

# **Federal Reserve Bank of Chicago & DePaul University**

Financial Institutions Risk Management Conference  
April 2010

Chief Risk Officer Panel Discussion

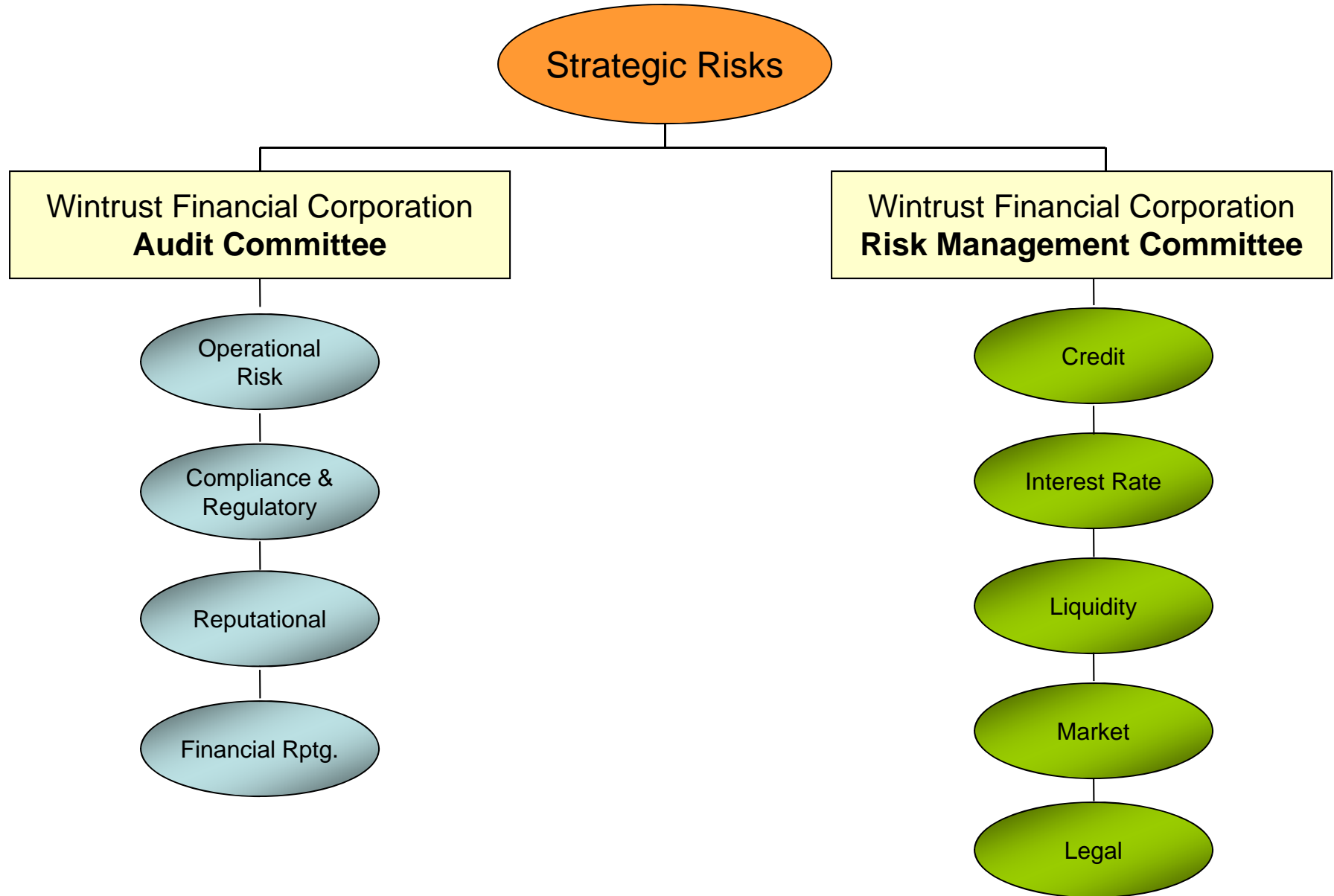
# What is Wintrust Financial Corporation?

