

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

ark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended **June 30, 2025**
or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission file number: **001-32550**

WESTERN ALLIANCE BANCORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)		88-0365922 (I.R.S. Employer Identification No.)
One E. Washington Street, Suite 1400	Phoenix Arizona	85004
(Address of principal executive offices)		(Zip Code)
(602) 389-3500 (Registrant's telephone number, including area code)		

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 Par Value	WAL	New York Stock Exchange
Depository Shares, Each Representing a 1/400 th Interest in a Share of 4.250% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series A	WAL PrA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 28, 2025, Western Alliance Bancorporation had 110,368,816 shares of common stock outstanding.

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GLOSSARY OF ENTITIES AND TERMS

The acronyms and abbreviations identified below are used in various sections of this Form 10-Q, including the Consolidated Financial Statements and the Notes to Unaudited Consolidated Financial Statements in Item 1 and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Item 2 of this Form 10-Q.

ENTITIES / DIVISIONS:			
ABA	Alliance Bank of Arizona	FIB	First Independent Bank
AmeriHome	AmeriHome Mortgage Company, LLC	LVSP	Las Vegas Sunset Properties
BON	Bank of Nevada	TPB	Torrey Pines Bank
Bridge	Bridge Bank	WA PWI	Western Alliance Public Welfare Investments, LLC
BW or REIT	BW Real Estate Inc. or Real Estate Investment Trust	WAB or Bank	Western Alliance Bank
Company	Western Alliance Bancorporation and subsidiaries	WABT	Western Alliance Business Trust
CSI	CS Insurance Company	WAL or Parent	Western Alliance Bancorporation
DST	Digital Settlement Technologies LLC	WATC	Western Alliance Trust Company, N.A.
TERMS:			
ACL	Allowance for Credit Losses	FOMC	Federal Open Market Committee
AFS	Available-for-Sale	FRB	Federal Reserve Bank
ALCO	Asset and Liability Management Committee	FVO	Fair Value Option
AOCI	Accumulated Other Comprehensive Income	GAAP	U.S. Generally Accepted Accounting Principles
ASC	Accounting Standards Codification	GNMA	Government National Mortgage Association
ASU	Accounting Standards Update	GSE	Government-Sponsored Enterprise
Basel III	Banking Supervision's December 2010 Final Capital Framework	HFI	Held for Investment
BOD	Board of Directors	HFS	Held for Sale
Capital Rules	The FRB, the OCC, and the FDIC 2013 Approved Final Rules	HTM	Held-to-Maturity
CDARS	Certificate Deposit Account Registry Service	HUD	U.S. Department of Housing and Urban Development
CECL	Current Expected Credit Losses	ICS	Insured Cash Sweep Service
CEO	Chief Executive Officer	IRLC	Interest Rate Lock Commitment
CET1	Common Equity Tier 1	ISDA	International Swaps and Derivatives Association
CFO	Chief Financial Officer	LIHTC	Low-Income Housing Tax Credit
CLO	Collateralized Loan Obligation	MBS	Mortgage-Backed Securities
CRA	Community Reinvestment Act	MSR	Mortgage Servicing Right
CRE	Commercial Real Estate	NPV	Net Present Value
DTA	Deferred Tax Asset	OBBA	One Big Beautiful Bill Act
DTL	Deferred Tax Liability	OCI	Other Comprehensive Income
EaR	Earnings-at-Risk	PPNR	Pre-Provision Net Revenue
EBO	Early Buyout	SEC	Securities and Exchange Commission
ECR	Earnings Credit Rates	SERP	Supplemental Executive Retirement Plan
EPS	Earnings per Share	SOFR	Secured Overnight Financing Rate
EVE	Economic Value of Equity	TEB	Tax Equivalent Basis
Exchange Act	Securities Exchange Act of 1934, as Amended	TSR	Total Shareholder Return
FASB	Financial Accounting Standards Board	UPB	Unpaid Principal Balance
FDIC	Federal Deposit Insurance Corporation	USDA	United States Department of Agriculture
FHA	Federal Housing Administration	VA	Veterans Affairs
FHLB	Federal Home Loan Bank	VIE	Variable Interest Entity
FHLMC	Federal Home Loan Mortgage Corporation	XBRL	eXtensible Business Reporting Language
FNMA	Federal National Mortgage Association		

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
**WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	(Unaudited) June 30, 2025	December 31, 2024
	<i>(in millions, except shares and per share amounts)</i>	
Assets:		
Cash and due from banks	\$ 439	\$ 320
Interest bearing deposits in other financial institutions	2,328	3,776
Cash and cash equivalents	2,767	4,096
Investment securities - Trading, at fair value	53	—
Investment securities - AFS, at fair value; amortized cost of \$17,494 at June 30, 2025 and \$14,178 at December 31, 2024 (ACL of \$0.3 and \$0.4 at June 30, 2025 and December 31, 2024)	16,898	13,468
Investment securities - HTM, at amortized cost and net of ACL of \$11.6 and \$16.4 (fair value of \$1,368 and \$1,309) at June 30, 2025 and December 31, 2024, respectively	1,528	1,510
Investment securities - equity	122	117
Investments in restricted stock, at cost	269	232
Loans HFS	3,022	2,286
Loans HFI, net of deferred fees and costs	55,939	53,676
Less: allowance for credit losses	(395)	(374)
Net loans held for investment	55,544	53,302
Mortgage servicing rights	1,044	1,127
Premises and equipment, net	365	361
Operating lease right of use asset	130	128
Bank owned life insurance	1,033	1,011
Goodwill and intangible assets, net	653	659
Deferred tax assets, net	313	281
Investments in LIHTC and renewable energy	588	606
Other assets	2,396	1,750
Total assets	\$ 86,725	\$ 80,934
Liabilities:		
Deposits:		
Non-interest bearing	\$ 22,997	\$ 18,846
Interest bearing	48,110	47,495
Total deposits	71,107	66,341
Other borrowings	6,052	5,573
Qualifying debt	678	899
Operating lease liability	160	159
Other liabilities	1,321	1,255
Total liabilities	79,318	74,227
Commitments and contingencies (Note 15)		
Equity:		
Preferred stock (par value \$0.0001; 20,000,000 authorized; 30,000 shares (12,000,000 depository shares) issued and outstanding and liquidation value per depository share of \$25 at June 30, 2025 and December 31, 2024)	295	295
Common stock (par value \$0.0001; 200,000,000 authorized; 113,359,870 shares issued at June 30, 2025 and 112,897,807 at December 31, 2024) and additional paid in capital	2,273	2,245
Treasury stock, at cost (2,979,168 shares at June 30, 2025 and 2,845,201 shares at December 31, 2024)	(137)	(125)
Accumulated other comprehensive loss	(482)	(534)
Retained earnings	5,165	4,826
Total Western Alliance stockholders' equity	7,114	6,707
Noncontrolling interest in subsidiary	293	—
Total equity	7,407	6,707
Total liabilities and equity	\$ 86,725	\$ 80,934

