THE PRIVATEBANK

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Risk Management Overview

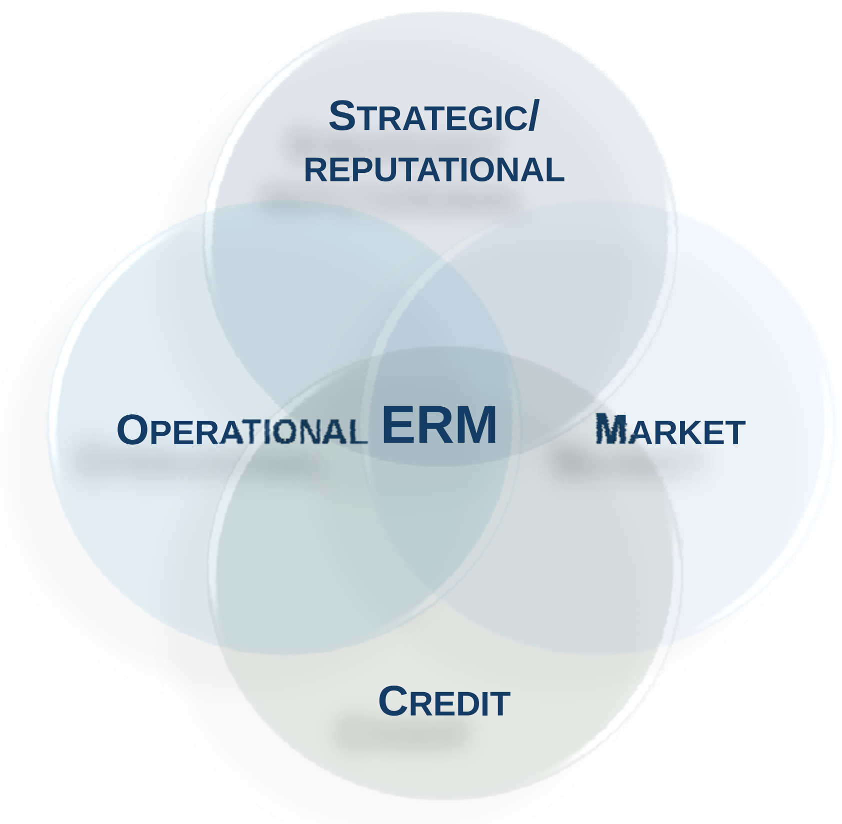
2011 Risk Conference

Sponsored by the Federal Reserve Bank of Chicago and DePaul University

Presented by: Len Wiatr, Chief Risk Officer

Len's Risk Management Philosophy

"Build a robust risk management infrastructure designed to integrate, coordinate and facilitate proactive risk management throughout the enterprise."

