

# Wintrust Financial Corporation

## RATINGS

Wintrust Financial Corporation	
Action: Assigned	5/21/25
Outlook/Watch LTR	Stable
Senior Unsecured Debt	A-
Subordinated Debt	BBB+
Preferred Stock	BBB
Short-Term Debt	K2

Subsidiary Banks	
Action: Assigned	5/21/25
Outlook/Watch LTR	Stable
Deposit	A
Senior Unsecured Debt	A
Short-Term Deposit	K1
Short-Term Debt	K1

## FINANCIAL SNAPSHOT

WTFC (%)	1Q25	YE24
Total Assets (\$B)	65.9	64.9
ROAA	1.17	1.16
NIM	3.56	3.53
NCO Ratio	0.11	0.21
NPA Ratio	0.40	0.40
TCE Ratio	8.1	7.8
CET1 Ratio	10.1	9.9
Loans/Core Dep	90.6	91.0

## ANALYTICAL CONTACTS

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## Company Profile

- Wintrust Financial Corporation (NASDAQ: WTFC) ("Wintrust" or "the company" or "the firm") is the BHC for 16 separately chartered banks ("subsidiary banks") that operate in more than 200 branches/offices primarily located within the Midwestern United States. The firm is based in Chicago suburb Rosemont, IL and at nearly \$66 billion in assets, is the 4th largest BHC headquartered in the state, though those ahead of it in asset size include 2 Canadian-owned BHCs and a trust bank (BMO, CIBC, Northern Trust).
- Wintrust was founded in 1991 by a group of local bankers led by Ed Wehmer with the goal of providing a banking alternative to big banks in the region. The firm started as a single bank (Lake Forest Bank & Trust) and subsequently opened a number of other banks under different charters in and around the suburbs of Chicago. Over the years, WTFC has grown through a combination of organic growth, acquisitions of smaller banks in adjacent communities and during the great financial crisis (GFC) through FDIC-assisted acquisitions (nearly \$1 billion in assets and over \$2 billion in deposits).
- WTFC operates through three primary segments. Community banking, as its name suggests, offers community-oriented, retail/commercial banking services within its local service area. The segment also includes WTFC's national mortgage lending platform. The specialty finance segment offers insurance premium financing for businesses and individuals as well as other asset based lending services (A/R, equipment finance, etc.). The wealth management segment offers fairly standard wealth products primarily to clients within WTFC's local service area.

## Key Credit Considerations

- WTFC's ratings reflect its consistent earnings performance driven by a conservative risk appetite and strategic execution. Ratings are also supported by the firm's relative scale and asset diversification built through a combination of organic growth and selective acquisitions.
- WTFC has produced consistently favorable operating results over a long period (never losing money during the GFC) driven by a high-quality, long-tenured management team that has exhibited a conservative risk stance which has allowed it to be opportunistic during times of market dislocation. While earnings are not necessarily peer-leading, we note that performance has been generally less volatile than peers.
- As noted, the consistency of WTFC's operating performance can mostly be attributed to its good credit performance, supported by conservative underwriting in its community banking book and its purposeful exposure to low loss generating insurance premium finance loans. By design, management has historically operated with a diversified, granular loan portfolio with one-third of loans made up of insurance premium finance loans which have generated very low historical losses over time. This is a key differentiator for WTFC relative to regional banking peers rated by KBRA.
- WTFC's capital levels are reasonable in the context of its earnings power and risk profile. The firm has managed its CET1 ratio up to over 10% at 1Q25 which is towards the lower end of peers. However, we note that the firm's RWA density tends to be higher, driven by the aforementioned premium finance portfolio which is risk-weighted at 100% but has very low loss content. Thus, on a risk adjusted basis, we see the 10%+ CET1 ratio as supportive of the ratings.
- The company is primarily core deposit funded, benefitting from community banking-like relationships in its core markets and its ability to offer 16x the FDIC limit through its MaxSafe product which allows customers to spread their deposit accounts across its 16 charters.

## Rating Sensitivities

- +** At this rating level, KBRA believes ratings are well-positioned. Continued growth in low-cost deposits / related fee income would be viewed favorably over the longer-term.
- An increase in risk tolerance, unexpected asset quality deterioration, or more aggressive financial management could have negative rating ramifications.

