FitchRatings

Banks
Universal Commercial Banks
U.S.A.

Wintrust Financial Corporation

Ratings

Foreign Currency

Long-Term IDR	BBB+
Short-Term IDR	F2
Viability Rating	bbb+
Government Support Rating	ns

Sovereign Risk

Long-Term Foreign Currency IDR	AAA
Long-Term Local Currency IDR	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign Currency IDR	Stable
Sovereign Long-Term Foreign Currency IDR	Negative
Sovereign Long-Term Local Currency IDR	Negative

Applicable Criteria

Bank Rating Criteria (November 2021)

Related Research

Fitch Affirms Wintrust Financial Corporation's LT IDR at 'BBB+'; Outlook Stable (May 2022)

US Banks See 1Q22 Accelerating Loan Growth, Higher Trading Revenues (April 2022)

Rate Hikes, Lagging Deposit Betas Boost US Bank Net Interest Margins (March 2022)

Global Economic Outlook - March 2022 (March 2022)

Normalization Expected for U.S. Banks in 2022 (December 2022)

Analysts

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Key Rating Drivers

Fitch Affirms Rating: On May 9, 2022, Fitch Ratings affirmed Wintrust Financial Corporation's (WTFC) Long-Term IDR at 'BBB+'/Stable. The affirmation reflects WTFC's consistent performance throughout the year, marked by resilient asset quality, deposit growth, loan expansion and strong fee income that offset spread revenue pressures associated with low interest rates.

Franchise Supports Rating: WTFC has carved out a meaningful place in the Illinois market, where its community banking offerings have created a solid core franchise. At a national level, its premium finance and leasing businesses have allowed for geographic diversification. The longstanding management team has created a differentiated business model and has continued to execute on strategies to expand and diversify the business, which remains supportive of the rating.

Risk Management a Strength: Fitch views WTFC's conservative risk culture and prudent risk management practices as a ratings strength, marked by careful underwriting leading to low losses through the cycle.

Strong Credit Quality: WTFC's better than peer credit performance remains a ratings strength. Impaired loans as a percentage of total loans were 0.29% of total loans and leases at 4Q21 (down from 0.56% at 4Q20) and compared favorably with peers. WTFC's impaired loans ratio implies significant headroom for the 'bbb' factor score. Fitch expects losses to increase modestly over the remainder of 2022 but remain manageable and supportive of the ratings.

Business Mix Stabilizes Earnings: WTFC's diverse franchise, coupled with strong mortgage demand and continued loan growth, offset spread compression in 2021. Although the company's 2021 operating profit to risk-weighted assets of 1.58% was on the lower end of peers, WTFC's consistent non-interest income derived through a diversified revenue mix kept earnings stable over the past two years. Fitch believes WTFC has sufficient headroom in its earnings & profitability factor score of 'bbb' and views the diversity and stability of earnings as supportive of the overall rating.

Capital Levels Support Rating: Fitch considers WTFC's capital management policies as commensurate with the rating. The Common Equity Tier 1 (CET1) ratio of 8.6% at YE21 is down modestly from the prior year, primarily due to organic loan growth in the last quarter of the year. While WTFC's CET1 ratio is the lowest among its peers, Fitch views capital levels as adequate given the credit diversification in low loss businesses and overall risk profile.

Solid Funding and Liquidity: Fitch views WTFC's funding and liquidity profile to be solid and supportive of the rating. Strong deposit growth during both 2020 and 2021 contributed to a loan-to-deposit ratio of 84% at 4Q21, just above the peer average of 80%. WTFC held higher balances of cash and equivalents as well as higher levels of FHLB advances during 2021.

Government Support Rating: In Fitch's view, the probability of support is unlikely.

Holding Company

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

Fitch notes that WTFC's holding company double leverage is currently above the norm and liquidity is currently below the norm for a 'BBB+' rated institution. The affirmation of the holding company VR reflects the view that WTFC will manage holding company liquidity higher in the near term and maintain levels of liquidity at the holding company commensurate with the rating. The affirmation also reflects the expectation that double leverage will come down below the 120% Fitch threshold in the near term.

Ratings 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 were to decline below 8% without a credible plan to rebuild it. Additionally, ratings could be pressured should loan growth continue at a rapid clip in conjunction with capital declining below 8% and/or signs of asset quality deterioration.

