

Wintrust Financial Corporation

Key Rating Drivers

Affirmation Reflects Strengths: The affirmation of Wintrust Financial Corporation's (WTFC) ratings is supported by the company's steady performance, highlighted by resilient asset quality, moderate deposit growth, sufficient capitalization and robust net interest income (NII), which compensates for the pressures on fee revenue due to higher interest rates. Furthermore, the rating underscores WTFC's solid company profile, marked by stability and a conservative risk appetite.

Franchise Supports Rating: WTFC has established a significant market position and continues to increase its share in the Illinois market, where its community banking services have built a strong core franchise. Its premium finance and leasing businesses offer broader geographic diversification across the U.S. and Canada. The longstanding management team has consistently executed strategies to expand and diversify the business. Furthermore, the acquisition of Macatawa Bank Corporation in 2024 demonstrates the company's commitment to growing its presence in the Midwest region via small acquisitions.

Risk Management a Strength: Fitch Ratings views WTFC's conservative risk culture and prudent risk management practices as a ratings strength. These practices are characterized by careful loan portfolio composition and diligent underwriting leading to low losses through the cycle.

Strong Credit Quality: WTFC's credit performance continues to be a ratings strength, outperforming peers. Impaired loans as a percentage of gross loans have remained stable yoy and are roughly 30 bps below the peer median. WTFC's net chargeoff (NCO) ratio (2024: 0.21%) remains relatively in line with the peer median (0.19%) and is not expected to rise over the near term. Reserve coverage on the core loan portfolio, excluding the structurally low-loss premium finance book, remains one of the highest in the peer group, underscoring WTFC's strong asset quality.

Business Mix Stabilizes Earnings: WTFC's revenue diversity across both interest and noninterest sources provides stability in varying interest rate environments, contributing to consistent net income growth throughout interest rate cycles. Although the operating profit as a percentage of risk-weighted assets (RWA) has historically been below the peer median, Fitch views the diversity and stable long-term growth of earnings positively.

Capital Levels Supported by Risk Profile: Fitch considers WTFC's capital management policies to be commensurate with its rating. The common equity Tier 1 (CET1) ratio improved to 9.9% as of YE24, reflecting strong earnings growth despite the acquisition of Macatawa in 3Q24. The potential impact of unrealized losses remains manageable and is decreasing, with the CET1 ratio marked for accumulated other comprehensive income rising to 9.0% at YE24, compared to 8.7% at YE23 and 8.1% at YE22.

Increased Funding Costs Realized: WTFC's loan-to-deposit ratio decreased by one percentage point to 91% as of YE24, and is expected to decline further to 90% or below as deposit growth continues. The cost of total deposits remains 17 bps above the peer median, which is manageable, and Fitch anticipates this cost spread relative to peers will narrow in the future.

Noninterest-bearing deposits as a percentage of total deposits fell to 22.5% in 2024, from 23.9% in 2023, reflecting a slight shift in the deposit mix. WTFC maintains well-below-peer levels of short-term wholesale borrowings, a factor Fitch views positively and expects to remain stable. Fitch continues to view WTFC's liquidity profile, including unused borrowing capacity, as adequate and supportive of the rating.

WTFC's Viability Rating (VR) is equalized with those of its operating companies and banks, reflecting its role as the bank holding company (BHC). In the U.S., BHCs are mandated to act as a source of strength for their bank subsidiaries. The ratings are also equalized to reflect the very close correlation between holding company and subsidiary failure and default probabilities.