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions, except per share amounts)</i>			
Interest income:				
Loans, including fees	\$ 914.3	\$ 896.7	\$ 1,795.3	\$ 1,768.6
Investment securities	199.7	188.4	365.5	330.8
Dividends and other	40.4	62.4	89.2	103.1
Total interest income	1,154.4	1,147.5	2,250.0	2,202.5
Interest expense:				
Deposits	377.8	410.3	756.1	790.9
Qualifying debt	8.2	9.6	17.5	19.1
Other borrowings	70.8	71.0	128.2	137.0
Total interest expense	456.8	490.9	901.8	947.0
Net interest income	697.6	656.6	1,348.2	1,255.5
Provision for credit losses	39.9	37.1	71.1	52.3
Net interest income after provision for credit losses	657.7	619.5	1,277.1	1,203.2
Non-interest income:				
Service charges and loan fees	36.9	17.8	74.1	34.2
Net gain on loan origination and sale activities	39.4	46.8	88.9	92.1
Net loan servicing revenue	38.3	38.1	60.1	84.5
Income from bank owned life insurance	11.0	1.7	22.4	2.7
Gain on sales of investment securities	11.4	2.3	13.5	1.4
Fair value gain adjustments, net	0.1	0.7	1.1	1.0
Income (loss) from equity investments	2.9	4.2	(1.9)	21.3
Other income	8.3	3.6	17.5	7.9
Total non-interest income	148.3	115.2	275.7	245.1
Non-interest expense:				
Salaries and employee benefits	179.9	153.0	362.3	307.9
Deposit costs	147.4	173.7	284.2	310.7
Data processing	45.0	35.7	90.2	71.7
Insurance	37.4	33.8	75.3	92.7
Legal, professional, and directors' fees	25.3	25.8	54.2	55.9
Loan servicing expenses	20.1	16.6	36.5	31.6
Occupancy	16.9	18.4	34.1	35.9
Business development and marketing	6.1	6.4	12.0	11.9
Loan acquisition and origination expenses	5.8	5.1	11.0	9.9
Other expense	30.8	18.3	55.3	40.4
Total non-interest expense	514.7	486.8	1,015.1	968.6
Income before provision for income taxes	291.3	247.9	537.7	479.7
Income tax expense	53.5	54.3	100.8	108.7
Net income	237.8	193.6	436.9	371.0
Net income attributable to noncontrolling interest	7.4	—	7.4	—
Net income attributable to Western Alliance	230.4	193.6	429.5	371.0
Dividends on preferred stock	3.2	3.2	6.4	6.4
Net income available to common stockholders	\$ 227.2	\$ 190.4	\$ 423.1	\$ 364.6
Earnings per share:				
Basic	\$ 2.08	\$ 1.75	\$ 3.89	\$ 3.36
Diluted	2.07	1.75	3.86	3.34
Weighted average number of common shares outstanding:				
Basic	109.0	108.6	108.9	108.6
Diluted	109.6	109.1	109.6	109.1
Dividends declared per common share	\$ 0.38	\$ 0.37	\$ 0.76	\$ 0.74

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions)</i>			
Net income	\$ 237.8	\$ 193.6	\$ 436.9	\$ 371.0
Other comprehensive income (loss), net:				
Unrealized gain (loss) on AFS securities, net of tax effect of \$(6.0), \$(0.5), \$(25.3), and \$14.3, respectively	9.7	1.7	65.4	(43.2)
Unrealized gain on SERP, net of tax effect of \$0 for each period presented	0.1	—	0.1	—
Unrealized (loss) on junior subordinated debt, net of tax effect of \$1.3, \$0.2, \$0.9, and \$0.4, respectively	(4.1)	(0.5)	(3.0)	(1.0)
Realized (gain) on sale of AFS securities included in income, net of tax effect of \$2.9, \$0.6, \$3.5, and \$0.3, respectively	(8.8)	(1.8)	(10.4)	(1.1)
Net other comprehensive (loss) income	(3.1)	(0.6)	52.1	(45.3)
Comprehensive income attributable to noncontrolling interest	7.4	—	7.4	—
Comprehensive income attributable to Western Alliance	\$ 227.3	\$ 193.0	\$ 481.6	\$ 325.7

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Three Months Ended June 30,										
	Preferred Stock		Common Stock		Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest in Subsidiary	Total Equity	
	Shares	Amount	Shares	Amount							
	(in millions)										
Balance, March 31, 2024	12.0	\$ 294.5	110.2	\$ —	\$ 2,211.0	\$ (123.9)	\$ (557.6)	\$ 4,348.5	\$ —	\$ 6,172.5	
Net income	—	—	—	—	—	—	—	193.6	—	193.6	
Restricted stock, performance stock units, and other grants, net	—	—	—	—	12.5	—	—	—	—	12.5	
Restricted stock surrendered (1)	—	—	—	—	1.2	(1.0)	—	—	—	0.2	
Dividends paid to preferred stockholders	—	—	—	—	—	—	—	(3.2)	—	(3.2)	
Dividends paid to common stockholders	—	—	—	—	—	—	—	(40.8)	—	(40.8)	
Other comprehensive loss, net	—	—	—	—	—	—	(0.6)	—	—	(0.6)	
Balance, June 30, 2024	12.0	\$ 294.5	110.2	\$ —	\$ 2,224.7	\$ (124.9)	\$ (558.2)	\$ 4,498.1	\$ —	\$ 6,334.2	
Balance, March 31, 2025	12.0	\$ 294.5	110.4	\$ —	\$ 2,261.2	\$ (135.8)	\$ (478.5)	\$ 4,980.0	\$ 293.1	\$ 7,214.5	
Net income	—	—	—	—	—	—	—	230.4	7.4	237.8	
Restricted stock, performance stock units, and other grants, net	—	—	—	—	11.1	—	—	—	—	11.1	
Restricted stock surrendered (1)	—	—	—	—	—	(0.9)	—	—	—	(0.9)	
Dividends paid to preferred stockholders	—	—	—	—	—	—	—	(3.2)	—	(3.2)	
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	—	(7.4)	(7.4)	
Dividends paid to common stockholders	—	—	—	—	0.2	—	—	(42.2)	—	(42.0)	
Other comprehensive loss, net	—	—	—	—	—	—	(3.1)	—	—	(3.1)	
Balance, June 30, 2025	12.0	\$ 294.5	110.4	\$ —	\$ 2,272.5	\$ (136.7)	\$ (481.6)	\$ 5,165.0	\$ 293.1	\$ 7,406.8	

(1) Share amounts represent Treasury Shares.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Six Months Ended June 30,											
	Preferred Stock		Common Stock		Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest	Total Stockholders' Equity		
	Shares	Amount	Shares	Amount								
	(in millions)											
Balance, December 31, 2023	12.0	\$ 294.5	109.4	\$ —	\$ 2,198.1	\$ (116.3)	\$ (512.9)	\$ 4,215.0	\$ —	\$ 6,078.4		
Net income	—	—	—	—	—	—	—	371.0	—	371.0		
Restricted stock, performance stock units, and other grants, net	—	—	0.9	—	25.6	—	—	—	—	25.6		
Restricted stock surrendered (1)	—	—	(0.1)	—	1.0	(8.6)	—	—	—	(7.6)		
Dividends paid to preferred stockholders	—	—	—	—	—	—	—	(6.4)	—	(6.4)		
Dividends paid to common stockholders	—	—	—	—	—	—	—	(81.5)	—	(81.5)		
Other comprehensive loss, net	—	—	—	—	—	—	(45.3)	—	—	(45.3)		
Balance, June 30, 2024	12.0	\$ 294.5	110.2	\$ —	\$ 2,224.7	\$ (124.9)	\$ (558.2)	\$ 4,498.1	\$ —	\$ 6,334.2		
Balance, December 31, 2024	12.0	\$ 294.5	110.0	\$ —	\$ 2,245.8	\$ (125.0)	\$ (533.7)	\$ 4,825.9	\$ —	\$ 6,707.5		
Net income	—	—	—	—	—	—	—	429.5	7.4	436.9		
Restricted stock, performance stock units, and other grants, net	—	—	0.5	—	26.5	—	—	—	—	26.5		
Restricted stock surrendered (1)	—	—	(0.1)	—	—	(11.7)	—	—	—	(11.7)		
Equity issued by subsidiary	—	—	—	—	—	—	—	—	293.1	293.1		
Dividends paid to preferred stockholders	—	—	—	—	—	—	—	(6.4)	—	(6.4)		
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	—	(7.4)	(7.4)		
Dividends paid to common stockholders	—	—	—	—	0.2	—	—	(84.0)	—	(83.8)		
Other comprehensive income, net	—	—	—	—	—	—	52.1	—	—	52.1		
Balance, June 30, 2025	12.0	\$ 294.5	110.4	\$ —	\$ 2,272.5	\$ (136.7)	\$ (481.6)	\$ 5,165.0	\$ 293.1	\$ 7,406.8		