Asset quality is viewed as a rating strength for WTFC. Evidence of deterioration in asset quality could pressure the ratings. Specifically, should the impaired loans/gross loans ratio rise above 3%, negative ratings action would be considered. Moreover, while deterioration in the premium finance line would likely be the result of fraud and/or failed controls, should losses coalesce in this space negative rating action could be taken.

Fitch notes WTFC's extensive M&A history in the community bank space. While Fitch would consider acquisitions on a case-by-case basis, to the extent WTFC pursues M&A activity that does not fit its current business model and strategy, negative rating action could be contemplated.

Negative action could be taken if WTFC did not increase holding company liquidity above 1.0x and/or decrease holding company double leverage below 120% in the near term.

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 that this would most likely be achieved through consistently strong earnings, as displayed through operating profit to RWA in line with or exceeding peer medians on a sustained basis, as well as continued revenue diversity strength. Furthermore, upward momentum would be contingent on improvement in the franchise strength as evidenced by deposit and market share gains within the footprint.

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

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

Other Debt and Issuer Ratings

Rating Level	Rating	Outlook
Preferred: Long Term	BB	
Subordinated: Long Term	BBB	

Source: Fitch Ratings.

Subordinated Debt and Other Hybrid Securities: WTFC and its subsidiaries' subordinated debt is notched one level below its VR for loss severity. In accordance with Fitch's Bank Rating Criteria, published Feb. 28, 2020, this reflects alternate notching to the base case of two notches due to our view of U.S. regulators' resolution alternatives for an entity like WTFC as well as early intervention options available to banking regulators under U.S. law.

Per Fitch's updated Bank Rating Criteria, WTFC's preferred stock rating of 'BB' is notched four levels below WTFC's VR, two notches for loss severity and two notches for nonperformance.

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

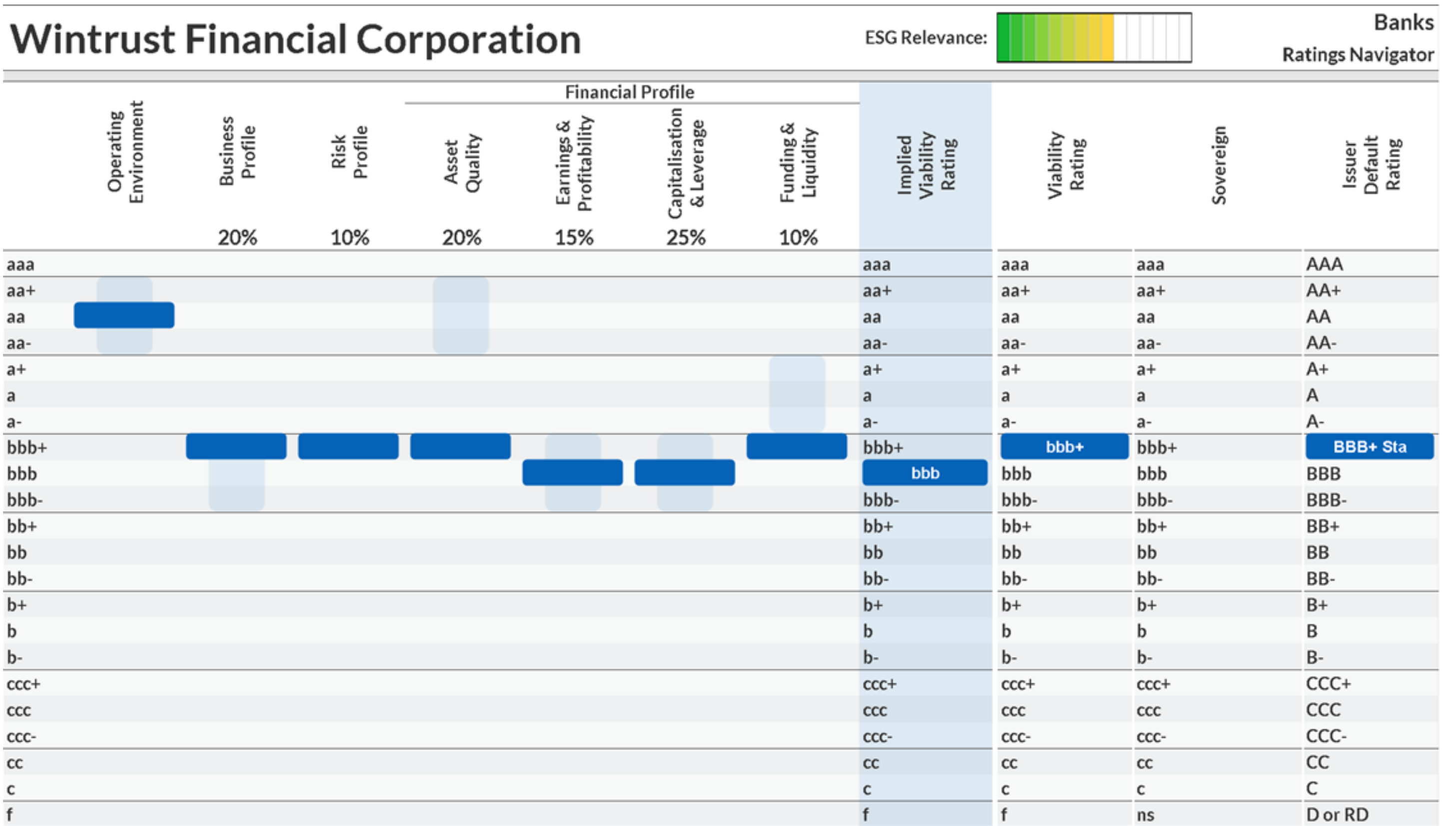
Factors that could, individually or collectively, lead to negative rating action/downgrade