Banks

Universal Commercial Banks
United States

Ratings

Foreign Currency

Long-Term Issuer Default Rating BBB+
Short-Term Issuer Default Rating F2

Viability Rating bbb+

Government Support Rating ns

Sovereign Risk (United States of America)

Long-Term Foreign Currency
Issuer Default Rating AA+

Long-Term Local Currency
Issuer Default Rating AA+

Country Ceiling AAA

Rating Outlooks

Long-Term Foreign Currency
Issuer Default Rating Stable

Sovereign Long-Term Foreign
Currency Issuer Default Rating Stable

Sovereign Long-Term Local
Currency Issuer Default Rating Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

[Bank Rating Criteria \(March 2025\)](#)

Related Research

[Global Economic Outlook – March 2025 \(March 2025\)](#)

[Fitch Affirms Wintrust Financial Corporation's LT IDR at 'BBB+'; Outlook Stable \(March 2025\)](#)

[Trade War Risk Rises for Global Macro, Credit Outlook \(February 2025\)](#)

[U.S. Banks' 4Q24 Results Reflect Positive Trends \(January 2025\)](#)

[U.S. Banks Outlook 2025 \(December 2024\)](#)

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Additionally, WTFC's holding company VR is equalized with its operating companies' VRs due to sufficient liquidity management. WTFC's common equity double leverage now rests modestly below 120%, further supporting equalization. The affirmation of the holding company VR reflects Fitch's view that WTFC will manage holding company liquidity higher in the near term and maintain levels of liquidity at the holding company to cover upcoming cash outflows.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Negative pressure could be placed on WTFC's ratings and/or Rating Outlook if the company's CET1 ratio were to decline below 8% for several quarters without a credible plan to rebuild back above 8%, particularly in conjunction with rapid loan growth and/or signs of asset quality deterioration.
- The impaired loans/gross loans ratio rises above 2% on a sustained basis. Moreover, deterioration in the premium finance line, particularly if resulting from fraud and/or failed controls.
- While Fitch would consider acquisitions on a case-by-case basis, M&A activity that does not fit with WTFC's current business model and strategy, or materially alters the risk profile.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Over the medium to long term, a Positive Rating Outlook or higher rating could be achieved by consistently performing in line with higher-rated peers without altering WTFC's risk appetite. Fitch believes this would most likely be achieved through consistently strong earnings, evidenced by operating profit to RWA meeting or exceeding peer medians on a sustained basis, as well as continued revenue diversity strength. Furthermore, upward momentum would be contingent on improvement in franchise strength, as evidenced by market share gains within the footprint.

Other Debt and Issuer Ratings

Rating Type	Rating
Preferred: long term	BB
Subordinated: long term	BBB

Source: Fitch Ratings

Subordinated Debt and Other Hybrid Securities: WTFC's and its subsidiaries' subordinated debt is notched one level below its VR for loss severity. Under Fitch's "Bank Rating Criteria," this reflects an alternative notching to the base case of two notches due to Fitch's view of U.S. regulators' resolution alternatives for an entity such as WTFC, as well as early intervention options available to bank regulators under U.S. law.

Under Fitch's "Bank Rating Criteria," WTFC's preferred stock rating of 'BB' is four notches below WTFC's VR, encompassing two notches for loss severity and two notches for nonperformance.

These ratings are consistent with Fitch's criteria and assessment of the instruments' nonperformance and loss severity risk profiles and have been affirmed due to the affirmation of the VR.

Long-Term and Short-Term Deposit Ratings: The long-term deposit rating of WTFC's bank subsidiaries is rated one notch higher than the bank's Issuer Default Rating (IDR) and senior unsecured debt because uninsured U.S. deposits benefit from depositor preference. The U.S. depositor preference gives deposit liabilities superior recovery prospects in the event of default. Fitch rates the short-term deposits of WTFC's subsidiaries as 'F2', in accordance with its "Bank Rating Criteria," based on the long-term deposit ratings of WTFC's subsidiaries and Fitch's assessment of WTFC's funding and liquidity profile.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

Subordinated Debt and Other Hybrid Securities: The ratings on the subordinated debt and preferred stock of WTFC and its operating companies are sensitive to any negative change in the VR.

Long-Term and Short-Term Deposit Ratings: The long-term deposit ratings are sensitive to any negative changes to WTFC's Long-Term IDR. The WTFC subsidiaries' short-term deposit rating is sensitive to negative change in the company's long-term deposit rating and Fitch's assessment of WTFC's funding and liquidity profile.