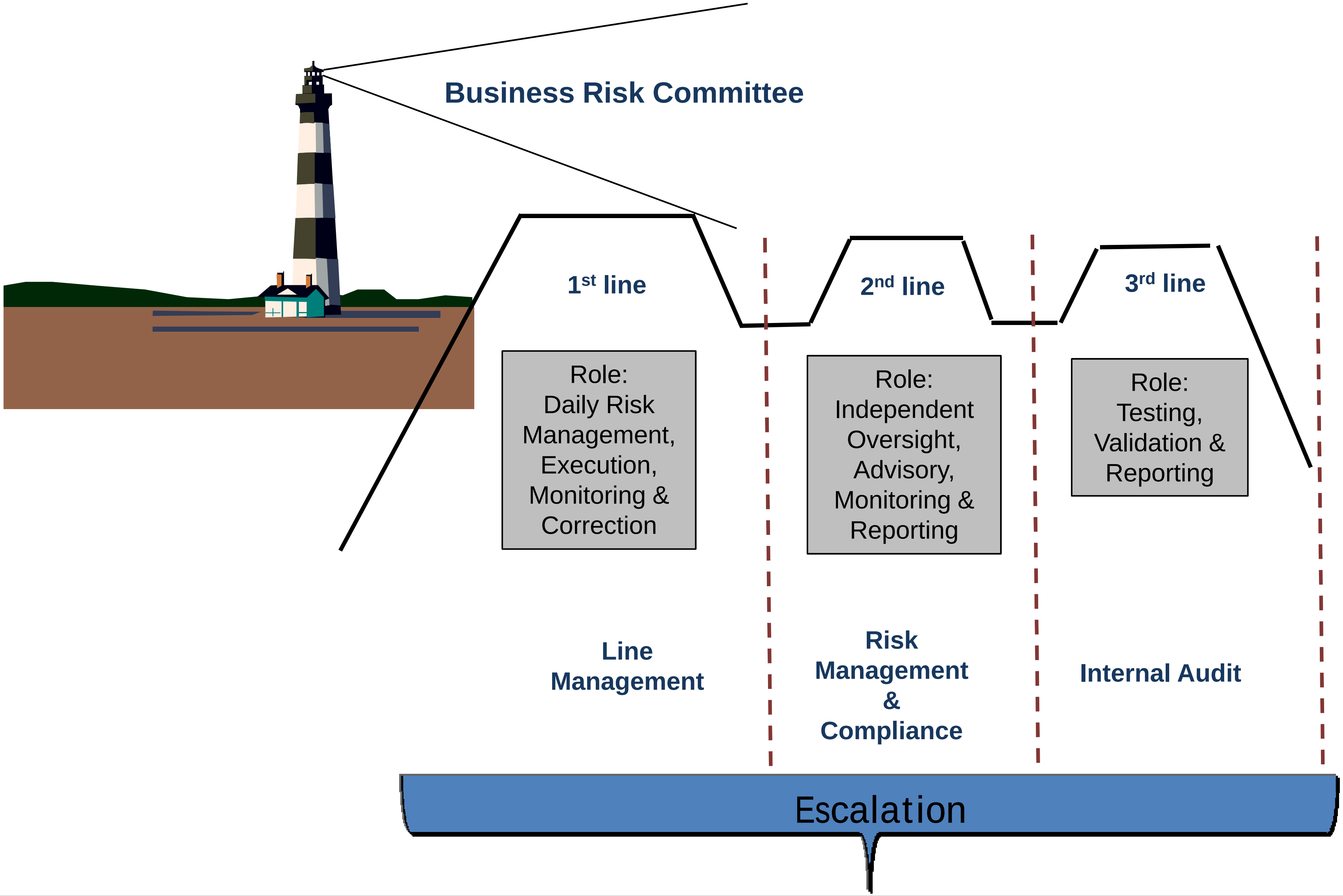


PrivateBancorp ERM Program
Major Elements

- Formal ERM program designed to proactively identify, control and mitigate risk in a dynamic and evolving internal and external environment.
- Formalized ERM policy and related committee charters including Board Business Risk Committee and Management Risk Committee.
- Active role of Business Risk Committee in overseeing top risks and reporting key risk information to the Board of Directors.
- Management risk committees established to focus on all key areas of risk (e.g. ALCO, Credit Policy Committee, Compliance Committee) as defined by regulatory agencies.
- Strong management culture supporting emerging issues discussed in daily and weekly meetings facilitated by the Bank's Operating Committee.
- Strategic initiatives and business planning are evaluated in light of current and emerging risks and incorporated into analysis and decision-making.
- Formal risk self-assessments, Internal Audit risk reviews and compliance monitoring and reporting of risks.
- Sustainable processes to inventory and prioritize risks, document top and emerging risks, and develop risk mitigation plans.

PrivateBancorp Risk Culture and Behavior

Three Lines of Defense



Enterprise Risk Management

Governance & People

- Board & Mgmt Committees
- Communication and Escalation Channels
- Ongoing Improvements

Process & Tools

- Scenario Analyses
- Dashboard Reporting Monthly
- Review of Risk Interactions
- New Product Review

ERM Program Maturity Profile

Framework Element	COMPLIANT *Remain in Compliance*	MATURE *A Management Process*	ADVANCED *A Strategic Tool*
Risk Governance	A central risk management policy to support external requirements	A risk management structure with clear accountabilities to support risk management objectives	Risk management accountability integrated with performance management
Risk Assessment	Annual risk assessment with limited analysis and interpretation	Frequent risk assessment in line with normal management reporting and including analysis	Risk and control activities embedded in business processes
Risk Quantification and Aggregation	Quantification of selected risks	Quantification of operational risk: advanced quantification of selected risks	Entity-wide aggregation across all risk areas
Risk Monitoring and Reporting	Business risk reporting designed to support external requirements	Extensive reporting to the board and audit committee on current risk levels and future risk issues	Alignment of all risk reporting to provide a comprehensive single view of risk
Risk and Control Optimization	Fewer surprises through management of risks	Greater stakeholder confidence and improved risk mitigation strategies	Risk-adjusted strategy, performance evaluation, and capital allocation

Risk Governance Map

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Basel Risk Components

Credit	Market	Operational
Obligor does not meet terms of contract	Value of portfolio could decrease due to Market factors (liquidity, int. rate, stock price)	Risk of loss resulting from inadequate or failed internal processes, people and systems.