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

Factors that could, individually or collectively, lead to positive rating action/upgrade

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

Ratings Navigator



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 upwards or downwards 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 Asset Quality score of 'bbb+' has been assigned below the 'aa' category implied score due to the following adjustment reasons: Growth (negative); and Concentrations (negative).

The Funding and Liquidity score of 'bbb+' has been assigned below the 'a' category implied score due to the following adjustment reason: Contingent Access (negative).

Company Summary and Key Qualitative Factors

Business Profile

Diverse Business Mix Supports Strong Franchise: WTFC is an Illinois-based financial services holding company with approximately $50.3 billion in assets as of March 31, 2022. Its franchise is diversified, comprising a strong community banking franchise, nationwide premium finance and leasing businesses, mortgage banking and wealth management. There are 15 charter banks under the WTFC holding company, several with niche businesses that work together to expand offerings to the customer base.

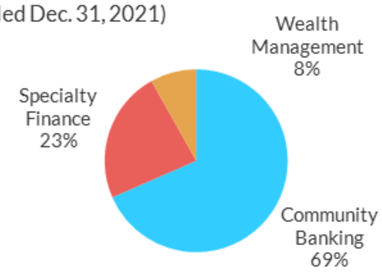
WTFC has historically been an acquisitive bank, acquiring community banks within the Illinois and Wisconsin footprint to absorb into existing charters or add new ones. Although WTFC has not completed a community bank acquisition since 2019, the company acquired approximately $581.6 million of loans from The Allstate Corporation in November 2021 through a business combination. The transaction made WTFC the preferred provider of loans to Allstate agents and serves as an additional differentiator for the business.

Fitch continues to view WTFC's business model as a differentiator relative to peers and supportive of its rating. This is largely attributable to the company's premium finance business, which comprises about one-third of the loan book. The segment helps diversify the geographic orientation of the portfolio as the business is nationwide, hedging against WTFC's otherwise predominantly Chicago- and Wisconsin-based businesses. Fitch views this profile positively, especially given the record of low losses of the premium finance business.

Tenured Management Team Supportive of Rating: Fitch views WTFC's long-standing management team and continued execution of the company's strategy as supportive of ratings. Management continues to methodically and strategically expand (and contract where appropriate) WTFC's community banking presence in its footprint via small-bank acquisitions and expanded product offerings. This has allowed the bank to diversify revenue and continue to grow.

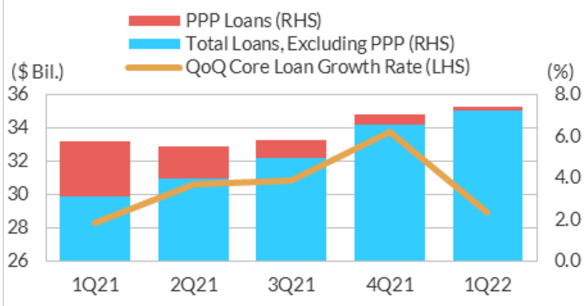
Execution on the strategy has been displayed through steady growth through the pandemic through highly active participation in PPP lending, which led to new client banking relationships that have trickled into other segments, as well as helped deposit growth. Both net interest income and non-interest income have expanded over the past two years. The wealth management segment continues to grow, with record revenue in 2021. Management's acquisition of a portion of the Allstate loan book helped expand net interest income in the last few months of the year.