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2025	2024
	<i>(in millions)</i>	
Cash flows from operating activities:		
Net income	\$ 436.9	\$ 371.0
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	71.1	52.3
Depreciation and amortization	51.4	42.2
Stock-based compensation	26.5	25.6
Deferred income taxes	(46.9)	23.8
Amortization of net discounts for investment securities	(32.5)	(117.9)
Amortization of tax credit investments	34.1	35.7
Amortization of operating lease right of use asset	11.9	12.0
Amortization of net deferred loan fees and net purchase premiums	(38.7)	(46.5)
Purchases and originations of loans HFS	(26,746.0)	(21,308.5)
Proceeds from sales and payments on loans HFS and related securitization activities	25,009.0	20,129.4
Mortgage servicing rights capitalized upon sale of mortgage loans	(544.8)	(403.4)
Net losses (gains) on:		
Change in fair value of trading securities, loans HFS, mortgage servicing rights, and related derivatives	114.8	(17.0)
Fair value adjustments	4.6	(12.2)
Sale of investment securities	(13.5)	(1.4)
Other	0.7	0.5
Other assets and liabilities, net	(350.3)	162.1
Net cash used in operating activities	\$ (2,011.7)	\$ (1,052.3)
Cash flows from investing activities:		
Investment securities - AFS		
Purchases	\$ (9,634.7)	\$ (10,815.0)
Principal pay downs and maturities	3,567.6	4,761.5
Proceeds from sales	2,606.0	1,735.0
Investment securities - HTM		
Purchases	(51.2)	(61.0)
Principal pay downs and maturities	39.2	8.5
Equity securities carried at fair value		
Purchases	(0.4)	(0.4)
Redemptions	5.0	15.0
Proceeds from sales	22.0	—
Proceeds from sale of mortgage servicing rights and related holdbacks, net	518.8	400.8
Proceeds from sale and purchase of other investments, net	(143.5)	22.8
Proceeds from bank owned life insurance, net	0.6	—
Net increase in loans HFI	(2,446.9)	(2,191.5)
Purchase of premises, equipment, and other assets, net	(37.7)	(35.0)
Net cash used in investing activities	\$ (5,555.2)	\$ (6,159.3)

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	Six Months Ended June 30,	
	2025	2024
	(in millions)	
Cash flows from financing activities:		
Net increase in deposits	\$ 4,762.2	\$ 10,910.7
Net proceeds from issuance of long-term debt	3,700.0	—
Payments on long-term debt	(3,437.4)	(12.5)
Net increase (decrease) in short-term borrowings	1,029.6	(1,089.7)
Net proceeds from issuance of equity by a subsidiary	293.1	—
Cash paid for tax withholding on vested restricted stock and other	(11.7)	(7.6)
Cash dividends paid on common and preferred stock	(90.4)	(87.9)
Cash dividends paid to noncontrolling interest	(7.4)	—
Net cash provided by financing activities	\$ 6,238.0	\$ 9,713.0
Net (decrease) increase in cash and cash equivalents	(1,328.9)	2,501.4
Cash, cash equivalents, and restricted cash at beginning of period	4,095.6	1,576.1
Cash, cash equivalents, and restricted cash at end of period	\$ 2,766.7	\$ 4,077.5

Supplemental disclosure:

Cash paid during the period for:

Interest	\$ 921.0	\$ 934.8
Income taxes, net	28.7	(47.5)

Non-cash activities:

Transfers of mortgage-backed securities in settlement of secured borrowings	1,052.2	551.2
Transfers of securitized loans HFS to AFS securities	—	122.8
Transfers of loans HFI to HFS, net of fair value loss adjustment (1)	130.7	160.0
Unsettled sales of AFS securities	198.6	—
Transfers of loans HFI to other assets acquired through foreclosure	176.1	—

(1) Activity for the six months ended June 30, 2025 and 2024 excludes \$244.1 million and \$220.3 million, respectively, of loans transferred with an original designation of HFS, which sales activity was classified as operating cash flows.

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

WAL is a bank holding company headquartered in Phoenix, Arizona, incorporated under the laws of the state of Delaware. WAL provides a full spectrum of customized loan, deposit, and treasury management capabilities, including funds transfer and other digital payment offerings through its wholly-owned banking subsidiary, WAB, together with its banking divisions: ABA, BON, FIB, Bridge, and TPB.

The Company also serves business customers through a national platform of specialized financial services, including mortgage banking services through AmeriHome and digital payment services for the class action legal industry. In addition, the Company has the following non-bank subsidiaries: CSI, a captive insurance company formed and licensed under the laws of the state of Arizona and established as part of the Company's overall enterprise risk management strategy, and WATC, which provides corporate trust services and levered loan administration solutions.

Basis of presentation

The accompanying Unaudited Consolidated Financial Statements as of June 30, 2025 and for the three and six months ended June 30, 2025 and 2024 have been prepared in accordance with GAAP for interim financial information and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnotes required by GAAP for complete financial statements. Accordingly, these statements should be read in conjunction with the Company's audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The accounts of the Company and its consolidated subsidiaries are included in the Consolidated Financial Statements.

The information furnished in these interim statements reflects all adjustments that are, in the opinion of management, necessary for a fair statement of the results for each respective period presented. Such adjustments are of a normal, recurring nature. The results of operations in the interim statements are not necessarily indicative of the results that may be expected for any other quarter or for the full year.

Recent accounting pronouncements

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued guidance within ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Topic 220)*. The amendments in this update require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. Entities will be required to disclose the amounts of employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption. The update also requires entities to include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements, disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments in this update are effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027 and may be applied on a prospective or retrospective basis. The Company is currently evaluating the impact these amendments will have on its Consolidated Financial Statements.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued guidance within ASU 2023-09, *Income Taxes (Topic 740)*. The amendments in this update are intended to increase visibility into various income tax components that affect the reconciliation of the effective tax rate to the statutory rate, as well as the qualitative and quantitative aspects of those components. Public business entities will be required to disclose on an annual basis, specific categories in the rate reconciliation and provide additional information for reconciling items that meet or exceed a five percent threshold (computed by multiplying pretax income by the applicable statutory income tax rate) and include disclosure of state and local jurisdictions that make up the majority of the state and local income tax category in the rate reconciliation. Additional disclosure items include disaggregation of income taxes paid to and income tax expense from federal, state, and foreign jurisdictions as well as disaggregation of income taxes paid to individual jurisdictions in which income taxes paid are equal to or greater than five percent of total income taxes paid.

The amendments in this update are effective for fiscal years beginning after December 15, 2024 and interim periods within fiscal years beginning after December 15, 2025 and may be applied on a prospective or retrospective basis. As the amendments in this update relate entirely to enhanced disclosure requirements, adoption of this guidance will not have an impact on the Company's financial position or results of operations. Upon adoption, the Company expects to provide these enhanced income tax disclosures.

Recently adopted accounting guidance

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued guidance within ASU 2023-07, *Segment Reporting (Topic 280)*. The amendments in this update are intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures related to significant segment expenses. The amendments did not change how an entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments, and all existing segment disclosure requirements in ASC 280 and other Codification topics remain unchanged. The amendments in this update are incremental and require public entities that report segment information to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss as well as other segment items. Annual disclosure of the title and position of the chief operating decision maker and how the reported measures of segment profit or loss are used to assess performance and allocation of resources is also required.

The Company adopted this guidance beginning with the annual period ending December 31, 2024 and applied these updates on a retrospective basis. Upon adoption, the Company provided additional expense detail within its segment disclosures and there was no impact on the Company's financial position or results of operations.

Accounting for and Disclosure of Crypto Assets

In December 2023, the FASB issued guidance within ASU 2023-08, *Intangibles — Goodwill and Other — Crypto Assets (Topic 350)*. The amendments in this update require entities that hold certain crypto assets to measure such assets at fair value and recognize any changes in fair value in net income in each reporting period. Entities will also be required to present crypto assets measured at fair value separately from other intangible assets on the balance sheet and changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the income statement. Other disclosure items include the name, cost basis, fair value, and number of units for each significant crypto asset holding and the aggregate fair values and cost bases of crypto asset holdings that are not individually significant along with a rollforward of activity in the reporting period and disclosure of the method for determining the cost basis of the crypto assets.