Enterprise Risk Categories*

Credit Risk	Interest Rate Risk	Liquidity/ Price Risk	Operational Risk	IT Risk	Human Capital Risk	Legal Risk	Compliance &Regulatory Risk	Strategic/ Reputation Risks	ERM

Board of Directors and Committees

Board Committees
- Nominating & Governance Committee
- Compensation Committee
- Audit Committee
- Trust Committee
- CRA Committee

ERM: Business Risk Committee

CEO's Operating Committee

ERM: CEO's Operating Committee

Executive Officer Responsible

Chief Credit Officer	Chief Financial Officer	Chief Operating Officer	General Counsel	Chief Risk Officer	CEO/COO	ERM: Chief Risk Officer

Senior Management Committees

Credit Approval Committees Portfolio Mgmt, CAMP, Policy, Counterparty	ALCO (Subcommittees: Pricing, Contingency Funding, Deposit, Quantum)	(Operational/Management) Risk Committee (Subcommittees: New Products, Project Steering, Compliance, TARP Oversight Committee, Capital Markets)	ERM: (Operational/Mgmt) Risk Committee

*Risk Categories consistent with OCC categories. Exceptions are that this includes Human Capital Risk and does not include FX Risk.

My Role as Chief Risk Officer

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•Establish and manage the Company's Enterprise Risk Management Program which provides independent and objective oversight of key risks faced by the organization.

•Work collaboratively with internal stakeholders to devise a Risk Appetite Statement and Framework to articulate in concrete terms the Company's risk tolerance.

•Facilitate the identification, evaluation of key risks and the inter-relatedness of those risks and resulting impacting to the Operating Committee and Board Business Risk Committee.

•Provide reporting on risk identification and assessments including any exceptions noted from compliance reports, regulatory exam reports, internal audit reports, credit review reports and Risk Self-Assessments.

•Coordinate with management to ensure that high risk issues are receiving adequate attention with corresponding mitigation plans or efforts.

•Responsible for formal Operational Risk program including an Operational Loss Database and Risk-Self Assessment process

My Role as Chief Risk Officer

The Chief Risk Officer must be actively engaged in the business of the company in order to effectively assess risks across the enterprise and promote a culture of risk awareness.

I currently serve on the following company and Board Level committees:

- Operating Committee
- Executive Committee
- ALCO committee
- Contingency Funding Committee
- Capital Planning Committee
- Strategic Planning Committee
- Anti-Financial Crimes Committee (BSA/AML/Fraud)
- Compliance Committee
- Project Steering Committee
- Criticized Asset Management Program Committee
- Credit Policy Committee
- Community Reinvestment Act Management Committee
- Audit, Business Risk, and CRA Committees of the Board
- Board of Directors meetings
- Management Risk Committee (Chair)

Enterprise Risk Management: Reporting and Monitoring

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Monitoring is key to any successful process – 'if you can't measure it, you can't manage it'.

We generate the following types of Risk Management reporting to increase transparency around risk issues:

1. Enterprise Risk Management Framework and Dashboards
2. Risk Self Assessments performed on specific operational/control units
3. New Product Risk Assessments

Results for all of the reporting items above are reported to the Management Risk Committee, Operating Committee and Board as necessary. In addition, results are shared with Internal Audit.