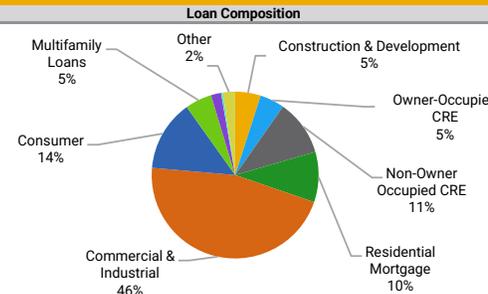


# Financial Metrics

WINTRUST FINANCIAL CORPORATION											
	1Q25	4Q24	3Q24	2Q24	1Q24	2024	2023	2022	2021	2020	2019
<b>Balance Sheet (\$ Millions)</b>											
Loans (HFI)	48,730	48,090	47,102	44,702	43,261	48,090	42,158	39,230	34,831	32,109	26,824
Average Earning Assets	61,078	60,541	58,018	54,993	53,025	56,644	51,008	47,886	43,918	38,398	30,637
Total Assets	65,870	64,880	63,788	59,782	57,576	64,880	56,250	52,950	50,142	45,080	36,608
Core Deposits	46,056	45,979	44,214	40,582	39,785	45,979	39,602	39,082	39,415	33,952	27,623
Total Deposits	54,131	53,186	51,949	48,841	47,109	53,186	46,141	43,599	42,461	37,366	30,349
Total Equity	6,601	6,344	6,400	5,537	5,436	6,344	5,400	4,797	4,499	4,116	3,691
Tangible Common Equity (TCE)	5,275	5,013	5,063	4,448	4,346	5,013	4,307	3,709	3,403	3,022	2,874
<b>Income Statement (\$ Millions)</b>											
Net Interest Income	526.5	525.1	502.6	470.6	464.2	1,962.5	1,837.9	1,495.4	1,125.0	1,039.9	1,054.9
Noninterest Income	113.0	117.0	110.9	125.9	139.1	492.9	434.3	482.3	590.0	607.8	401.8
Noninterest Expense	365.7	369.3	361.6	340.8	333.0	1,404.7	1,314.2	1,178.1	1,135.4	1,067.5	926.6
Provision for Loan Losses	24.0	17.0	22.3	39.9	21.7	100.9	114.5	78.2	(59.3)	188.5	53.6
Net Income	189.0	185.4	170.0	152.4	187.3	695.0	622.6	509.7	466.2	293.0	355.7
<b>Performance Measures (%)</b>											
Return on Average Assets	1.2%	1.2%	1.1%	1.0%	1.3%	1.2%	1.2%	1.0%	1.0%	0.7%	1.1%
Return on Average Equity	11.9%	11.6%	11.4%	11.2%	13.8%	11.9%	12.4%	11.0%	10.8%	7.5%	10.3%
Return on Risk-Weighted Assets	1.4%	1.3%	1.3%	1.2%	1.5%	1.3%	1.3%	1.2%	1.3%	0.9%	1.2%
Net Interest Margin (TE)	3.5%	3.5%	3.5%	3.4%	3.5%	3.5%	3.6%	3.1%	2.6%	2.7%	3.5%
Average Loan Yield	6.5%	6.7%	6.9%	6.8%	6.7%	6.8%	6.3%	4.1%	3.4%	3.8%	4.9%
Cost of Interest-Bearing Deposits	3.1%	3.4%	3.7%	3.7%	3.5%	3.6%	2.8%	0.6%	0.3%	0.8%	1.4%
Loans/Earning Assets	79%	79%	80%	80%	80%	80%	80%	78%	78%	80%	83%
Noninterest Income/Op. Revenue	18%	18%	18%	21%	23%	20%	19%	24%	34%	37%	28%
Efficiency Ratio	57%	58%	59%	57%	55%	57%	58%	60%	66%	65%	64%
<b>Asset Quality (%)</b>											
NPA/Loans + OREO	0.39%	0.43%	0.45%	0.47%	0.37%	0.43%	0.35%	0.28%	0.21%	0.49%	0.56%
LLR/Loans (HFI)	0.78%	0.76%	0.76%	0.81%	0.81%	0.76%	0.82%	0.69%	0.71%	0.99%	0.58%
LLR/NPL	228.1%	225.9%	206.8%	215.6%	242.5%	225.9%	257.7%	277.7%	353.4%	219.4%	115.3%
NCO/Average Loans	0.11%	0.13%	0.23%	0.27%	0.20%	0.21%	0.11%	0.05%	0.06%	0.13%	0.20%
Provision/NCO (x)	190%	107%	84%	133%	100%	107%	252%	386%	N/A	468%	108%
NPA Change Rate	(8%)	(3%)	(0%)	32%	8%	38%	35%	45%	(53%)	7%	4%
<b>Capital (%)</b>											
TCE Ratio	8.1%	7.8%	8.1%	7.5%	7.6%	7.8%	7.8%	7.1%	6.9%	6.8%	8.0%
Leverage Ratio	9.5%	9.4%	9.6%	9.3%	9.4%	9.4%	9.3%	8.8%	8.0%	8.1%	8.7%
CET1 Ratio	10.1%	9.9%	9.8%	9.5%	9.5%	9.9%	9.4%	9.1%	8.6%	8.8%	9.2%
Tier 1 Ratio	10.8%	10.7%	10.6%	10.3%	10.3%	10.7%	10.3%	10.0%	9.6%	10.0%	9.6%
Total Capital Ratio	12.5%	12.3%	12.2%	12.1%	12.2%	12.3%	12.1%	11.9%	11.6%	12.6%	12.2%
<b>Leverage &amp; Funding (%)</b>											
Loans/Deposits	91%	91%	92%	92%	93%	91%	92%	91%	84%	89%	90%
Loans/Core Deposits	106%	105%	108%	111%	110%	105%	107%	101%	90%	98%	98%
Core Deposits/Total Funding	79%	80%	78%	76%	78%	80%	79%	83%	88%	85%	85%
Double Leverage (Incl TRuPS)	99%	99%	99%	101%	102%	99%	103%	104%	104%	101%	107%
RWA/Total Assets	85%	86%	86%	87%	88%	86%	88%	87%	81%	78%	86%

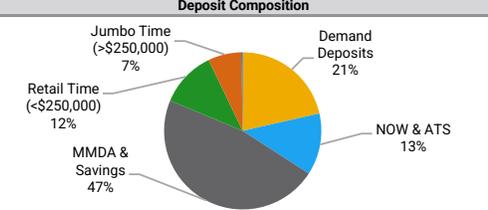
Note: Beginning in 2020, NIM for BHCs with assets less than \$5 billion is not TE due to reporting limitations  
Sources: KBRA Financial Intelligence (KFI), Company Reports, Y9C, KBRA

Loan Composition					
(\$ Millions)	1Q25	2024	2023	2022	2021
Construction & Development	2,431	2,402	2,177	1,575	1,416
Owner-Occupied CRE	2,331	2,344	2,053	2,110	2,102
Non-Owner Occupied CRE	5,301	5,238	4,633	4,085	3,687
Residential Mortgage	4,778	4,702	3,735	3,344	3,159
Commercial & Industrial	22,621	22,188	19,257	18,040	16,308
Consumer	6,756	6,767	6,942	7,106	6,201
Multifamily Loans	2,542	2,628	2,298	2,065	1,570
Leases	956	953	924	706	664
Agriculture	164	153	61	42	46
Other	1,167	1,046	370	456	496
Total Loans	49,046	48,421	42,451	39,530	35,649
Loans Held for Sale (HFS)	317	331	293	300	818
Loans Held for Investment (HFI)	48,730	48,090	42,158	39,230	34,831
Annual Loan Growth	12%	14%	7%	11%	7%
Investor CRE/Total Loans	23%	23%	23%	21%	20%
C&D/Risk-Based Capital	35%	35%	36%	29%	30%
Investor CRE/Risk-Based Capital	158%	162%	161%	151%	152%



Sources: KFI, Company Reports, KBRA

Deposit Composition					
(\$ Millions)	1Q25	2024	2023	2022	2021
<b>Domestic Deposits</b>					
Demand Deposits	11,605	11,913	10,989	13,221	14,428
NOW & ATS	6,871	6,432	4,956	4,281	3,643
MMDA & Savings	25,532	25,253	23,397	21,218	20,305
<b>Time Deposits</b>					
Retail Time (<\$250,000)	6,263	5,979	4,441	3,523	2,844
Jumbo Time (>\$250,000)	3,702	3,438	2,183	1,212	1,124
Foreign Deposits	158	171	175	144	118
Total Deposits	54,131	53,186	46,141	43,599	42,461
Total Core Deposits	46,056	45,979	39,602	39,082	39,415
Total Noninterest Bearing Deposits	11,763	12,084	11,164	13,365	14,546
Annual Core Deposit Growth Rate	16%	16%	1%	(1%)	16%