- Community focused banking organization with approximately \$12.2 billion in assets – Chicagoland and Southeast Wisconsin geography
- Started in December 1991
- **Fifteen community banks:**
  - **10 State Member Banking Charters (Federal Reserve / States of Illinois & Wisconsin)**
  - **5 National Bank Charters (OCC)**
- 78 existing banking locations
- Vast majority of customers don't even know Wintrust exists—by design...but changing
- Relatively simple business model – cumbersome possibly, but not complex

# What is Wintrust . . . .Continued?

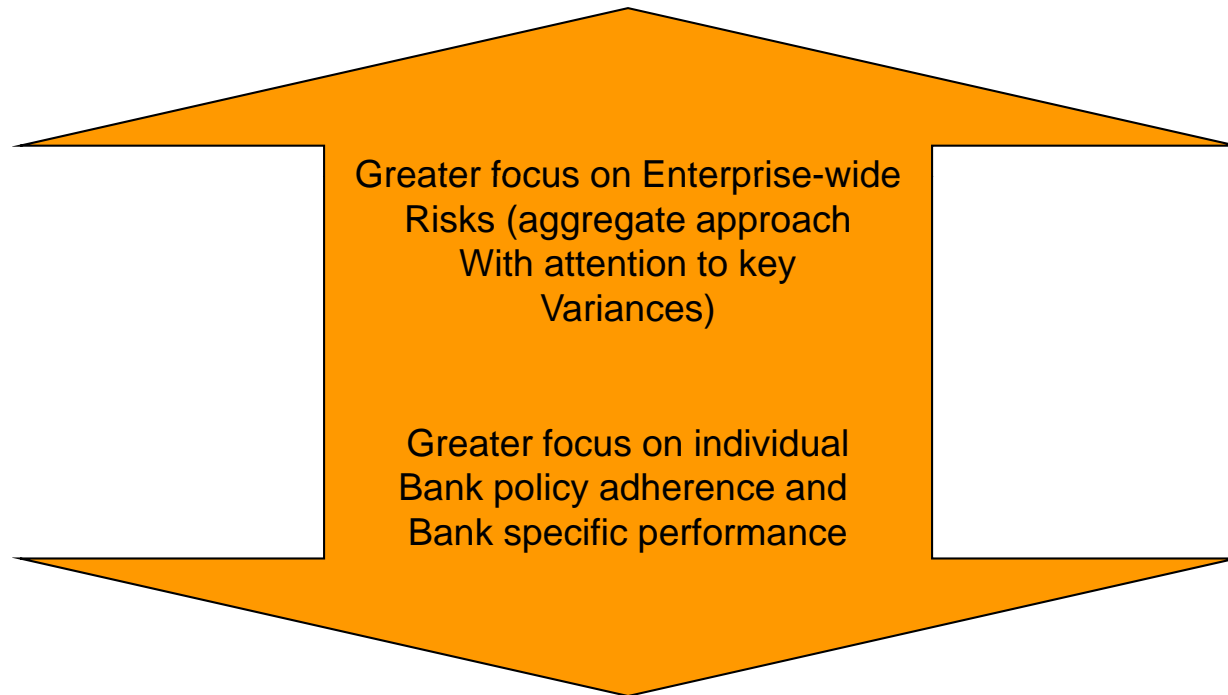
- Significant wealth management operation (Approximately \$7 billion in assets under administration) through the 78 year old **Wayne Hummer Companies** acquired in 2002. Provide brokerage, asset management and trust capabilities to our retail and commercial customer bases. **(Asset Management / Broker Dealer)**
- Two commercial finance companies which provide loan production to optimize banks' balance sheets. Allows us to be asset driven and therefore aggressive in our continued acquisition of market share. **(Insurance Premium Finance, Payroll Processing/Lending)**
- **Wintrust Mortgage Corporation**, acquired in 2004, and recently augmented by the acquired assets of Professional Mortgage Partners, provides mortgage production capabilities throughout the United States **(Residential Mortgage Lending)**

# Board of Directors

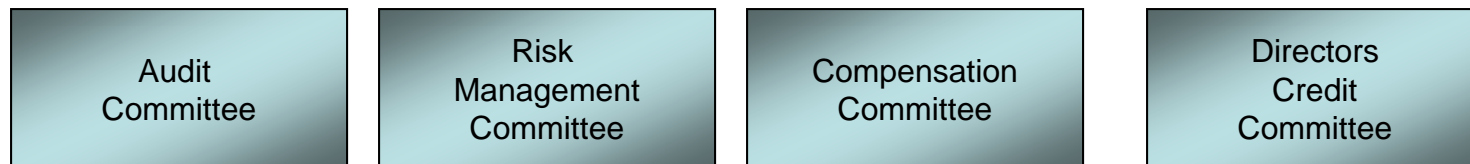


# Committee Responsibilities

## Wintrust Financial Corporation - Board of Directors



## Subsidiary Banks -Board of Directors



# WINTRUST FINANCIAL CORPORATION

## BANKING – REGULATORY COMPLIANCE

Regulatory Compliance is the function that monitors the Banks’ adherence to loan and deposit related regulations.