The Company adopted this accounting guidance on January 1, 2025. Although the Company has digital payment offerings, it does not currently hold crypto assets meeting the criteria outlined in the update. Accordingly, the adoption of this guidance did not have an impact on the Company's Consolidated Financial Statements.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates and judgments are ongoing and are based on experience, current and expected future conditions, third-party evaluations and various other assumptions that management believes are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from those estimates and assumptions used in the Consolidated Financial Statements and related notes. Material estimates susceptible to significant changes in the near term, relate to: 1) the determination of the ACL; 2) certain assets and liabilities carried at fair value; and 3) accounting for income taxes.

Principles of consolidation

As of June 30, 2025, WAL has the following significant wholly-owned subsidiaries: WAB and eight unconsolidated subsidiaries used as business trusts in connection with the issuance of trust-preferred securities.

WAB has the following significant subsidiaries: 1) WABT, which holds certain investment securities, municipal and nonprofit loans, and leases; 2) WA PWI, which holds interests in certain limited partnerships invested primarily in low income housing tax credits and small business investment corporations; 3) Helios Prime, which holds interests in certain limited partnerships invested in renewable energy projects; 4) BW, which operates as a real estate investment trust and holds certain of WAB's real estate loans and related securities; and 5) Western Finance Company, which purchases and originates equipment finance leases and provides mortgage banking services through its wholly-owned subsidiary, AmeriHome.

The Company does not have any other significant entities that should be consolidated. All significant intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts in the Consolidated Income Statements for the prior periods have been reclassified to conform to the current presentation. The reclassifications had no effect on net income or stockholders' equity as previously reported.

2. INVESTMENT SECURITIES

The carrying amounts and fair values of investment securities are summarized as follows:

June 30, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(in millions)			
<i>Held-to-maturity</i>				
Tax-exempt	\$ 1,369	\$ 2	\$ (141)	\$ 1,230
Private label residential MBS	171	—	(33)	138
Total HTM securities	<u>\$ 1,540</u>	<u>\$ 2</u>	<u>\$ (174)</u>	<u>\$ 1,368</u>
<i>Available-for-sale debt securities</i>				
Residential MBS issued by GSEs and GNMA	\$ 6,986	\$ 35	\$ (355)	\$ 6,666
U.S. Treasury securities	5,470	38	(4)	5,504
CLO	1,895	6	—	1,901
Private label residential MBS	1,164	1	(175)	990
Tax-exempt	909	—	(113)	796
Commercial MBS issued by GSEs and GNMA	604	4	(9)	599
Corporate debt securities	391	—	(17)	374
Other	75	1	(8)	68
Total AFS debt securities	<u>\$ 17,494</u>	<u>\$ 85</u>	<u>\$ (681)</u>	<u>\$ 16,898</u>
December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(in millions)			
<i>Held-to-maturity</i>				
Tax-exempt	\$ 1,350	\$ 1	\$ (180)	\$ 1,171
Private label residential MBS	176	—	(38)	138
Total HTM securities	<u>\$ 1,526</u>	<u>\$ 1</u>	<u>\$ (218)</u>	<u>\$ 1,309</u>
<i>Available-for-sale debt securities</i>				
Residential MBS issued by GSEs and GNMA	\$ 6,225	\$ 16	\$ (410)	\$ 5,831
U.S. Treasury securities	4,385	1	(3)	4,383
Private label residential MBS	1,148	—	(201)	947
Tax-exempt	921	—	(76)	845
CLO	570	—	—	570
Commercial MBS issued by GSEs and GNMA	447	1	(11)	437
Corporate debt securities	407	—	(21)	386
Other	75	1	(7)	69
Total AFS debt securities	<u>\$ 14,178</u>	<u>\$ 19</u>	<u>\$ (729)</u>	<u>\$ 13,468</u>

In addition, the Company held equity securities, which primarily consisted of preferred stock, CRA investments, and common stock, with a fair value of \$122 million and \$117 million at June 30, 2025 and December 31, 2024, respectively. Unrealized losses of \$1.3 million and \$1.2 million on equity securities for the three months ended June 30, 2025 and 2024, respectively, and unrealized losses of less than \$0.1 million and unrealized gains of \$2.7 million for the six months ended June 30, 2025 and 2024, respectively, were recognized in earnings as a component of Fair value gain adjustments, net.

Securities with carrying amounts of approximately \$4.9 billion and \$4.0 billion at June 30, 2025 and December 31, 2024, respectively, were pledged for various purposes as required or permitted by law.

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The following tables summarize the Company's AFS debt securities in an unrealized loss position, aggregated by major security type and length of time in a continuous unrealized loss position:

	June 30, 2025					
	Less Than Twelve Months		More Than Twelve Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
<i>(in millions)</i>						
<i>Available-for-sale debt securities</i>						
Residential MBS issued by GSEs and GNMA	\$ 3	\$ 1,061	\$ 352	\$ 1,471	\$ 355	\$ 2,532
U.S. Treasury securities	4	1,948	—	—	4	1,948
Private label residential MBS	—	—	175	893	175	893
Tax-exempt	—	—	113	723	113	723
Corporate debt securities (1)	—	—	17	339	17	339
Commercial MBS issued by GSEs and GNMA	1	170	8	66	9	236
Other	4	31	4	16	8	47
Total AFS securities	\$ 12	\$ 3,210	\$ 669	\$ 3,508	\$ 681	\$ 6,718

(1) Includes securities with an ACL that have a fair value of \$8 million and unrealized losses of \$1 million.

	December 31, 2024					
	Less Than Twelve Months		More Than Twelve Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
<i>(in millions)</i>						
<i>Available-for-sale debt securities</i>						
Residential MBS issued by GSEs and GNMA	\$ 18	\$ 1,793	\$ 392	\$ 1,482	\$ 410	\$ 3,275
U.S. Treasury securities	3	2,185	—	—	3	2,185
Private label residential MBS	—	—	201	939	201	939
Tax-exempt	1	32	75	813	76	845
Corporate debt securities (1)	—	—	21	362	21	362
Commercial MBS issued by GSEs and GNMA	10	220	1	16	11	236
Other	2	32	5	25	7	57
Total AFS securities	\$ 34	\$ 4,262	\$ 695	\$ 3,637	\$ 729	\$ 7,899

(1) Includes securities with an ACL that have a fair value of \$8 million and unrealized losses of \$1 million.

The total number of AFS debt securities in an unrealized loss position at June 30, 2025 was 680, compared to 796 at December 31, 2024.

On a quarterly basis, the Company performs an impairment analysis on its AFS debt securities in an unrealized loss position at the end of the period to determine whether credit losses should be recognized on these securities.

Qualitative considerations made by the Company in its impairment analysis are further discussed below.

Government Issued Securities

U.S. Treasury securities and commercial and residential MBS are issued by either government agencies or GSEs. These securities are either explicitly or implicitly guaranteed by the U.S. government, and are highly rated by major rating agencies. Further, principal and interest payments on these securities continue to be made on a timely basis.

Non-Government Issued Securities

Qualitative factors used in the Company's credit loss assessment of its securities that are not issued and guaranteed by the U.S. government include consideration of any adverse conditions related to a specific security, industry, or geographic region of its securities, any credit ratings below investment grade, the payment structure of the security and the likelihood of the issuer to be able to make payments that increase in the future, and failure of the issuer to make any scheduled principal or interest payments.

For the Company's corporate debt and tax-exempt securities, the Company also considers various metrics of the issuer including days of cash on hand, the ratio of long-term debt to total assets, the net change in cash between reporting periods, and consideration of any breach in covenant requirements. The Company's corporate debt securities are primarily investment grade, issuers continue to make timely principal and interest payments, and the unrealized losses on these security portfolios primarily relate to changes in interest rates and other market conditions not considered to be credit-related issues. The Company continues to receive timely principal and interest payments on its tax-exempt securities and the majority of these issuers have revenues pledged for payment of debt service prior to payment of other types of expenses.