ERM Dashboard & Methodology

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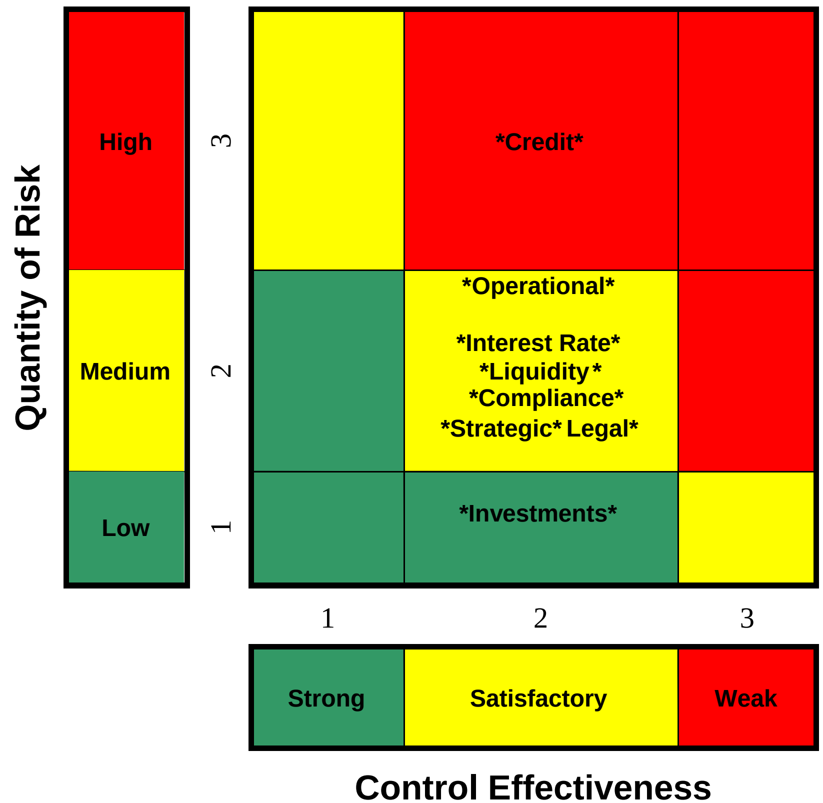
On a monthly basis, this Risk Matrix is used by specific risk areas to assess inherent risk against control effectiveness resulting in a residual risk level.

Key actions are reporting on ERM dashboards and action plans to mitigate the risk.

Depending on the severity, risk is escalated and communicated through management level risk committees to the Operating Committee and Board Risk Committee, as well as, the full Board as necessary.

Risk Matrix



Residual (Remaining) Risk
Risk that remains after the application of control measures.

ERM Dashboard & Methodology

The framework from the previous slide is utilized to report on our overall risk levels for the following key risks:

- Strategic/Reputational
- Credit Risk
- Market Risk: Interest & Liquidity
- Operational Risk
  - Operations/IT
  - Compliance/Legal
  - Human Capital

Dashboards with key performance metrics and key risk indicators are utilized to support and document our evaluation of each key risk above.

In addition, Risk Management closely monitors trends and helps “connect the dots” to understand the inter-relatedness of risks and impact on the organization.

Operational Risk – Key Component of ERM

Operational Risk is not a new concept to the Company but becomes an increasingly important focus as the organization grows and becomes more complex. Senior management, recognizing the need, invested in dedicated resources in 2010 to implement a robust Operational Risk Program to proactively identify, assess and manage risk.

Operational Risk is an important component of the overall risk management program at the Company, and is woven into the overall risk management elements such as:

- Governance
- Risk Assessments
- Reporting and Monitoring

Additional benefits from the program will include operational efficiency opportunities in the lines of business and with other risk functions.

Operational Risk: Risk Self Assessment ("RSA") Program

Annually, processes are reviewed centrally with input from the line of business in terms of overall risk levels to determine if a risk self assessment is required either annually or every other year. In 2010 the high risk areas deemed in scope (below) were reviewed. Key criteria include:

1. Known issues from previous audits, exams, or management identified
2. IT systems capability
3. Operational capability – is the process mature, fully staffed, infrastructure exists to support increased volumes
4. Potential for losses (credit/market)

Key Takeaways & Conclusions

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- Board of Director and Senior Executive Management's support of Risk Management's efforts are essential to the success and ability to effectuate change within an organization.
- Risk Management personnel must be viewed as key business partners and essential to an organization's strategy.
- The implementation of a risk appetite statement and framework are important risk management tools designed to articulate in concrete terms an organization's risk appetite.
- Our organization recognizes the key to a successful risk management program is staffing it with adequate resources and experienced personnel who can perform their functions independently.
- The Enterprise Risk Program must be evolving and adaptive to the organization's growth, complexities including internal and external constraints.
- Risk Management must be actively engaged in all aspects of an organization's business including but not limited to the following areas: strategic initiatives such as acquisitions, new product development, company-wide projects.