Sources: KFI, Company Reports, KBRA



## Comparative Statistics

### Peer Comparison Trends

Wintrust Financial Corporation										
KBRA-Rated Peer Group: A-										
Time Period	1Q25		2024		2023		2022		2021	
	BHC	Peer								
<b>Balance Sheet (\$ in mlns)</b>										
Total Assets	65,870	42,305	64,880	42,063	56,250	40,678	52,950	34,863	50,142	28,882
Total Risk-Weighted Assets	56,262	31,817	55,759	31,619	49,724	31,505	45,973	27,131	40,422	20,102
Loans (HFI)	48,730	28,574	48,090	28,489	42,158	27,675	39,230	23,185	34,831	17,187
Total Deposits	54,131	33,880	53,186	33,602	46,141	31,949	43,599	27,487	42,461	23,667
Average Loans/Average Earning Assets	80%	72%	80%	73%	81%	72%	80%	68%	76%	66%
<b>Performance Measures (%)</b>										
Return on Average Assets	1.2%	1.0%	1.2%	1.0%	1.2%	0.9%	1.0%	1.0%	1.0%	1.5%
Return on Average Equity	11.9%	8.8%	11.9%	8.9%	12.4%	8.4%	11.0%	9.1%	10.8%	12.4%
Return on Risk-Weighted Assets	1.4%	1.4%	1.3%	1.3%	1.3%	1.2%	1.2%	1.4%	1.3%	2.2%
Net Interest Margin (TE*)	3.52%	3.68%	3.49%	3.61%	3.62%	3.75%	3.13%	3.57%	2.57%	3.12%
Average Loan Yield	6.51%	6.51%	6.79%	6.79%	6.30%	6.55%	4.11%	4.86%	3.43%	4.29%
Cost of Total Deposits	2.42%	2.11%	2.72%	2.42%	2.03%	1.85%	0.41%	0.35%	0.22%	0.14%
Noninterest Income/Op. Revenue	18%	25%	20%	27%	19%	23%	24%	25%	34%	31%
Efficiency Ratio	57%	61%	57%	61%	58%	61%	60%	61%	66%	61%
<b>Asset Quality (%)</b>										
NPA/Loans + OREO	0.39%	0.79%	0.43%	0.77%	0.35%	0.50%	0.28%	0.37%	0.21%	0.51%
LLR/Loans (HFI)	0.78%	1.58%	0.76%	1.56%	0.82%	1.60%	0.69%	1.26%	0.71%	1.24%
LLR/NPL	228%	236%	226%	241%	258%	345%	278%	388%	353%	433%
NCO/Average Loans	0.11%	0.63%	0.21%	0.58%	0.11%	0.45%	0.05%	0.22%	0.06%	0.22%
<b>Capital (%)</b>										
TCE Ratio	8.1%	8.8%	7.8%	8.6%	7.8%	8.1%	7.1%	7.9%	6.9%	9.1%
Leverage Ratio	9.5%	9.8%	9.4%	9.8%	9.3%	9.4%	8.8%	9.5%	8.0%	9.7%
CET1 Ratio	10.1%	12.9%	9.9%	12.9%	9.4%	12.0%	9.1%	12.1%	8.6%	13.4%
Tier 1 Ratio	10.8%	13.1%	10.7%	13.0%	10.3%	12.2%	10.0%	12.3%	9.6%	13.8%
Total Capital Ratio	12.5%	15.2%	12.3%	15.2%	12.1%	14.3%	11.9%	14.2%	11.6%	15.5%
<b>Leverage &amp; Funding (%)</b>										
Noninterest Bearing/Total Dep.	22%	25%	23%	25%	24%	26%	31%	34%	34%	35%
Loans/Deposits	91%	85%	91%	85%	92%	87%	91%	82%	84%	72%
Loans/Core Deposits	106%	95%	105%	96%	107%	99%	101%	89%	90%	76%
RWA/Total Assets	85%	75%	86%	75%	88%	77%	87%	77%	81%	68%
Double Leverage (Incl TruPS)	99%	100%	99%	100%	103%	102%	104%	102%	104%	100%
<b>Loan Portfolio (%)</b>										
C&I Loans/Total Loans	46%	17%	46%	18%	45%	19%	46%	20%	46%	20%
Investor CRE/Total Loans	23%	32%	23%	32%	23%	32%	21%	31%	20%	29%
Investor CRE/Risk-Based Capital	158%	198%	162%	199%	161%	205%	151%	186%	152%	165%
C&D Loans/Total Loans	5%	7%	5%	7%	5%	8%	4%	7%	4%	7%
C&D Loans/Risk-Based Capital	35%	43%	35%	43%	36%	46%	29%	40%	30%	37%

\*Tax Equivalency (TE) calculation is applicable only to holding companies with total assets exceeding \$5 billion.

Sources: Company Reports, KBRA Research

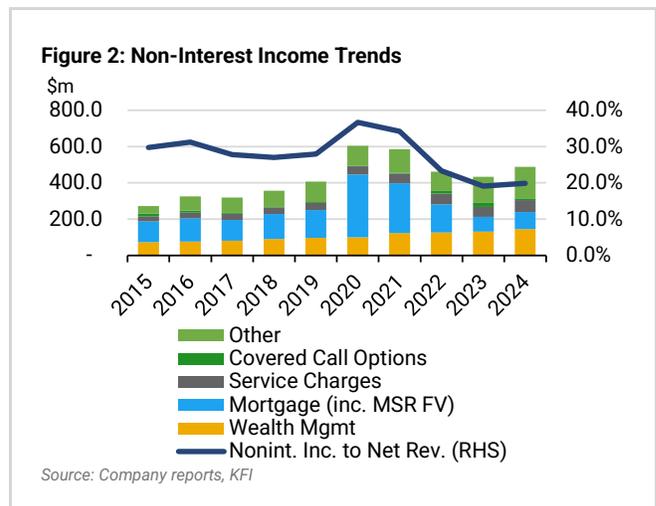
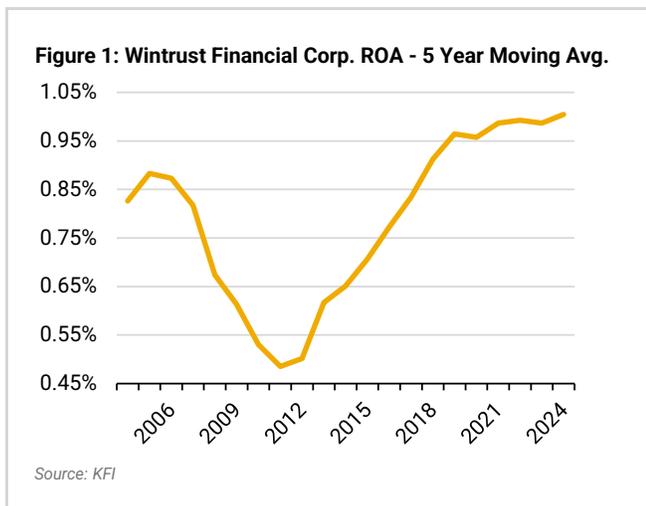


## Key Quantitative Rating Determinants

The quantitative financial fundamentals of the subsidiary banks are derived from the analysis of the banks’ intrinsic financial strength and potential adjustments due to KBRA’s stress testing as well as an analysis of current and historical financial metrics.