Segment Net Income Mix
(Year Ended Dec. 31, 2021)



Source: Fitch Ratings, WTFC.

QoQ Loan Growth



Source: Fitch Ratings, WTFC.

Risk Profile

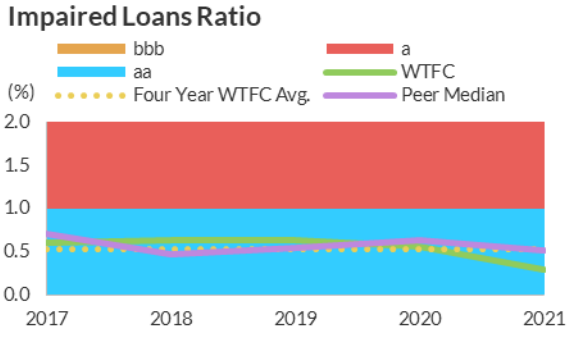
Prudent Risk Management Supports Credit Quality: Fitch continues to view WTFC's prudent risk appetite positively. While loan growth was rapid in 2020 and 2021, the company's rating reflects Fitch's view that WTFC maintains strong risk management practices, which have resulted in lower credit losses compared to peers over time. Additionally, WTFC's premium finance lending business continues to be viewed favorably by Fitch, providing credit and geographic diversification as the portfolio is spread nationwide.

Financial Profile

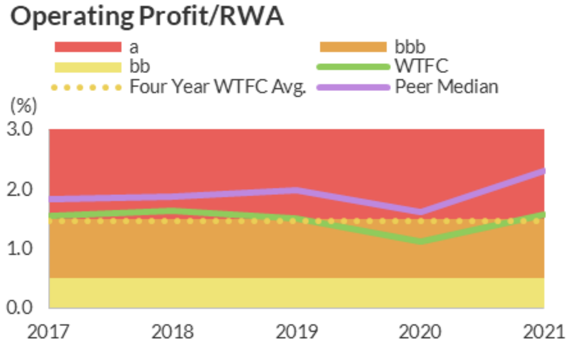
Asset Quality

Asset Quality a Consistent Strength

Similar to the banking industry as a whole, WTFC's asset quality has remained resilient through 2021 and into 1Q22 despite inflationary pressures and lingering coronavirus impacts. Net chargeoffs continue to be benign at 6 bps of total loans for the year ended Dec. 31, 2021 compared to 13 bps in the prior year. Through strong underwriting and a less risky premium finance book, the bank has maintained low levels of impaired and nonperforming loans, with impaired loans dipping to 29 bps at YE21 compared to 56 bps at YE20 and a peer median of 51 bps. Although the bank maintains reserve coverage levels on the lower end of peers, this is not viewed as a ratings constraint due to the bank's stable credit quality history and strong underwriting standards. Fitch expects loan losses to tick up across the sector over the course of the year but believes any credit quality changes for WTFC will be manageable and remain supportive of the rating.



Source: Fitch Ratings, FedFIS, FDR.



Source: Fitch Ratings, FedFIS, FDR.

Earnings and Profitability

Diversified Business Mix Boosts Earnings

Despite lower interest rates leading to compressed NIM throughout the year, WTFC's diversified business mix and growing loan book contributed to a solid earnings year for the bank. Earnings for 2021 were strong at $466.2 million, up 59% from 2020 and 31% from 2019. Despite NIM reaching historical lows, net interest income reached all-time highs of $1.1 bil. as the loan book continued to grow, with total loans up 30% from YE19 and 8% from prior year end. Additionally, following a year of heavy provisioning in 2020, loan provision releases of $51 mil. benefited earnings.

WTFC's diversified business mix played a major part in the successful year. Despite being down from the prior year, mortgage banking continued to perform, representing 16% of total revenue during the year, as origination and refinancing volumes remained strong. Wealth management revenues climbed, up 24% from 2020 and accounting for 7% of total revenue. Although mortgage banking gain on sale revenue is expected to decline as rates rise, the company's MSR business, along with loan growth in a rising rate environment, will serve as an offset to lost non-interest income. Fitch views WTFC as having adequate headroom at the current rating level.

