the 2023 Form 10-K.

## Item 2: Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

No purchases of the Company's common shares were made by or on behalf of the Company or any "affiliated purchaser" as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended, during the nine months ended September 30, 2024.

## Item 5: Other Information

### *Securities Trading Plans of Directors and Officers*

During the three months ended September 30, 2024, none of our directors or officers adopted or terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as each term is defined in Item 408(a) of Regulation S-K).

**Item 6: Exhibits:**

**(a) Exhibits**

- [10.1](#) [Twelfth Amending Agreement, dated as of August 29, 2024 by and between First Insurance Funding of Canada Inc. and CIBC Mellon Trust Company, in its capacity as trustee of Plaza Trust, by its Financial Service Agent, Royal Bank of Canada \(incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K Filed with the Securities and Exchange Commission on August 29, 2024\).](#)
- [10.2](#) [Performance Guarantee Confirmation, dated as of August 29, 2024, confirming the Performance Guarantee dated as of December 16, 2014, by and between the Company and Plaza Trust \(incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K Filed with the Securities and Exchange Commission on August 29, 2024\).](#)
- [10.3](#) [Fee Letter dated as of August 29, 2024 by CIBC Mellon Trust Company, in its capacity as trustee of Plaza Trust, by its Financial Service Agent, Royal Bank of Canada and acknowledged by First Insurance Funding of Canada Inc. \(incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K Filed with the Securities and Exchange Commission on August 29, 2024\).](#)
- [31.1](#) [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [31.2](#) [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [32.1](#) [Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS The XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document <sup>(1)</sup>
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
- (1) Includes the following financial information included in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**WINTRUST FINANCIAL CORPORATION**  
(Registrant)

Date: November 8, 2024

/s/ DAVID L. STOEHR

David L. Stoehr

Executive Vice President and  
Chief Financial Officer

(Principal Financial Officer and duly authorized officer)

Date: November 8, 2024

/s/ JEFFREY D. HAHNFELD

Jeffrey D. Hahnfeld

Executive Vice President, Controller and  
Chief Accounting Officer

(Principal Accounting Officer and duly authorized officer)

**CERTIFICATION**

I, Timothy S. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wintrust Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

/s/ TIMOTHY S. CRANE

Name: Timothy S. Crane

Title: President and Chief Executive Officer

**CERTIFICATION**

I, David L. Stoehr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wintrust Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

/s/ DAVID L. STOEHR

Name: David L. Stoehr

Title: Executive Vice President and  
Chief Financial Officer

**CERTIFICATIONS**

**SARBANES-OXLEY ACT SECTION 906**

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

- (1) The Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on November 8, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ TIMOTHY S. CRANE

Name: Timothy S. Crane

Title: President and Chief Executive Officer

Date: November 8, 2024

/s/ DAVID L. STOEHR

Name: David L. Stoehr

Title: Executive Vice President and  
Chief Financial Officer

Date: November 8, 2024

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