## Performance

We consider WTFC’s earnings as well-diversified and note the improvement in ROA over time, settling above pre-GFC levels the last few years. As shown in Figure 1 below, the firm has been profitable throughout its history, including during the financial crisis and during the pandemic driven by its relatively conservative risk appetite. This is evidenced by relatively lower levels of nonperforming assets (NPAs) and net charge-offs (NCOs) relative to peers over time. We also attribute the lower levels of credit costs to the way in which the firm has structured its loan portfolio with roughly one-third of it tied to traditional commercial and industrial (C&I), commercial real estate (CRE), and premium finance loans, respectively. Additionally, WTFC generates a solid amount of noninterest income, particularly for a bank of its size. As shown in Figure 2, noninterest income as a proportion of net revenue reached the mid-30% range during the pandemic driven by mortgage refinance and home purchase activity. More recently, noninterest income represents more like 20% to 25% of net revenues due to the sectoral decline in mortgage banking revenue.



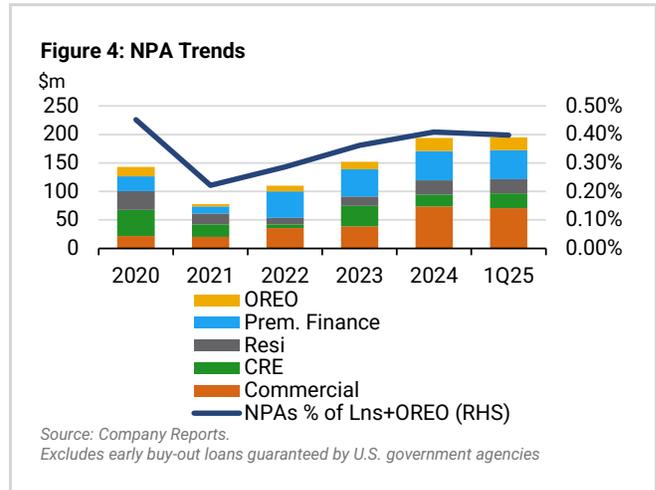
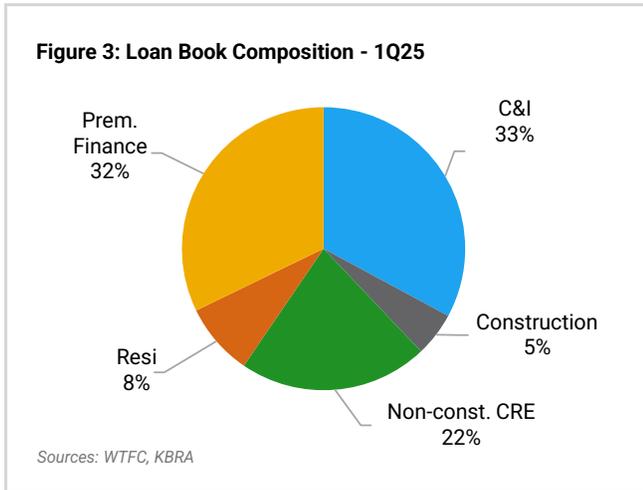
For the full year 2024, WTFC reported record net income of \$695 million, up 11.6% from last year. Even with NIM compression of around 15bps y/y, the firm produced net interest income growth of 7% from the prior year driven by \$6 billion of loan growth. Loan growth was driven through organic efforts as well as through the acquisition of West Michigan-based Macatawa Bank Corporation, which closed in the middle of the year. Improved results were also driven by a modest favorable mark on its MSR assets which flows through mortgage banking revenue as well as a one-time gain of \$19.3 million from the sale of the firm’s retirement benefits advisor platform. Well-controlled expenses during 2024 allowed the firm to produce positive operation leverage during the year.

During 1Q25, WTFC reported a very solid 1.2% ROA, up around 4bps sequentially, off record quarterly net income of \$189 million. We think the firm’s NIM troughed during 4Q24, with it reporting expansion of 5bps in 1Q25 and management has messaged that it expects a stable NIM during the year given the consensus outlook. Given the way in which management actively hedges interest rate risk and hedges the change in fair value of its mortgage servicing right, we think operating results will remain relatively consistent even with modest changes in the rates over time.



## Asset Quality

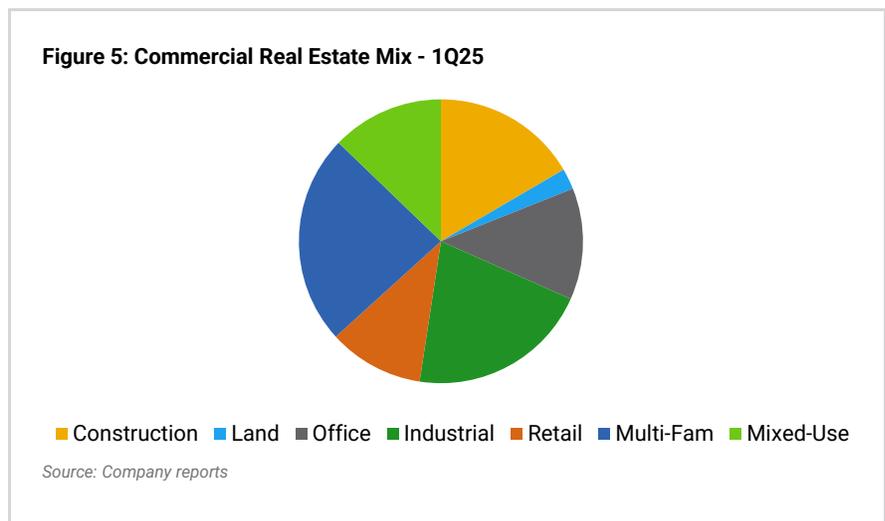
WTFC has maintained strong credit quality over time, supported by conservative underwriting and active credit monitoring. Over the last 25 years, the company’s NCO ratio has averaged just 0.26%, outperforming most peers, especially ones that operated primarily in the Chicagoland/Midwestern area. In more recent periods, while NPLs both in dollar terms and as a proportion of the loan book have ticked up, they remain quite low at under 0.40% of loans, relatively stable from recent periods and below similarly rated peers.