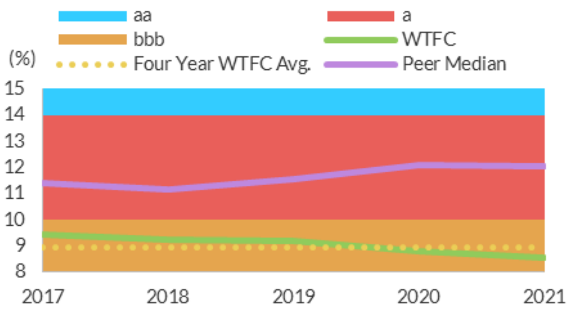
Capital and Leverage

Capital Down on Loan Growth

Fitch views WTFC's capital and leverage as adequate for its business and risk profile, and as supportive of the 'bbb' factor score rating. WTFC has historically managed capital levels on the lower end of peers. The company's CET1 ratio trended down over 2H21 to 8.6% at YE21 as the bank grew risk-weighted assets from organic loan growth and completed a common stock repurchase.

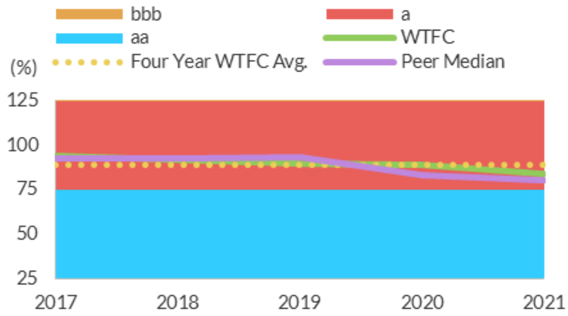
WTFC has demonstrated a willingness to raise capital in both private and public markets. The company successfully raised $250 million in preferred stock in May 2020, which was used to bolster liquidity levels and support balance sheet growth through the pandemic. While capital levels remain at the bottom of its peer group, Fitch views this as adequate given the strong diversification provided by the bank's loan book. Should WTFC's CET 1 ratio fall below 8% without a credible plan to build it back up, negative action could be taken.

CET 1 Capital Ratio



Source: Fitch Ratings, FedFIS, FDR.

Loans/Customer Deposits



Source: Fitch Ratings, FedFIS, FDR.

Funding and Liquidity

Strong Deposit Growth Expected to Slow

WTFC experienced strong deposit inflows in both 2020 and 2021, with particularly strong growth in non-interest-bearing deposits which were up 88% over the two-year period ended Dec. 31, 2021. Deposit growth was largely driven by government stimulus but has also benefited from franchise growth as the company's PPP program attracted new customers. While deposit growth is expected to slow, as displayed through <1% growth in 1Q22, WTFC expects deposits to be sticky, with high levels remaining at the bank.

The company maintains funding sources in addition to customer deposits, with FHLB borrowings of $1.2 bil. on the balance sheet at YE21. The liquidity profile is also strong, with the investment portfolio primarily composed of mortgage-backed securities, collateralized mortgage obligations and municipal bonds.

Summary Financials and Key Ratios

($000, Years Ended Dec. 31)	3/31/2022 3 months	12/31/2021 12 months	12/31/2020 12 months	12/31/2019 12 months	12/31/2018 12 months
Summary Income Statement					
Net Interest and Dividend Income	299.3	1,125.0	1,039.9	1,054.9	964.9
Net Fees and Commissions	102.8	249.3	163.8	147.2	152.6
Other Operating Income	61.0	339.6	442.1	258.2	198.9
Total Operating Income	463.1	1,713.9	1,645.8	1,460.3	1,316.4
Operating Costs	285.3	1,135.4	1,067.5	926.6	821.6
Pre-Impairment Operating Profit	177.8	578.5	578.3	533.7	494.8
Loan and Other Impairment Charges	4.1	(59.3)	188.5	53.6	34.7
Operating Profit	173.7	637.8	389.8	480.1	460.1
Other Non-Operating Items (Net)	N.A.	N.A.	N.A.	N.A.	N.A.
Tax	46.3	171.6	96.8	124.4	117.0
Net Income	127.4	466.2	293.0	355.7	343.2
Other Comprehensive Income	(120.1)	(11.3)	50.1	42.2	(30.2)
Fitch Comprehensive Income	7.3	454.9	343.1	397.9	313.0
Summary Balance Sheet					
Assets					
Gross Loans	35,924.0	35,648.9	33,381.0	27,201.3	24,097.4
- Of Which Impaired[a]	85.7	103.4	188.2	170.6	151.4
Loan Loss Allowances	250.5	247.8	319.4	156.8	152.8
Net Loans	35,673.5	35,401.1	33,061.7	27,044.5	23,944.6
Interbank	4,013.6	5,372.6	4,802.5	2,164.6	1,099.6
Derivatives	128.9	115.8	270.2	103.3	64.3
Other Securities and Earning Assets	7,385.0	6,219.4	3,881.2	4,480.4	3,377.8
Total Earning Assets	47,200.9	47,108.9	42,015.6	33,792.7	28,486.3
Cash and Due from Banks	462.5	411.2	322.4	286.2	392.1
Other Assets	2,587.2	2,622.1	2,742.3	2,528.8	2,366.4
Total Assets	50,250.7	50,142.1	45,080.3	36,607.7	31,244.8
Liabilities					
Customer Deposits	42,650.9	42,461.4	37,365.5	30,349.0	26,308.5
Interbank and Other Short-Term Funding	411.2	417.0	404.6	248.5	192.2
Other Long-Term Funding	2,025.4	2,034.9	2,081.2	1,854.9	1,103.3
Trading Liabilities and Derivatives	117.0	106.5	233.6	103.3	64.7
Total Funding	45,204.5	45,019.8	40,084.9	32,555.8	27,668.6
Other Liabilities	553.9	623.7	879.4	360.7	308.7
Preference Shares and Hybrid Capital	666.1	666.1	666.1	378.6	378.6
Total Equity (excludes preferred shares)	4,079.8	4,086.2	3,703.5	3,566.3	3,142.6
Total Liabilities and Equity	50,250.7	50,142.1	45,080.3	36,607.7	31,244.8