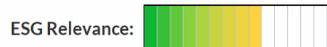
Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

Subordinated Debt and Other Hybrid Securities: The ratings on the subordinated debt and preferred stock of WTFC and its operating companies are sensitive to any positive change in the VR.

Long-Term and Short-Term Deposit Ratings: The long-term deposit ratings are sensitive to any positive changes in WTFC's Long-Term IDR. The WTFC subsidiaries' short-term deposit rating is sensitive to any positive change in the company's long-term deposit rating and Fitch's assessment of WTFC's funding and liquidity profile.

Ratings Navigator

Wintrust Financial Corporation



Banks
 Ratings Navigator

	Operating Environment	Business Profile	Risk Profile	Financial Profile			Implied Viability Rating	Viability Rating	Government Support	Issuer Default Rating
				Asset Quality	Earnings & Profitability	Capitalisation & Leverage				
		20%	10%	20%	15%	25%	10%			
aaa								aaa	aaa	AAA
aa+								aa+	aa+	AA+
aa								aa	aa	AA
aa-								aa-	aa-	AA-
a+								a+	a+	A+
a								a	a	A
a-								a-	a-	A-
bbb+								bbb+	bbb+	BBB+ Sta
bbb								bbb	bbb	BBB
bbb-								bbb-	bbb-	BBB-
bb+								bb+	bb+	BB+
bb								bb	bb	BB
bb-								bb-	bb-	BB-
b+								b+	b+	B+
b								b	b	B
b-								b-	b-	B-
ccc+								ccc+	ccc+	CCC+
ccc								ccc	ccc	CCC
ccc-								ccc-	ccc-	CCC-
cc								cc	cc	CC
c								c	c	C
f								f	ns	D or RD

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upward or downward to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR – Adjustments to Key Rating Drivers

The VR has been assigned in line with the implied VR.

The Asset Quality score of 'bbb+' has been assigned below the implied score of 'aa' due to negative adjustments for Growth and Concentrations.

The Funding and Liquidity score of 'bbb+' has been assigned below the implied score of 'a' due to a negative adjustment for Contingent Access.

Company Summary and Key Qualitative Factors

Business Profile

Diverse Business Mix Strengthens Franchise: WTFC, a financial services holding company based in Illinois, reported approximately \$65 billion in assets as of Dec. 31, 2024. Its diversified franchise encompasses a robust community banking presence, nationwide premium finance and leasing operations, mortgage banking and wealth management services. WTFC operates 16 nationally chartered banks, many of which have niche specialties that collectively enhance offerings to the entire customer base.

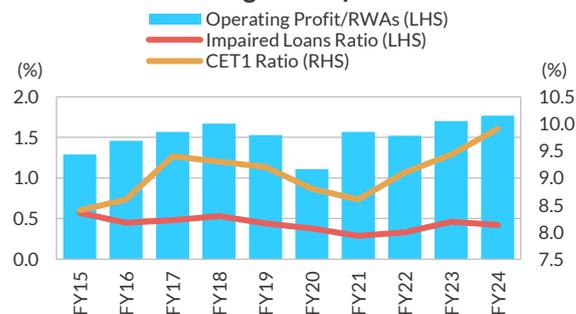
Historically acquisitive, WTFC has expanded by acquiring community banks in Illinois and Wisconsin, integrating them into existing charters or establishing new ones. In August 2024, Wintrust completed an all-stock acquisition of Macatawa Bank Corporation, based in Western Michigan, marking its first bank acquisition since 2019. Previously, in November 2021, WTFC acquired approximately \$581.6 million in loans from The Allstate Corporation through a business combination, positioning itself as the preferred lender for Allstate agents and providing a key business differentiator. Additionally, in November 2022, the company announced its acquisition of the U.S. arm of Rothschild & Co, enhancing its wealth management operations, which contributed about 30% of total noninterest income in 2024.