For the Company's private label residential MBS, which consist of non-agency collateralized mortgage obligations secured by pools of residential mortgage loans, the Company also considers metrics such as securitization risk weight factor, current credit support, whether there were any mortgage principal losses resulting from defaults in payments on the underlying mortgage collateral, and the credit default rate over the last twelve months. These securities primarily carry investment grade credit ratings, principal and interest payments on these securities continue to be made on a timely basis, and credit support for these securities is considered adequate.

The Company's CLO portfolio consists of highly rated securitization tranches, containing pools of medium- to large-sized corporate, high-yield loans. These are variable rate securities that have an investment grade rating of Single-A or better. Unrealized losses on these securities are primarily a function of the differential from the offer price and the valuation mid-market price as well as changes in interest rates.

Unrealized losses on the Company's other securities portfolio relate to taxable municipal and trust preferred securities. The Company is continuing to receive timely principal and interest payments on its taxable municipal securities, these securities continue to be highly rated and the number of days of cash on hand is strong. The Company's trust preferred securities are investment grade and the issuers continue to make timely principal and interest payments.

The Company's impairment analysis on its AFS debt securities resulted in recognition of an ACL on certain securities within its Corporate debt portfolio. The following table presents a rollforward of the ACL on these AFS debt securities:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions)</i>			
Balance, beginning of period	\$ 0.2	\$ 1.3	\$ 0.4	\$ 1.4
Provision for (recovery of) credit losses	0.1	(0.5)	(0.1)	(0.6)
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Balance, end of period	\$ 0.3	\$ 0.8	\$ 0.3	\$ 0.8

The credit loss model under ASC 326-20, applicable to HTM debt securities, requires recognition of lifetime expected credit losses through an allowance account at the time the security is purchased.

The following table presents a rollforward of the ACL on the Company's HTM tax-exempt debt securities:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions)</i>			
Balance, beginning of period	\$ 11.6	\$ 8.2	\$ 16.4	\$ 7.8
Provision for (recovery of) credit losses	—	0.5	(4.8)	0.9
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Balance, end of period	\$ 11.6	\$ 8.7	\$ 11.6	\$ 8.7

No allowance has been recognized on the Company's HTM private label residential MBS as losses are not expected due to the Company holding a senior position in these securities.

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Accrued interest receivable on HTM debt securities totaled \$5 million at both June 30, 2025 and December 31, 2024 and is excluded from the estimate of expected credit losses.

The following tables summarize the carrying amount of the Company's investment ratings position, which are updated quarterly and used to monitor the credit quality of the Company's securities:

	June 30, 2025															
	AAA		Split-rated AAA/AA+		AA+ to AA-		A+ to A-		BBB+ to BBB-		BB+ and below		Unrated		Totals	
	(in millions)															
Held-to-maturity																
Tax-exempt	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	1,369	\$	1,369
Private label residential MBS		—		—		—		—		—		—		171		171
Total HTM securities (1)	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	1,540	\$	1,540
Available-for-sale debt securities																
Residential MBS issued by GSEs and GNMA	\$	—	\$	—	\$	6,666	\$	—	\$	—	\$	—	\$	—	\$	6,666
U.S. Treasury securities		—		—		5,504		—		—		—		—		5,504
CLO		190		—		1,475		236		—		—		—		1,901
Private label residential MBS		963		—		27		—		—		—		—		990
Tax-exempt		22		—		327		354		—		—		93		796
Commercial MBS issued by GSEs and GNMA		—		—		599		—		—		—		—		599
Corporate debt securities		—		—		—		79		217		78		—		374
Other		—		—		11		2		38		1		16		68
Total AFS securities (1)	\$	1,175	\$	—	\$	14,609	\$	671	\$	255	\$	79	\$	109	\$	16,898
Trading securities																
Residential MBS issued by GSEs and GNMA	\$	—	\$	—	\$	53	\$	—	\$	—	\$	—	\$	—	\$	53
Total trading securities (1)	\$	—	\$	—	\$	53	\$	—	\$	—	\$	—	\$	—	\$	53
Equity securities																
Preferred stock	\$	—	\$	—	\$	—	\$	—	\$	33	\$	30	\$	—	\$	63
Common stock		—		—		—		—		—		—		32		32
CRA investments		—		27		—		—		—		—		—		27
Total equity securities (1)	\$	—	\$	27	\$	—	\$	—	\$	33	\$	30	\$	32	\$	122

(1) For rated securities, if ratings differ, the Company uses an average of the available ratings by major credit agencies.

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	December 31, 2024								
	AAA	Split-rated AAA/AA+	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Unrated	Totals	
	(in millions)								
<i>Held-to-maturity</i>									
Tax-exempt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,350	\$ 1,350	
Private label residential MBS	—	—	—	—	—	—	176	176	
Total HTM securities (1)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,526</u>	<u>\$ 1,526</u>	
<i>Available-for-sale debt securities</i>									
Residential MBS issued by GSEs and GNMA	\$ —	\$ 5,831	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,831	
U.S. Treasury securities	—	4,383	—	—	—	—	—	4,383	
Private label residential MBS	921	—	26	—	—	—	—	947	
Tax-exempt	9	19	348	375	—	—	94	845	
CLO	50	—	465	55	—	—	—	570	
Commercial MBS issued by GSEs and GNMA	—	437	—	—	—	—	—	437	
Corporate debt securities	—	—	—	78	226	82	—	386	
Other	—	1	8	2	40	1	17	69	
Total AFS securities (1)	<u>\$ 980</u>	<u>\$ 10,671</u>	<u>\$ 847</u>	<u>\$ 510</u>	<u>\$ 266</u>	<u>\$ 83</u>	<u>\$ 111</u>	<u>\$ 13,468</u>	
<i>Equity securities</i>									
Preferred stock	\$ —	\$ —	\$ —	\$ —	\$ 50	\$ 29	\$ 12	\$ 91	
CRA investments	—	26	—	—	—	—	—	26	
Total equity securities (1)	<u>\$ —</u>	<u>\$ 26</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 50</u>	<u>\$ 29</u>	<u>\$ 12</u>	<u>\$ 117</u>	

(1) For rated securities, if ratings differ, the Company uses an average of the available ratings by major credit agencies.

A security is considered to be past due once it is 30 days contractually past due under the terms of the agreement. As of June 30, 2025, the Company did not have a significant amount of investment securities that were past due or on nonaccrual status.

The amortized cost and fair value of the Company's debt securities as of June 30, 2025, by contractual maturities are shown below. MBS are shown separately as individual MBS are comprised of pools of loans with varying maturities.

June 30, 2025		
	Amortized Cost	Estimated Fair Value
<i>(in millions)</i>		
Held-to-maturity		
Due in one year or less	\$ 24	\$ 24
After one year through five years	18	18
After five years through ten years	173	162
After ten years	1,154	1,026
Mortgage-backed securities	171	138
Total HTM securities	\$ 1,540	\$ 1,368
Available-for-sale		
Due in one year or less	\$ 1,632	\$ 1,630
After one year through five years	1,912	1,909
After five years through ten years	840	828
After ten years	4,356	4,276
Mortgage-backed securities	8,754	8,255
Total AFS securities	\$ 17,494	\$ 16,898

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The following table presents gross gains and losses on sales of investment securities:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(in millions)</i>				
Available-for-sale securities				
Gross gains	\$ 11.8	\$ 2.7	\$ 13.9	\$ 3.6
Gross losses	—	(0.4)	—	(2.2)
Net gain on AFS securities	<u>\$ 11.8</u>	<u>\$ 2.3</u>	<u>\$ 13.9</u>	<u>\$ 1.4</u>
Equity securities				
Gross gains	\$ 0.2	\$ —	\$ 0.2	\$ —
Gross losses	(0.6)	—	(0.6)	—
Net loss on equity securities	<u>\$ (0.4)</u>	<u>\$ —</u>	<u>\$ (0.4)</u>	<u>\$ —</u>

During the three and six months ended June 30, 2025, the Company sold AFS securities with a carrying value of \$2.4 billion and \$2.8 billion, respectively, and recognized a net gain of \$11.8 million and \$13.9 million, respectively. U.S. Treasury securities and MBS were sold to secure gains, including hedged U.S. Treasury securities sold as part of an interest rate swap termination that resulted in a \$7.7 million gain. See "Note 12. Derivatives and Hedging Activities" for further discussion of the interest rate swap. During the three and six months ended June 30, 2024, the Company sold securities with a carrying value of \$329 million and \$1.7 billion, respectively, and recognized a net gain of \$2.3 million and \$1.4 million, respectively. CLOs were sold as part of the Company's efforts to shift the investment portfolio mix toward high quality liquid assets.