WTFC’s loan portfolio totaled \$48.7 billion at the end of 1Q25. As noted above, over time, management has been purposeful in having the portfolio split in fairly even thirds – C&I, CRE and specialty finance. This can fluctuate modestly over time, and we note that the bank also has modest exposure to residential mortgage sprinkled in as well but in our view, the diversification strategy has been successful from a credit quality standpoint.

C&I loans are typically to in-market borrowers with some additional exposures to franchise lending and other niche lending categories such as leasing and asset finance and working capital funding and administrative services for the temporary staffing industry. We note that the niche commercial lending strategies give WTFC some additional geographic diversification as the firm is willing to lend out of footprint in these spaces to the extent that it has the underwriting expertise.

As noted throughout this report, one of the ways in which WTFC has differentiated and diversified its loan portfolio over time has been the growth of its premium finance portfolio. Premium finance receivables provide financing for the payment of commercial insurance and life insurance premiums and in our view, generate strong risk-adjusted returns. Life insurance premium finance receivables are generally used for estate planning purposes of high net-worth borrowers and are well-collateralized by the cash surrender value of the life insurance policy.



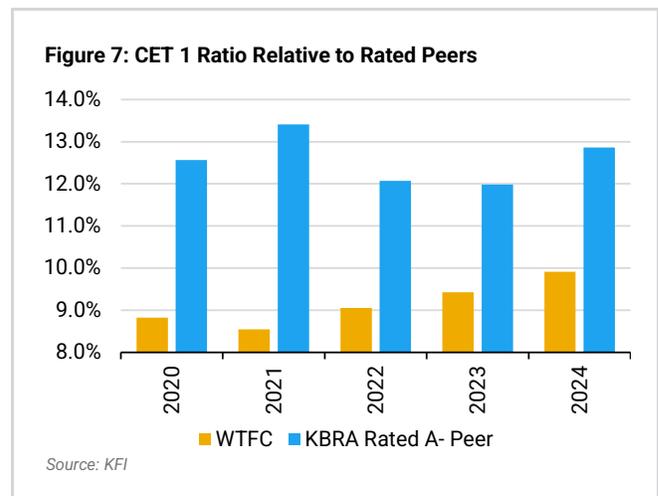
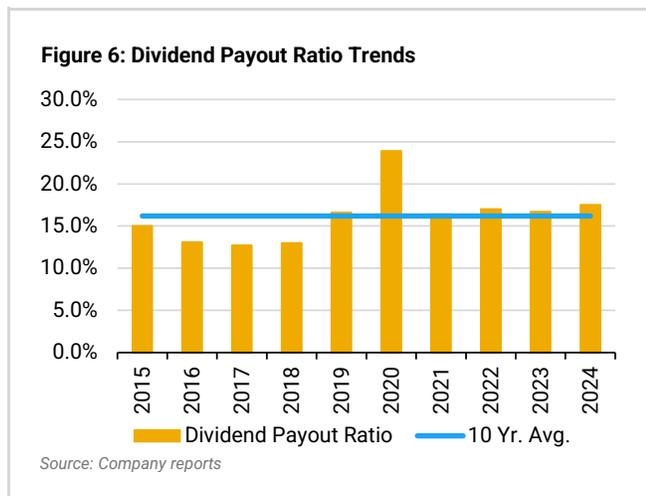
We note that losses within this space have been nearly zero year-to-year with 2011 being the high water mark of losses at just 2bps of balances. Meanwhile, commercial premium finance loans (P&C premium finance), which are



very short dated, are originated through insurance agents and brokers throughout the U.S. and Canada. Credit losses within P&C premium finance have averaged under 30bps on a 5-year rolling average basis since 2015. We note that the largest annual loss in this segment was 1.74% in 2010, with much of the loss recovered in 2011 when the firm reported an NCO rate of just 4bps.

Finally, as it relates to WTFC's CRE portfolio, much of it is located within its primary footprint in Illinois, Wisconsin and Michigan which presents a degree of geographic risk within this asset class. Over recent periods, many banks have reported meaningful increase in nonperforming CRE loans due to the rapid rise of interest rates which has weighed on collateral values and debt service coverage ratios. We note that WTFC's CRE book performance has been fairly strong with NPLs just 20bps balances at 1Q25, up 4bps sequentially and down 14bps from the year ago quarter. While credit quality within the book may deteriorate modestly from here, we recognize WTFC's strong underwriting within CRE over the longer-term and consider it a mitigant to risks within the asset class and as it relates to the geographic concentration risk.

## Capital



WTFC's capital is adequate relative to its business model and risk profile. Historically, the firm has managed capital levels on the lower end of peers. More recently, however, WTFC has steadily grown its capital base resulting in a CET1 just above 10% at 1Q25 driven by strong earnings retention. While it just raised its dividend to \$2/share (annualized), management has kept its payout ratio in the 15-20% range to support balance sheet growth (Figure 6).

We believe capital will likely remain lower than the range where similarly rated peers manage capital (10.5%-11.5% CET1) over time. However, the WTFC's ratings reflect our view that the relatively lower CET1 levels are reasonable given: 1) WTFC's lower loss content within its overall loan book, historically and 2) a good degree of balance sheet diversification driven by the aforementioned premium finance segments. These loans are risk-weighted 100%, which in our view, somewhat inflates RWAs relative to their potential loss content. We also note that WTFC has less exposure to investor CRE than similarly rated peers (under 175% compared to 200% for peers) which further supports our view that regulatory capital levels are reasonably managed.

We also believe the firm has a relatively diverse capital stack which includes \$300 million in sub debt, around \$250 million in TRUPs and a \$425 million tranche of noncumulative perpetual preferred issued in May 2025 which will be used to repay two existing preferred instruments. It also issued 3.45 million common shares in June 2022, resulting in net proceeds to the company of approximately \$286 million in support of ongoing balance sheet growth.