Fitch views WTFC's business model as a distinguishing factor relative to peers. This is largely attributed to the premium finance business, which constitutes approximately one third of the loan portfolio. This segment diversifies WTFC's geographical exposure across the U.S. and Canada, offering a counterbalance to its primarily Chicago- and Wisconsin-based operations. Fitch regards this profile positively, especially given the collateralized nature of the loans and the strong track record of low losses in the segment.

Experienced Management Team Supports Rating: Fitch considers WTFC's seasoned management team and its consistent execution of strategic initiatives as supportive of the ratings. Management continues to strategically expand WTFC's community banking presence within its footprint through targeted acquisitions and enhanced product offerings, enabling diversification of earnings and sustained growth.

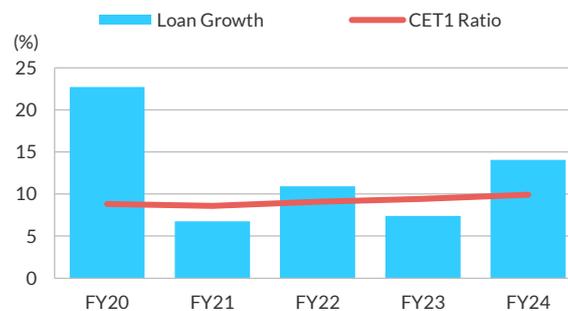
Net income has continued to increase yoy, with the wealth management segment achieving record revenue and income in 2024. Although Wintrust recently engaged in an acquisition in mid-2024, management remains open to growth opportunities. The capital accumulated in recent years, exceeding long-run averages, positions WTFC to capitalize on attractive opportunities as they arise.

Performance Through the Cycle



Source: Fitch Ratings, WTFC

Loan Growth



Source: Fitch Ratings, WTFC

Risk Profile

Prudent Risk Management Supports Credit Quality: Fitch views WTFC's prudent risk appetite and strong risk management practices positively. In 2024, WTFC achieved the highest yoy loan growth in its peer group, bolstered by the acquisition of Macatawa Bank Corporation, which increased total loans by \$1.4 billion. Even after adjusting for this acquisition, WTFC still experienced the largest loan growth among peers. While Fitch views higher levels of loan growth cautiously, WTFC is expected to slow its loan growth in 2025 and 2026, back in line with historical norms. Additionally, WTFC's premium finance lending business continues to be a strong asset, providing geographic diversification and historically low credit losses.

While Wintrust is asset-sensitive and fairly reliant on spreads amid a high interest rate environment, with NII representing 80% of total revenues in 2024, the company has worked to reduce its NII sensitivity. It uses interest rate swaps and collars to mitigate exposure. Fitch believes the directional diversity of income sensitivities to interest rate changes across the business lines provides a natural hedge, offering some protection to earnings against interest rate fluctuations.

Financial Profile

Asset Quality

Asset Quality a Strength

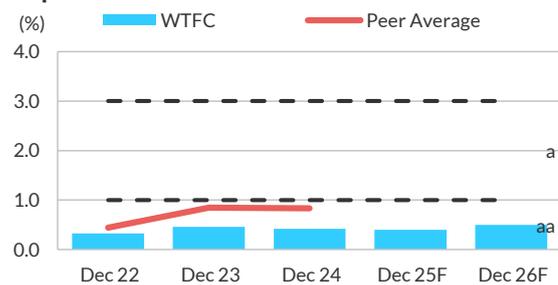
WTFC's asset quality remained resilient through 2024, notwithstanding inflationary pressures. The NCO ratio increased to 21 bps in 2024, up from 11 bps in 2023, while impaired loans remained stable with a slight increase of 1 bp yoy. Nonperforming loans (NPLs) also saw a minor increase of 4 bps in 2024. Loan loss provisions to average loans rose from 12 bps in 2022 to 29 bps in 2023, before declining slightly to 25 bps in 2024.

Through strong underwriting and a lower-risk premium finance book, the bank has maintained relatively low levels of impaired loans and NPLs. The impaired loans ratio stood at 41 bps as of YE24, stable from the previous year and comparing favorably to a regional bank peer median of 71 bps at YE24.