3. LOANS HELD FOR SALE

The Company purchases and originates residential mortgage loans that are held for sale or securitization primarily through its AmeriHome mortgage banking business channel.

The following is a summary of loans HFS by type:

	June 30, 2025	December 31, 2024
	<i>(in millions)</i>	
Government-insured or guaranteed:		
EBO (1)	\$ 74	\$ —
Non-EBO	1,296	764
Total government-insured or guaranteed	1,370	764
Agency-conforming	1,627	1,502
Non-agency	25	20
Total loans HFS	\$ 3,022	\$ 2,286

- (1) EBO loans are delinquent FHA, VA, or USDA loans purchased from GNMA pools under the terms of the GNMA MBS program that can be repooled when loans are brought current either through the borrower's reperformance or through completion of a loan modification.

The following is a summary of the net gain on loan purchase, origination, and sale activities on residential mortgage loans to be sold or securitized:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions)</i>			
Mortgage servicing rights capitalized upon sale of loans	\$ 284.4	\$ 214.7	\$ 544.8	\$ 403.4
Net proceeds from sale of loans (1)	(262.8)	(190.6)	(477.7)	(351.3)
Provision for and change in estimate of liability for losses under representations and warranties, net	0.6	1.0	1.1	4.2
Change in fair value of loans HFS and trading securities	5.9	1.4	33.1	(5.3)
Change in fair value of derivatives:				
Unrealized (loss) gain on derivatives	(13.2)	1.8	(73.2)	17.1
Realized gain (loss) on derivatives	8.7	4.7	31.7	(3.4)
Total change in fair value of derivatives	(4.5)	6.5	(41.5)	13.7
Net gain on residential mortgage loans HFS	\$ 23.6	\$ 33.0	\$ 59.8	\$ 64.7
Loan acquisition and origination fees	15.8	13.8	29.1	27.4
Net gain on loan origination and sale activities	\$ 39.4	\$ 46.8	\$ 88.9	\$ 92.1

- (1) Represents the difference between cash proceeds received upon settlement and loan basis.

4. LOANS, LEASES AND ALLOWANCE FOR CREDIT LOSSES

The composition of the Company's HFI loan portfolio is as follows:

	June 30, 2025	December 31, 2024
	<i>(in millions)</i>	
Warehouse lending	\$ 8,574	\$ 8,207
Municipal & nonprofit	1,634	1,620
Tech & innovation	3,609	3,383
Equity fund resources	857	884
Other commercial and industrial	10,474	9,175
CRE - owner occupied	1,598	1,675
Hotel franchise finance	3,929	3,815
Other CRE - non-owner occupied	6,552	6,342
Residential	13,166	12,961
Residential - EBO	929	972
Construction and land development	4,478	4,468
Other	139	174
Total loans HFI	55,939	53,676
Allowance for credit losses	(395)	(374)
Total loans HFI, net of allowance	\$ 55,544	\$ 53,302

Loans classified as HFI are stated at the amount of unpaid principal, adjusted for net deferred fees and costs, premiums and discounts on acquired and purchased loans, and an ACL. Net deferred fees of \$117 million and \$106 million reduced the carrying value of loans as of June 30, 2025 and December 31, 2024, respectively. Net unamortized purchase premiums on acquired and purchased loans of \$178 million and \$175 million increased the carrying value of loans as of June 30, 2025 and December 31, 2024.

Nonaccrual and Past Due Loans

Loans are placed on nonaccrual status when management determines that the full repayment of principal and collection of interest according to contractual terms is no longer likely, generally when the loan becomes 90 days or more past due.

The following tables present nonperforming loan balances by loan portfolio segment:

	June 30, 2025			
	Nonaccrual with No Allowance for Credit Loss	Nonaccrual with an Allowance for Credit Loss	Total Nonaccrual	Loans Past Due 90 Days or More and Still Accruing
	<i>(in millions)</i>			
Municipal & nonprofit	\$ —	\$ 5	\$ 5	\$ —
Tech & innovation	—	34	34	—
Equity fund resources	—	1	1	—
Other commercial and industrial	13	29	42	—
CRE - owner occupied	3	—	3	—
Other CRE - non-owner occupied	1	180	181	—
Residential	—	17	17	51
Residential - EBO	—	—	—	326
Construction and land development	73	69	142	—
Other	2	—	2	—
Total	\$ 92	\$ 335	\$ 427	\$ 377

Loans contractually delinquent by 90 days or more and still accruing totaled \$377 million at June 30, 2025 and consisted of government guaranteed EBO and certain other residential loans.

Additionally, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process totaled \$104 million and \$99 million at June 30, 2025 and December 31, 2024, respectively.

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December 31, 2024				
	Nonaccrual with No Allowance for Credit Loss	Nonaccrual with an Allowance for Credit Loss	Total Nonaccrual	Loans Past Due 90 Days or More and Still Accruing
<i>(in millions)</i>				
Municipal & nonprofit	\$ —	\$ 5	\$ 5	\$ —
Tech & innovation	3	57	60	—
Equity fund resources	—	1	1	—
Other commercial and industrial	11	6	17	—
CRE - owner occupied	5	—	5	—
Other CRE - non-owner occupied	172	71	243	—
Residential	—	88	88	—
Residential - EBO	—	—	—	326
Construction and land development	55	1	56	—
Other	1	—	1	—
Total	\$ 247	\$ 229	\$ 476	\$ 326

Loans contractually delinquent by 90 days or more and still accruing totaled \$326 million at December 31, 2024 and consisted of government guaranteed EBO residential loans.

The reduction in interest income associated with loans on nonaccrual status was approximately \$8.0 million and \$6.9 million for the three months ended June 30, 2025 and 2024, respectively, and \$16.0 million and \$11.8 million for the six months ended June 30, 2025 and 2024, respectively.

The following table presents an aging analysis of past due loans by loan portfolio segment:

June 30, 2025							
	Current	30-59 Days Past Due	60-89 Days Past Due	Over 90 days Past Due	Total Past Due	Total Nonaccrual	Total
<i>(in millions)</i>							
Warehouse lending	\$ 8,574	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,574
Municipal & nonprofit	1,629	—	—	—	—	5	1,634
Tech & innovation	3,571	4	—	—	4	34	3,609
Equity fund resources	856	—	—	—	—	1	857
Other commercial and industrial	10,430	2	—	—	2	42	10,474
CRE - owner occupied	1,593	2	—	—	2	3	1,598
Hotel franchise finance	3,929	—	—	—	—	—	3,929
Other CRE - non-owner occupied	6,286	85	—	—	85	181	6,552
Residential	13,017	59	22	51	132	17	13,166
Residential - EBO	435	107	61	326	494	—	929
Construction and land development	4,336	—	—	—	—	142	4,478
Other	136	1	—	—	1	2	139
Total loans	\$ 54,792	\$ 260	\$ 83	\$ 377	\$ 720	\$ 427	\$ 55,939

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	December 31, 2024							
	Current	30-59 Days Past Due	60-89 Days Past Due	Over 90 days Past Due	Total Past Due	Total Nonaccrual	Total	
	(in millions)							
Warehouse lending	\$ 8,207	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,207	
Municipal & nonprofit	1,615	—	—	—	—	5	1,620	
Tech & innovation	3,320	3	—	—	3	60	3,383	
Equity fund resources	883	—	—	—	—	1	884	
Other commercial and industrial	9,157	1	—	—	1	17	9,175	
CRE - owner occupied	1,670	—	—	—	—	5	1,675	
Hotel franchise finance	3,785	—	30	—	30	—	3,815	
Other CRE - non-owner occupied	6,097	—	2	—	2	243	6,342	
Residential	12,818	45	10	—	55	88	12,961	
Residential - EBO	463	107	76	326	509	—	972	
Construction and land development	4,412	—	—	—	—	56	4,468	
Other	172	1	—	—	1	1	174	
Total loans	\$ 52,599	\$ 157	\$ 118	\$ 326	\$ 601	\$ 476	\$ 53,676	

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually to classify the loans as to credit risk. The following tables present risk ratings by loan portfolio segment and origination year. The origination year is the year of origination or renewal.