## Funding & Liquidity

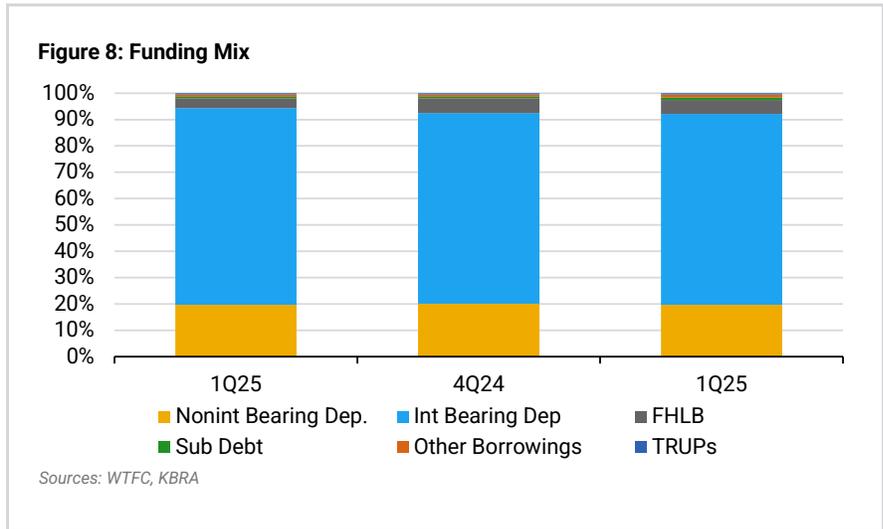
Underpinning the rating is WTFC’s strong funding and liquidity profile. At 1Q25, WTFC’s loan-to-deposit ratio was slightly above its target range of 85% to 90% but we take comfort in management’s historically conservative stance in where to manage the metric. The firm’s large and growing (+15% y/y) deposit base is mainly made up of interest-bearing (and even more so CDs which were slightly under 20% of average deposits at 1Q25) which explains the cost of total deposits being relatively higher than similarly rated peers. This has been a consistent theme for WTFC going back to its founding and

is driven by the competitive, fragmented nature of the deposit market within the greater Chicagoland area. Therefore, we think the higher cost of deposits is less about WTFC attracting ‘hot money’ and more about the firm building relationships with local depositors as it continues to grow its franchise.

Further, WTFC’s ability to offer deposit insurance levels at multiples of the FDIC limit through its multi-bank charter structure is viewed positively. WTFC’s multi-charter banking structure increases FDIC insured deposit levels to \$4 million per account which can help stabilize deposits during times of market dislocation. For instance, balances of this product grew by nearly \$1 billion during in early 2023 when multiple regional banks failed and other banks were experiencing funding stresses.

On balance sheet liquidity is solid. The firm designates cash, investment securities fed funds sold and securities purchased under resale agreements as ‘liquidity management assets’. These totaled approximately 19% of average earning assets during 1Q25 which is ample relative to its risk profile. Positively, the firm did not meaningfully extend balance sheet in order to improve near-term earnings performance leading up to the Fed rate hikes in 2022. Instead, the securities portfolio remained well-proportioned to the balance sheet and at a reasonable duration. Therefore, the firm has not needed to do any meaningful securities repositioning as a number of banks have done over the last 12 to 18 months and liquidity has remained strong.

Holding company liquidity is solid, with \$207 million in cash and securities at 1Q25. Further, we think debt service requirements are very manageable in the context of liquidity on balance sheet and the dividend capacity at WTFC’s banks. At YE24, aggregate availability to upstream from banking subsidiaries to the parent was \$932.5 million without getting regulatory approval.



## Key Qualitative Rating Determinants

The qualitative aspects of Wintrust Financial Corporation were assessed using a scorecard that focuses on four key factors: market strategy, risk management, liquidity management, and the operating environment. For the most part, the bank scored above average for qualitative factors. For qualitative aspects, KBRA relies principally on discussions with management supplemented by publicly available data, regulatory filings and KBRA’s view of the economic and regulatory environment. The following describes KBRA’s qualitative assessment for Wintrust Financial Corp:



## Market Strategy

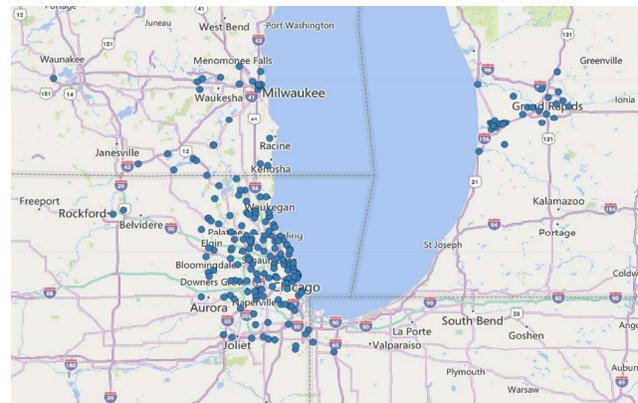
At nearly \$66 billion in assets, WTFC is the 4th largest BHC headquartered in Illinois, though those ahead of it in asset size include two Canadian-owned BHCs (BMO, CIBC) and a trust bank (Northern Trust). Since its founding in 1991, the company's growth has been driven by multiple forces. Organically, the company has a proven community bank-like operating model that is supplemented by a middle market lending expertise in its footprint. The firm has also opened a number of de novo branches in various neighborhoods and suburbs of Chicago, typically with branding that matches a particular market. Asset growth has also been driven through selective acquisitions. Its franchise and presence in Chicago was particularly boosted during the GFC when it completed several FDIC-assisted deals, showcasing its financial strength while other banks in market were struggling. In 3Q24, WTFC completed one of its largest bank mergers and its first in Michigan, buying Macatawa Bank Corporation, headquartered in Holland, MI. With the addition of Macatawa, WTFC now has 16 separately branded banking charters, all under \$10 billion in assets. Finally, growth has been supported through the continued build out of WTFC's specialty finance verticals discussed below. These have been important growth engines for the company as they provide it with product and geographic diversification that is unique relative to peers.

### Deposit Market Share and WTFC Midwest Branch Locations

Chicago MSA <small>(Sorted by 2024 Market Share Data)</small>	2024 Deposit Market Share	2023 Deposit Market Share	2022 Deposit Market Share	2021 Deposit Market Share
JPMorgan Chase Bank	20.0%	22.3%	23.3%	23.1%
BMO Bank	18.3%	16.7%	14.3%	15.1%
Bank of America	8.0%	8.8%	10.1%	8.5%
<b>Wintrust Financial Corporation</b>	<b>7.7%</b>	<b>7.3%</b>	<b>6.8%</b>	<b>6.5%</b>
CIBC Bank USA	7.0%	6.6%	5.9%	5.7%
The Northern Trust Company	5.8%	4.7%	6.4%	6.8%
Fifth Third Bank	4.9%	4.9%	5.0%	5.1%
PNC Bank	3.1%	3.0%	3.0%	3.1%
Old National Bank <sup>1</sup>	2.8%	2.8%	2.5%	2.7%
Citibank	2.5%	3.3%	3.6%	3.5%