Although the bank's overall portfolio reserve coverage is at the lower end of the peer group, this is not viewed as a ratings constraint due to WTFC's stable credit quality history and strong underwriting standards. Excluding the premium finance book, the reserve coverage of 1.34% remains among the highest in the peer group.

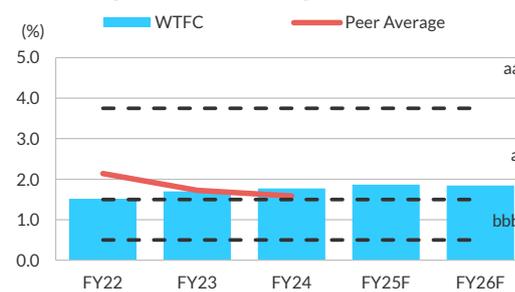
Fitch expects continued asset quality pressure in the commercial real estate (CRE) space, led by office lending, for banks through 2025. However, the granularity, noncentral business district majority and significant medical or owner-occupied portion of Wintrust's office portfolio act as partially mitigating factors of deterioration relative to peers. The operating environment in 2025 is considered stable, and Fitch is not expecting deterioration in the macroeconomic environment. Fitch believes any credit quality changes for WTFC will be manageable and remain supportive of the rating, especially when compared to peers.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions

Earnings and Profitability

Diversified Business Mix Boosts Earnings

WTFC's business mix maintains a strong level of noninterest income, with its levels at the peer median. Net income for 2024 was \$695 million (up 11.6% in 2024). NII has increased every year since 2020. Despite rate cuts in 2024 and the company's net interest margin (NIM) declining by 17 bps, the company's NII reached an all-time high of \$1.96 billion in 2024. This increase was driven primarily by higher than normal loan growth, particularly in the commercial segment.

WTFC's mortgage banking business continues to contribute roughly 4% of total revenues. Mortgage originations for sale totaled \$2.6 billion, a \$600 million increase yoy. Should rates continue to decline, Fitch anticipates the share of refinancing originations to total mortgage originations will continue to increase as higher rate mortgage borrowers continue to refinance. This could impact the company's strong NIM position and work to further reduce it amid potentially further declining rates. Should rates decline, Wintrust would be well positioned for a ramp-up in the mortgage business, which could offset some of the earnings lost through NIM and NII contraction.

Wealth management revenues continued to grow following the successful integration of the Rothschild acquisition in late 2022, up 17% in 2024 and accounting for 8% of consolidated net revenues. Fitch views WTFC as having adequate earnings headroom at the current rating level.

Capitalization and Leverage

Capital Higher on Strong Earnings Retention

Fitch considers WTFC's capital and leverage to be adequate and views its business and risk profiles as supportive of the 'bbb' factor score. Historically, WTFC has maintained capital levels at the lower end compared to peers. The company's CET1 capital ratio increased 80 bps in 2024, reaching 9.9% by YE24, as earnings bolstered loan growth.

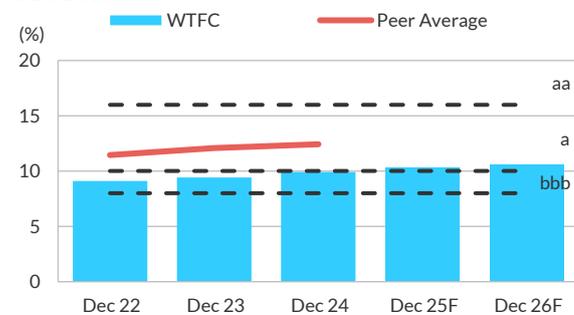
Wintrust did not repurchase any common shares in 2024 and, while the company remains prudent in its capital usage, the strengthened capital metrics could facilitate another strategic acquisition.

Although WTFC's CET1 ratio is nominally among the lowest in its peer group, the 100% risk weighting of its low and no-loss premium finance loans results in a diluted CET1 ratio that does not fully reflect the capital relative to the loan portfolio's risk. Fitch deems the capital levels adequate, considering Wintrust's credit diversification and conservative risk profile.