As of and for the six months ended June 30, 2025	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total	
	2025	2024	2023	2022	2021	Prior			
	(in millions)								
Warehouse lending									
Pass	\$ 71	\$ 128	\$ 522	\$ 284	\$ —	\$ 228	\$ 7,341	\$ 8,574	
Special mention	—	—	—	—	—	—	—	—	
Classified	—	—	—	—	—	—	—	—	
Total	\$ 71	\$ 128	\$ 522	\$ 284	\$ —	\$ 228	\$ 7,341	\$ 8,574	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Municipal & nonprofit									
Pass	\$ 26	\$ 194	\$ 97	\$ 202	\$ 138	\$ 972	\$ —	\$ 1,629	
Special mention	—	—	—	—	—	—	—	—	
Classified	—	—	—	—	—	5	—	5	
Total	\$ 26	\$ 194	\$ 97	\$ 202	\$ 138	\$ 977	\$ —	\$ 1,634	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Tech & innovation									
Pass	\$ 642	\$ 1,128	\$ 334	\$ 194	\$ 95	\$ 51	\$ 1,047	\$ 3,491	
Special mention	7	4	23	11	—	—	1	46	
Classified	2	21	13	34	—	—	2	72	
Total	\$ 651	\$ 1,153	\$ 370	\$ 239	\$ 95	\$ 51	\$ 1,050	\$ 3,609	
Current period gross charge-offs	\$ 1.5	\$ 6.5	\$ 2.4	\$ 11.2	\$ 0.2	\$ —	\$ —	\$ 21.8	
Equity fund resources									
Pass	\$ 70	\$ 4	\$ 2	\$ —	\$ 3	\$ 5	\$ 772	\$ 856	
Special mention	—	—	—	—	—	—	—	—	
Classified	—	1	—	—	—	—	—	1	
Total	\$ 70	\$ 5	\$ 2	\$ —	\$ 3	\$ 5	\$ 772	\$ 857	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Other commercial and industrial									
Pass	\$ 1,119	\$ 1,803	\$ 782	\$ 525	\$ 218	\$ 203	\$ 5,443	\$ 10,093	
Special mention	—	8	1	6	1	1	82	99	
Classified	1	12	198	50	18	2	1	282	
Total	\$ 1,120	\$ 1,823	\$ 981	\$ 581	\$ 237	\$ 206	\$ 5,526	\$ 10,474	
Current period gross charge-offs	\$ —	\$ —	\$ 0.7	\$ 6.1	\$ —	\$ 0.3	\$ 0.5	\$ 7.6	
CRE - owner occupied									
Pass	\$ 144	\$ 219	\$ 159	\$ 310	\$ 278	\$ 433	\$ 27	\$ 1,570	
Special mention	—	—	—	—	—	7	—	7	
Classified	—	2	—	13	3	3	—	21	
Total	\$ 144	\$ 221	\$ 159	\$ 323	\$ 281	\$ 443	\$ 27	\$ 1,598	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ 0.3	\$ —	\$ 0.2	\$ —	\$ 0.5	
Hotel franchise finance									
Pass	\$ 543	\$ 1,053	\$ 478	\$ 992	\$ 278	\$ 287	\$ 128	\$ 3,759	
Special mention	—	—	—	—	80	—	—	80	
Classified	—	45	—	45	—	—	—	90	
Total	\$ 543	\$ 1,098	\$ 478	\$ 1,037	\$ 358	\$ 287	\$ 128	\$ 3,929	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	

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As of and for the six months ended June 30, 2025	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total	
	2025	2024	2023	2022	2021	Prior			
	(in millions)								
Other CRE - non-owner occupied									
Pass	\$ 595	\$ 956	\$ 1,138	\$ 1,838	\$ 531	\$ 423	\$ 529	\$ 6,010	
Special mention	12	64	98	—	—	—	—	174	
Classified	18	42	68	209	28	3	—	368	
Total	\$ 625	\$ 1,062	\$ 1,304	\$ 2,047	\$ 559	\$ 426	\$ 529	\$ 6,552	
Current period gross charge-offs	\$ —	\$ —	\$ 20.2	\$ 10.5	\$ 0.5	\$ 0.8	\$ —	\$ 32.0	
Residential									
Pass	\$ 472	\$ 712	\$ 211	\$ 3,249	\$ 7,287	\$ 1,153	\$ 31	\$ 13,115	
Special mention	—	—	—	—	—	—	—	—	
Classified	—	—	3	26	18	—	—	47	
Cumulative fair value hedging adjustment	—	—	—	—	—	—	—	4	
Total	\$ 472	\$ 712	\$ 214	\$ 3,275	\$ 7,305	\$ 1,153	\$ 31	\$ 13,166	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Residential - EBO									
Pass	\$ —	\$ 47	\$ 27	\$ 13	\$ 182	\$ 660	\$ —	\$ 929	
Special mention	—	—	—	—	—	—	—	—	
Classified	—	—	—	—	—	—	—	—	
Total	\$ —	\$ 47	\$ 27	\$ 13	\$ 182	\$ 660	\$ —	\$ 929	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Construction and land development									
Pass	\$ 654	\$ 742	\$ 502	\$ 798	\$ 35	\$ 1	\$ 1,555	\$ 4,287	
Special mention	10	—	—	27	—	—	—	37	
Classified	—	—	39	114	1	—	—	154	
Total	\$ 664	\$ 742	\$ 541	\$ 939	\$ 36	\$ 1	\$ 1,555	\$ 4,478	
Current period gross charge-offs	\$ —	\$ —	\$ 0.3	\$ —	\$ —	\$ —	\$ —	\$ 0.3	
Other									
Pass	\$ 5	\$ 15	\$ —	\$ 7	\$ 2	\$ 83	\$ 24	\$ 136	
Special mention	—	—	—	—	—	1	—	1	
Classified	—	—	—	—	—	2	—	2	
Total	\$ 5	\$ 15	\$ —	\$ 7	\$ 2	\$ 86	\$ 24	\$ 139	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ 0.1	\$ —	\$ 0.4	\$ 0.1	\$ 0.6	
Total by Risk Category									
Pass	\$ 4,341	\$ 7,001	\$ 4,252	\$ 8,412	\$ 9,047	\$ 4,499	\$ 16,897	\$ 54,449	
Special mention	29	76	122	44	81	9	83	444	
Classified	21	123	321	491	68	15	3	1,042	
Cumulative fair value hedging adjustment	—	—	—	—	—	—	—	4	
Total	\$ 4,391	\$ 7,200	\$ 4,695	\$ 8,947	\$ 9,196	\$ 4,523	\$ 16,983	\$ 55,939	
Current period gross charge-offs	\$ 1.5	\$ 6.5	\$ 23.6	\$ 28.2	\$ 0.7	\$ 1.7	\$ 0.6	\$ 62.8	