Type of Risk	Level of Risk	Comments to Support Inherent Risk Assessment
Credit Risk	N/A	Not applicable
Market Risk	N/A	Not applicable
Reporting Risk	Low	The reporting of the Compliance Dept’s activities is completed by Compliance. The reports are then presented to the Banks’ Audit Committees with enterprise-wide program review performed by the Wintrust Financial Corporation Audit Committee.
Operational Risk	Moderate	The Compliance Dept’s monitoring and reporting processes are documented and the internal controls are deemed to be effective.
Strategic Risk	Moderate	Strategic risk related to the Compliance Dept is deemed to be moderate.
Technology Risk	Low	The technology utilized by the Banks’ Compliance Dept is supplied by Wintrust Information Technology with sufficient staff and proper internal controls. The Compliance Department relies on a variety of technology tools including Metavante and Microsoft products.
Legal Risk	Moderate	Legal risk associated with compliance issues is deemed to be moderate.
Reputation Risk	Moderate	As a result of the various risks identified, reputation risk is deemed to be moderate.
Compliance Risk	Moderate	Regulatory scrutiny related to the lending, CRA and BSA regulations has been increasing.
<b>Aggregate Inherent Risk</b>	<b>Moderate</b>	The aggregate inherent risk is deemed to be moderate.
Effectiveness of Controls	Satisfactor y	The internal controls are deemed to be effective and the Banks’ internal audit results support this conclusion.
<b>Residual Risk</b>	<b>Moderate</b>	The residual risk is deemed to be moderate.

## REGULATORY AGENCIES: SEC/FRB/ OCC/STATE

### WINTRUST BOARD OF DIRECTORS

CORPORATE GOVERNANCE/STRATEGIC DECISIONS OVERSIGHT

### LOCAL BANK/NON-BANK BOARDS/COMMITTEES

<b>AUDIT COMMITTEE</b>	<b>RISK MGT COMMITTEE</b>	<b>CREDIT COMMITTEE</b>	<b>COMP COMMITTEE</b>
Financial/Reporting Risk	Interest Rate Risk	Credit Risk (a)	Compensation Risk
Operational Risk	Liquidity Risk	(Bank Level)	
Regulatory Compliance Risk	Legal Risk		
Reputation/Strategic Risk	Market Risk		
Fraud Risk			
Resource Risk			

### WTFC/LOCAL BANK/NON-BANK MGT MANAGE/MITIGATE RISKS AT CORP/ENTITY LEVEL

### RISKS ARE MONITORED/ASSESSED BY

<b>EXTERNAL AUDIT</b>	<b>INTERNAL AUDIT</b>	<b>COMPLIANCE</b>	<b>INFO SECURITY</b>
Financial Audits	Operational/Managerial/IT Audits	Internal monitoring	Inf. Security
SOX 404 Certification	SOX 404 Compliance testing	External – CROWE	BCP
FDICIA Certification	FDICIA Compliance testing		Vendor Mgt.
	Loan Reviews – Crowe Horwath		
	IT Co-sourcing – RSM Mc Gladrey		

(a) Credit risk is monitored through Risk Management Committee at the holding company

# Enterprise Risk Management

## A Regulatory Perspective: SR1995-51

### The Four “Pillars” of Regulatory Oversight

Active Board and Senior  
Management Oversight

Adequate Policies, Procedures,  
Limits

Adequate Risk Measurement,  
Monitoring, and MIS

Comprehensive Internal  
Controls

### Key Risk Elements

CREDIT  
RISK

MARKET  
RISK

REPUTATIONAL  
RISK

LIQUIDITY  
RISK

OPERATIONAL  
RISK

LEGAL  
RISK