Source: Fitch Ratings, Fitch Solutions.

Summary Financials and Key Ratios

	3/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
(Years Ended Dec. 31)	**3 months**	**12 months**	**12 months**	**12 months**	**12 months**
Ratios (Annualized as Appropriate)					
Profitability					
Operating Profit/Risk-Weighted Assets	1.7	1.6	1.1	1.5	1.6
Net Interest Income/Average Earning Assets	2.6	2.6	2.7	3.4	3.6
Non-Interest Expense/Gross Revenue	61.6	66.2	64.9	63.5	62.4
Net Income/Average Equity	11.5	10.8	7.5	10.2	11.0
Asset Quality					
Impaired Loans Ratio	0.2	0.3	0.6	0.6	0.6
Growth In Gross Loans	0.8	6.8	22.7	12.9	9.6
Loan Loss Allowances/Impaired Loans	292.4	239.8	169.7	91.9	100.9
Loan Impairment Charges/Average Gross Loans	0.1	(0.1)	0.6	0.2	0.2
Capitalisation					
Common Equity Tier 1 Ratio	8.6	8.6	8.8	9.2	9.3
Fully Loaded Common Equity Tier 1 Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Fitch Core Capital Ratio	7.7	8.1	8.4	8.8	8.8
Tangible Common Equity/Tangible Assets	6.5	6.6	6.6	8.0	8.2
Basel Leverage Ratio	8.1	8.0	8.1	8.7	9.1
Net Impaired Loans/Common Equity Tier 1	(4.6)	(4.2)	(4.3)	0.5	(0.1)
Net Impaired Loans/Fitch Core Capital	(5.2)	(4.4)	(4.5)	0.5	(0.1)
Funding and Liquidity					
Loans/Customer Deposits	84.2	84.0	89.3	89.6	91.6
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Funding	93.7	93.7	92.8	93.2	94.9
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.	N.A.

[a]Impaired loans per form FR Y-9C, (Past-due loans>90 days (still accruing) + Non-Accrual loans + Accruing TDS – Gvt. Guaranteed.
Source: Fitch Ratings, Fitch Solutions.

Environmental, Social and Governance Considerations

Overall ESG

5	
4	
3	■
2	■
1	■

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.

Environmental (E)

General Issues	Score	Impact	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1		n.a.	n.a.
Energy Management	1		n.a.	n.a.
Water & Wastewater Management	1		n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1		n.a.	n.a.
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

E Scale: 5, 4, 3, 2, 1

Social (S)

General Issues	Score	Impact	Sector-Specific Issues	Reference
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
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
Labor Relations & Practices	2		Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)
Employee Wellbeing	1		n.a.	n.a.
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

S Scale: 5, 4, 3, 2, 1

Governance (G)

General Issues	Score	Impact	Sector-Specific Issues	Reference
Management Strategy	3		Operational implementation of strategy	Business Profile (incl. Management & governance)
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
Group Structure	3		Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)
Financial Transparency	3		Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)

G Scale: 5, 4, 3, 2, 1

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.