WTFC has demonstrated its capability to raise capital in both private and public markets, notably securing \$250 million in preferred stock in May 2020 to improve liquidity and support balance sheet expansion during the pandemic. Fitch expects that WTFC might undertake another capital raise to call or restructure the existing preferred Series D and E shares, with rate resets scheduled for July 2025.

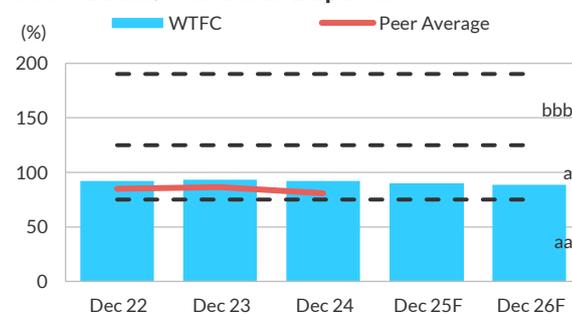
While WTFC's capitalization remains near the lower end of its peer group, Fitch views this as adequate due to historically lower loan losses compared to peers and the lower-risk nature of the premium finance segments. If WTFC's CET1 ratio were to fall below 8% for several consecutive quarters without a credible plan to restore it, negative rating actions could be considered.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions

Funding and Liquidity

Stable Liquidity Amid Moderate Deposit Growth

The company maintains strong coverage of uninsured and uncollateralized deposits and continues to gain deposit market share in the Chicago MSA and Illinois markets. In 2024, WTFC experienced net deposit inflows. Deposits increased by \$7 billion, while loans increased by nearly \$6 billion. This resulted in a slight decline in the loan-to-deposit ratio to 91% at YE24, down from 92% at YE23.

The company has funding sources in addition to customer deposits, with Federal Home Loan Bank (FHLB) advances of \$3.15 billion on the balance sheet at YE24. The liquidity profile is also strong, with the investment portfolio consisting primarily of mortgage-backed securities (MBS) with residential MBS (RMBS) comprising the bulk of the held-to-maturity portfolio at 79%.

Furthermore, Fitch believes Wintrust's internal reciprocal deposit capability among its 16 operating banks is a competitive advantage over peers with fewer bank charters, providing added liquidity flexibility and the ability to offer a cumulative \$4 million in FDIC deposit insurance per depositor via its MaxSafe program.

WTFC also has two preferred issuances — Series D and Series E — that are due for rate resets in July 2025. As of now, these rates are expected to be more than 200 bps and more than 400 bps higher, respectively, after converting to floating rate. As a result, Fitch anticipates WTFC will explore strategic options including but not limited to new issuance of preferred debt to capture lower rates than would be realized should the issuances reset.

Additional Notes on Charts

The forecasts within the charts in this section reflect Fitch's forward view of the bank's core financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of Fitch's macroeconomic forecasts, sector outlook and company-specific considerations. As a result, Fitch's forecasts may differ materially from guidance provided by the rated entity to the market.

To the extent Fitch is aware of material nonpublic information with respect to future events, such as planned recapitalizations or M&A activity, Fitch will not reflect these nonpublic future events in its published forecasts. However, where relevant, Fitch considers such information to be part of the rating process.

The black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments Fitch rates in the 'aa' category. Light blue columns represent Fitch's forecasts.

Peer averages in core metric charts include East West Bancorp, Inc. (bbb+), Synovus Financial Corp. (bbb), Texas Capital Bancshares, Inc. (not rated) and BankUnited, Inc. (bbb).