Milwaukee, Kenosha, Racine MSAs <small>(Sorted by 2024 Market Share Data)</small>	2024 Deposit Market Share	2023 Deposit Market Share	2022 Deposit Market Share	2021 Deposit Market Share
U.S. Bank	29.3%	33.4%	37.9%	36.6%
BMO Harris Bank	14.9%	13.7%	12.9%	14.4%
JPMorgan Chase	11.0%	11.4%	11.8%	11.2%
Associated Bank	9.6%	8.8%	7.3%	7.0%
<b>Wintrust Financial Corporation</b>	<b>3.8%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>2.4%</b>
Wells Fargo Bank	2.4%	2.4%	2.3%	4.3%
Bank Five Nine	2.1%	1.7%	1.3%	1.3%
PNC Bank	2.1%	2.0%	2.0%	2.5%
Old National Bank <sup>1</sup>	1.7%	1.5%	1.3%	0.2%
North Shore Bank	2.0%	1.9%	1.8%	1.7%

Grand Rapids MSA <small>(Sorted by 2024 Market Share Data)</small>	2024 Deposit Market Share	2023 Deposit Market Share	2022 Deposit Market Share	2021 Deposit Market Share
Huntington	18.9%	18.9%	20.0%	19.5%
Fifth Third Bank	18.7%	18.7%	19.7%	21.7%
Northpointe Bank	10.9%	10.2%	7.7%	7.0%
JPMorgan Chase	9.6%	9.9%	10.3%	10.2%
<b>Macatawa Bank</b>	<b>7.2%</b>	<b>7.3%</b>	<b>7.5%</b>	<b>8.2%</b>
Mercantile Bank	7.2%	6.9%	6.5%	6.4%
Independent Bank	4.3%	4.6%	5.4%	5.1%
West Michigan Community Bank	2.8%	2.6%	2.3%	2.2%
Bank of America	2.7%	3.2%	4.1%	3.6%
ChoiceOne Bank	2.5%	2.5%	2.5%	2.2%



Source: Company Presentation



WTFC operates through three segments with net income split as shown on this page. The Community Banking segment runs the branded community bank charters, Wintrust Mortgage (national mortgage production platform) and WTFC's commercial banking business which focuses on middle market C&I opportunities.

Specialty Finance is primarily made up of businesses that execute on WTFC's niche lending strategies such as premium finance. As mentioned throughout, we view these

businesses as differentiators for WTFC relative to its rated peers given the way they provide geographic diversity, as well as strong, risk-adjusted returns. The Specialty Finance segment also includes WTFC's lease financing and other direct leasing products as well as a short-term accounts receivable financing platform which give the company additional loan granularity and diversification.

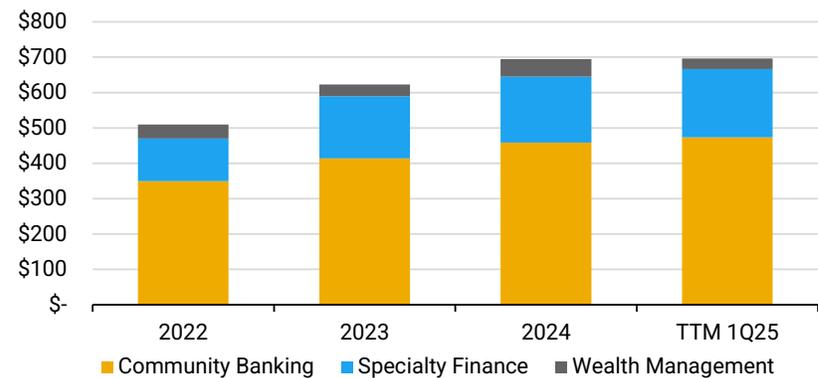
The wealth management segment offers a full range of wealth management services and has more than \$50 billion in assets under administration. Subsidiaries within the segment include Wintrust Private Trust Company, NA, Great Lakes Advisors (GLA), Wintrust Investments and Chicago Deferred Exchange Company. In early 2025, we note that Wintrust Investments transitioned support of the wealth management business and certain private client business at GLA to a platform operated by LPL Financial Holdings, Inc. This transition is expected to allow Wintrust Investments and GLA to focus on the growth of their wealth management business, while outsourcing most of their operational and compliance support to LPL. As a result of this outsourcing, Wintrust Investments also expects to deregister as a broker-dealer and investment advisor by the end of 2025.

Management has a strong, consistent track record which further supports the rating. In May 2023, Ed Wehmer (founder/CEO) stepped down as CEO after a well-telegraphed succession plan. Tim Crane, the long-time named successor assumed the CEO role after being firm president which should result in a consistent strategy and risk appetite relative to the firm's last 35 years of operation.

## Risk Management

Similar to other regional banks, WTFC has a comprehensive risk management framework. The framework is used to identify, assess and manage risks across the company, including strategic, credit, market, liquidity, capital, information, operational, compliance / legal and reputation risks. Importantly, we note that WTFC governs risk enterprise-wide through a board-approved risk appetite statement. The board, through its risk committee, sets risk limits, approves related policies and reviews regular performance reports from management and WTFC's audit committee. Some greater insight into WTFC's approach to and framework surrounding credit, interest rate and liquidity risk management leaves us with a favorable view of its management of these core elements of its business. Further, we positively note that management is proactively building its risk infrastructure to reflect its larger size and the regulatory expectations that come along with it, particularly as banks near \$100 billion in assets.

**Figure 9: Segment Net Income (\$m)**



Sources: WTFC, KBRA



Rate risk is adequately managed in our view. As disclosed in WTFC's 1Q25 SEC quarterly filing, 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 bps as compared to projected net interest income in a scenario with no assumed rate changes. The Ramp Scenario results (shown on this page) 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. The results point to a fairly neutral interest rate positioning by the bank due to the way in which the firm has managed the balance sheet, particularly through derivative instruments including collars and receive-fixed swaps to hedge variable-rate loan exposures. We believe management has sufficient expertise in these balance sheet management strategies and view the relatively neutrally positioned balance sheet as supportive of WTFC's rating.

### Rate Sensitivity - Ramp Scenario

		As of Date		
		1Q25	4Q24	1Q24
Basis Points	+200	0.2%	-0.2%	0.8%
	+100	0.2%	0.0%	0.6%
	-100	-0.1%	0.0%	1.3%
	-200	-0.5%	-0.3%	2.0%

Source: Company reports

The Ramp Scenario results (shown on this page) 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. The results point to a fairly neutral interest rate positioning by the bank due to the way in which the firm has managed the balance sheet, particularly through derivative instruments including collars and receive-fixed swaps to hedge variable-rate loan exposures. We believe management has sufficient expertise in these balance sheet management strategies and view the relatively neutrally positioned balance sheet as supportive of WTFC's rating.