Financials

Financial Statements

	2024	2023	2022	2021
(\$ Mil.; Years ended as of Dec. 31)	Audited – unqualified	Audited – unqualified	Audited – unqualified	Audited – unqualified
Summary income statement				
Net interest and dividend income	1,963	1,838	1,495	1,125
Net fees and commissions	235	226	212	196
Other operating income	254	208	250	391
Total operating income	2,451	2,272	1,957	1,711
Operating costs	1,403	1,314	1,177	1,134
Pre-impairment operating profit	1,048	958	779	577
Loan and other impairment charges	101	114	79	-59
Operating profit	947	844	701	636
Other non-operating items (net)	0	2	0	2
Tax	252	223	191	172
Net income	695	623	510	466
Other comprehensive income	-147	66	-432	-11
Fitch comprehensive income	695	689	78	455
Summary balance sheet				
Assets				
Gross loans	48,386	42,425	39,496	35,607
- of which impaired	171	195	132	103
Loan loss allowances	364	344	270	248
Net loans	48,022	42,080	39,226	35,359
Interbank	4,410	2,084	1,989	5,373
Derivatives	200	276	297	165
Other securities and earning assets	8,541	8,681	8,396	6,197
Total earning assets	60,973	53,121	49,907	47,094
Cash and due from banks	452	423	491	411
Other assets	3,455	2,715	2,551	2,637
Total assets	64,880	56,260	52,950	50,142
Liabilities				
Customer deposits	52,512	45,397	42,903	42,096
Interbank and other short-term funding	–	13	18	9
Other long-term funding	3,984	3,396	3,333	2,163
Trading liabilities and derivatives	242	267	338	123
Total funding and derivatives	56,497	49,074	46,591	44,391
Other liabilities	1,785	1,533	1,309	999
Preference shares and hybrid capital	666	666	666	666
Total equity	5,932	4,987	4,384	4,086
Total liabilities and equity	64,880	56,260	52,950	50,142

Source: Fitch Ratings, Fitch Solutions

Key Ratios

(Years ended as of Dec. 31)	2024	2023	2022	2021
Ratios (%; annualized as appropriate)				
Profitability				
Operating profit/risk-weighted assets	1.7	1.7	1.5	1.6
Net interest income/average earning assets	3.4	3.6	3.1	2.6
Noninterest expense/gross revenue	57.3	57.8	60.2	66.3
Net income/average equity	12.8	13.4	12.1	11.9
Asset quality				
Impaired loans ratio	0.4	0.5	0.3	0.3
Growth in gross loans	14.1	7.4	10.9	6.8
Loan loss allowances/impaired loans	178.1	176.3	205.5	239.7
Loan impairment charges/average gross loans	0.2	0.3	0.2	-0.2
Capitalization				
Common equity Tier 1 ratio	9.9	9.4	9.1	8.6
Tangible common equity/tangible assets	7.5	7.4	6.7	6.6
Basel leverage ratio	9.4	9.3	8.8	8.0
Net impaired loans/common equity Tier 1	-2.9	-3.2	-3.3	-4.2
Funding and liquidity				
Gross loans/customer deposits	92.1	93.5	92.1	84.6
Customer deposits/total non-equity funding	91.9	91.8	91.4	93.7

Source: Fitch Ratings, Fitch Solutions

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a+ to a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns
Government ability to support D-SIBs	
Sovereign Rating	AA+/ Stable
Size of banking system	Neutral
Structure of banking system	Neutral
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Negative
Liability structure	Positive
Ownership	Neutral

The colors indicate the weighting of each KRD in the assessment.

■ Higher influence
 ■ Moderate influence
 ■ Lower influence

Environmental, Social and Governance Considerations

FitchRatings Wintrust Financial Corporation

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Wintrust Financial Corporation has 5 ESG potential rating drivers

- ➔ Wintrust Financial Corporation has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- ➔ Governance is minimally relevant to the rating and is not currently a driver.

	key driver	0	issues	5	
	driver	0	issues	4	
	potential driver	5	issues	3	
	not a rating driver	4	issues	2	
		5	issues	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impacts scores of 3, 4 or 5) and provides a brief explanation for the score.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE		How relevant are E, S and G issues to the overall credit rating?
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.	
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.	
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.	
2	Irrelevant to the entity rating but relevant to the sector.	
1	Irrelevant to the entity rating and irrelevant to the sector.	

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, due to either their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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