## Liquidity Management

Overall, the company's liquidity management practices are considered adequate centered on its strong core deposit base. WTFC's consolidated loan-to-deposit ratio has typically been managed in the 80-90% range though in recent quarters, we note that it has been slightly higher. Still, given the strong cash flows WTFC's loan portfolio generates, particularly the premium finance book, we think the current loan-to-deposit ratio is reasonable. Liquidity management at the banking subsidiaries involves planning to meet anticipated funding needs at a reasonable cost. Liquidity management is guided by policies, formulated and monitored by senior management and each banking sub's asset/liability committee, which take into account the marketability of assets, the sources and stability of funding and the level of unfunded commitments.

In accordance with the liquidity management noted above, deposit growth and increases in borrowings from various sources have resulted in accumulating liquidity assets in recent periods as discussed in the Liquidity and Funding section. WTFC indicates that it 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.

## ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how management teams plan for and manage relevant ESG risks and opportunities. More information on KBRA's approach to ESG risk management in financial institution ratings can be found [here](#). Over the medium-term, banks and other financial institutions will need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.



## Environmental Factors

Although near term climate-related risks are believed by KBRA to be well contained, we note the bank is currently in the process of introducing practices that are more sustainable and are geared toward decreasing its overall carbon footprint, among other initiatives. The bank and most of its peers do not yet estimate carbon emissions, but Scope 1 emissions are believed to be modest compared with many other types of industries. Calculating Scope 3, which primarily refers to the emissions banks finance across their portfolios, is a challenge across the sector, not only for smaller regional banks but for large multinational banks as well. Banks and other financial institutions will need to address increasing stakeholder pressure to improve disclosure of carbon and other greenhouse gas emissions, as well as prepare for the possibility of increased carbon regulation and/or carbon taxes. In common with most peers, the company's direct loan exposure to carbon-intensive industries is considered minimal relative to the total loan portfolio.

## Social Factors

The banks have a strong social mission and are active in fostering economic development in their communities of operation, including small business lending and other lending, as well as other community banking services and Community Reinvestment Act (CRA) activities. Additionally, WTFC's banking subsidiaries have received a satisfactory or outstanding CRA rating during their most recent examination.

## Governance Factors

An effective risk management framework includes the bank's process for identifying, assessing, and responding to ESG-related risks and opportunities, such as ESG focused staff and resources, board oversight, ESG issues incorporated into capital allocation, cyber risk and fraud management.

For supplemental information on risk management and other governance considerations, please reference the qualitative rating determinants section, notably the Risk Management section.

## Operating Environment

Overall, the U.S. banking system has a strong regulatory framework. Since the 2008 financial crisis, banking institutions have adjusted to additional rules and regulations resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III standards. Despite some easing of regulatory burden, particularly for small to mid-sized banks in recent years, regulatory standards and oversight remain strong for the U.S. banking system. The latest research on this and other topics can be found [here](#).

## External Support

Pursuant to the 2010 Dodd-Frank Act, U.S. regulators created a resolution regime with the goal of preventing a systemic crisis if a systemically important bank fails. For non-systemically important depositories such as the bank, KBRA believes that uninsured depositors could benefit from some degree of extraordinary systemic support. However, KBRA does not foresee any regulatory support being extended to creditors or investors at the subsidiary banks or the BHC. As the bank operates in the U.S. market, a well-developed economy with a AAA sovereign rating, there were no adjustments for country risk. In addition, the company is publicly traded, and the rating does not incorporate external support related to its ownership structure.

## Ratings Approach

KBRA's ratings are supported by the following factors: i) a quantitative view of the subsidiary banks' financial fundamentals, including stress testing, ii) a qualitative assessment of the bank's management and market strategy, and iii) the incorporation of potential external systemic support. KBRA's ratings for the bank holding company reflect



the overall credit profile of the organization and the potential structural subordination of its liabilities to the liabilities of its subsidiary in an event of default or regulatory intervention. KBRA's short-term ratings are derived from senior long-term bank ratings. Consistent with KBRA's typical notching practices, subordinated debt is rated one notch below senior unsecured debt. With respect to the preferred stock rating, KBRA considers ratings for such instruments on a case-by-case basis, although typically, for institutions such as WTFC, with a solid credit profile, we rate the preferred stock one notch below the holding company's subordinated debt.



## Appendix A: Subsidiary Banks Data Points

### Wintrust Financial Corp Bank Subsidiary Data Points (Trailing Twelve Months ended March 31, 2025)

Name	City	State	Total Assets (\$m)	Net Interest Margin (TE)	Return On Average Assets	Total Loans To Total Deposits	Tier 1 Leverage Ratio
LAKE FOREST BANK & TRUST COMPANY, N.A.	Lake Forest	IL	8724.205	3.5%	2.0%	89.4%	9.6%
BARRINGTON BANK & TRUST COMPANY, N.A.	Barrington	IL	4541.36	3.1%	0.8%	101.0%	10.8%
WINTRUST BANK, N.A.	Chicago	IL	9641.519	3.9%	2.0%	92.9%	11.1%
LIBERTYVILLE BANK & TRUST COMPANY, N.A.	Libertyville	IL	2844.878	3.4%	1.7%	92.9%	9.5%
NORTHBROOK BANK & TRUST COMPANY, N.A.	Northbrook	IL	5410.763	3.0%	1.7%	85.3%	9.6%
VILLAGE BANK & TRUST, N.A.	Arlington Heights	IL	3110.52	3.7%	1.8%	95.4%	9.9%
WHEATON BANK & TRUST COMPANY, N.A.	Wheaton	IL	3756.973	3.2%	1.4%	85.0%	9.3%
STATE BANK OF THE LAKES, N.A.	Antioch	IL	2151.549	3.4%	1.4%	93.6%	10.1%
CRYSTAL LAKE BANK & TRUST COMPANY, N.A.	Crystal Lake	IL	1832.095	3.6%	1.5%	96.1%	9.8%
SCHAUMBURG BANK & TRUST COMPANY, N.A.	Schaumburg	IL	2186.161	3.2%	1.4%	91.8%	10.1%
BEVERLY BANK & TRUST COMPANY, N.A.	Chicago	IL	2473.643	3.8%	1.6%	96.2%	10.0%
OLD PLANK TRAIL COMMUNITY BANK, N.A.	New Lenox	IL	3028.179	3.4%	1.4%	82.7%	9.2%
HINSDALE BANK & TRUST COMPANY, N.A.	Hinsdale	IL	5676.855	3.2%	1.5%	92.3%	9.3%
ST. CHARLES BANK & TRUST COMPANY, N.A.	Saint Charles	IL	2974.063	3.3%	1.4%	93.2%	9.7%
TOWN BANK, N.A.	Hartland	WI	4248.047	3.1%	1.2%	89.7%	9.0%
MACATAWA BANK, N.A.	Holland	MI	3314.645	4.3%	1.3%	60.8%	10.3%

Source: KFI

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