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	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total	
As of December 31, 2024 and gross charge-offs for the six months ended June 30, 2024	2024	2023	2022	2021	2020	Prior			
	(in millions)								
Warehouse lending									
Pass	\$ 205	\$ 545	\$ 264	\$ —	\$ 278	\$ —	\$ 6,915	\$ 8,207	
Special mention	—	—	—	—	—	—	—	—	
Classified	—	—	—	—	—	—	—	—	
Total	\$ 205	\$ 545	\$ 264	\$ —	\$ 278	\$ —	\$ 6,915	\$ 8,207	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Municipal & nonprofit									
Pass	\$ 175	\$ 89	\$ 195	\$ 144	\$ 160	\$ 833	\$ 1	\$ 1,597	
Special mention	—	—	7	—	11	—	—	18	
Classified	—	—	—	—	—	5	—	5	
Total	\$ 175	\$ 89	\$ 202	\$ 144	\$ 171	\$ 838	\$ 1	\$ 1,620	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Tech & innovation									
Pass	\$ 1,378	\$ 475	\$ 301	\$ 89	\$ —	\$ 61	\$ 903	\$ 3,207	
Special mention	26	15	16	11	—	—	7	75	
Classified	30	7	45	3	—	—	16	101	
Total	\$ 1,434	\$ 497	\$ 362	\$ 103	\$ —	\$ 61	\$ 926	\$ 3,383	
Current period gross charge-offs	\$ —	\$ 1.5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1.5	
Equity fund resources									
Pass	\$ 6	\$ 78	\$ 24	\$ 32	\$ 2	\$ —	\$ 741	\$ 883	
Special mention	—	—	—	—	—	—	—	—	
Classified	1	—	—	—	—	—	—	1	
Total	\$ 7	\$ 78	\$ 24	\$ 32	\$ 2	\$ —	\$ 741	\$ 884	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Other commercial and industrial									
Pass	\$ 2,217	\$ 973	\$ 801	\$ 324	\$ 75	\$ 155	\$ 4,456	\$ 9,001	
Special mention	1	—	38	1	—	—	3	43	
Classified	11	86	10	18	2	4	—	131	
Total	\$ 2,229	\$ 1,059	\$ 849	\$ 343	\$ 77	\$ 159	\$ 4,459	\$ 9,175	
Current period gross charge-offs	\$ —	\$ 0.1	\$ 0.6	\$ 4.5	\$ —	\$ 0.2	\$ 0.6	\$ 6.0	
CRE - owner occupied									
Pass	\$ 231	\$ 159	\$ 323	\$ 298	\$ 146	\$ 465	\$ 29	\$ 1,651	
Special mention	2	—	1	1	—	1	—	5	
Classified	—	—	12	3	—	4	—	19	
Total	\$ 233	\$ 159	\$ 336	\$ 302	\$ 146	\$ 470	\$ 29	\$ 1,675	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Hotel franchise finance									
Pass	\$ 1,036	\$ 522	\$ 1,204	\$ 405	\$ 33	\$ 342	\$ 132	\$ 3,674	
Special mention	98	—	14	—	—	—	—	112	
Classified	—	—	29	—	—	—	—	29	
Total	\$ 1,134	\$ 522	\$ 1,247	\$ 405	\$ 33	\$ 342	\$ 132	\$ 3,815	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ 1.4	\$ —	\$ 1.5	\$ —	\$ 2.9	
Other CRE - non-owner occupied									
Pass	\$ 1,056	\$ 1,388	\$ 1,589	\$ 557	\$ 250	\$ 264	\$ 588	\$ 5,692	
Special mention	75	—	59	—	2	2	—	138	
Classified	34	244	173	48	12	1	—	512	
Total	\$ 1,165	\$ 1,632	\$ 1,821	\$ 605	\$ 264	\$ 267	\$ 588	\$ 6,342	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ 22.6	\$ —	\$ —	\$ —	\$ 22.6	

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	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
As of December 31, 2024 and gross charge-offs for the six months ended June 30, 2024	2024	2023	2022	2021	2020	Prior		
	(in millions)							
Residential								
Pass	\$ 659	\$ 231	\$ 3,331	\$ 7,519	\$ 762	\$ 421	\$ 28	\$ 12,951
Special mention	—	—	—	—	—	—	—	—
Classified	—	2	41	33	4	8	—	88
Cumulative fair value hedging adjustment	—	—	—	—	—	—	—	(78)
Total	\$ 659	\$ 233	\$ 3,372	\$ 7,552	\$ 766	\$ 429	\$ 28	\$ 12,961
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Residential - EBO								
Pass	\$ 1	\$ 15	\$ 12	\$ 200	\$ 447	\$ 297	\$ —	\$ 972
Special mention	—	—	—	—	—	—	—	—
Classified	—	—	—	—	—	—	—	—
Total	\$ 1	\$ 15	\$ 12	\$ 200	\$ 447	\$ 297	\$ —	\$ 972
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction and land development								
Pass	\$ 798	\$ 525	\$ 1,526	\$ 62	\$ 2	\$ —	\$ 1,487	\$ 4,400
Special mention	—	—	—	—	—	—	—	—
Classified	—	38	30	—	—	—	—	68
Total	\$ 798	\$ 563	\$ 1,556	\$ 62	\$ 2	\$ —	\$ 1,487	\$ 4,468
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other								
Pass	\$ 24	\$ —	\$ 8	\$ 2	\$ 13	\$ 72	\$ 52	\$ 171
Special mention	—	—	—	—	—	1	—	1
Classified	1	—	—	—	—	1	—	2
Total	\$ 25	\$ —	\$ 8	\$ 2	\$ 13	\$ 74	\$ 52	\$ 174
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.1	\$ —	\$ 0.1
Total by Risk Category								
Pass	\$ 7,786	\$ 5,000	\$ 9,578	\$ 9,632	\$ 2,168	\$ 2,910	\$ 15,332	\$ 52,406
Special mention	202	15	135	13	13	4	10	392
Classified	77	377	340	105	18	23	16	956
Cumulative fair value hedging adjustment	—	—	—	—	—	—	—	(78)
Total	\$ 8,065	\$ 5,392	\$ 10,053	\$ 9,750	\$ 2,199	\$ 2,937	\$ 15,358	\$ 53,676
Current period gross charge-offs	\$ —	\$ 1.6	\$ 0.6	\$ 28.5	\$ —	\$ 1.8	\$ 0.6	\$ 33.1

Restructurings for Borrowers Experiencing Financial Difficulty

The following tables present the amortized cost basis of loans HFI that were modified during the period by loan portfolio segment:

Amortized Cost Basis at June 30, 2025					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Three Months Ended					
Other commercial and industrial	\$ —	\$ —	\$ 1	\$ 1	0.0 %
Total	\$ —	\$ —	\$ 1	\$ 1	0.0 %

Amortized Cost Basis at June 30, 2025					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Six Months Ended					
Tech & innovation	\$ 5	\$ 1	\$ 18	\$ 24	0.7 %
Other commercial and industrial	—	—	84	84	0.8
Other CRE - non-owner occupied	35	—	56	91	1.4
Construction and land development	—	—	39	39	0.9
Total	\$ 40	\$ 1	\$ 197	\$ 238	0.4 %

Amortized Cost Basis at June 30, 2024					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Three Months Ended					
Other CRE - non-owner occupied	\$ —	\$ —	\$ 70	\$ 70	1.1 %
Total	\$ —	\$ —	\$ 70	\$ 70	0.1 %

Amortized Cost Basis at June 30, 2024					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Six Months Ended					
Tech & innovation	\$ —	\$ —	\$ 29	\$ 29	0.9 %
Other commercial and industrial	8	—	—	8	0.1
CRE - owner occupied	31	—	—	31	1.8
Other CRE - non-owner occupied	—	—	70	70	1.1
Construction and land development	39	—	—	39	0.8
Total	\$ 78	\$ —	\$ 99	\$ 177	0.3 %

The performance of these modified loans is monitored for 12 months following the modification. As of June 30, 2025, modified loans of \$135 million were current with contractual payments and \$103 million were on nonaccrual status. As of December 31, 2024, modified loans of \$128 million were current with contractual payments and \$169 million were on nonaccrual status.

In the normal course of business, the Company also modifies EBO loans, which are delinquent FHA, VA, or USDA insured or guaranteed loans repurchased under the terms of the GNMA MBS program and can be repooled or resold when loans are brought current either through the borrower's reperformance or completion of a loan modification. During the three and six months ended June 30, 2025, the Company completed modifications of EBO loans with an amortized cost of \$142 million and \$287 million, respectively. During the three and six months ended June 30, 2024, the Company completed modifications of EBO loans with an amortized cost of \$103 million and \$190 million, respectively. These modifications consisted of term extensions, payment delays, and interest rate reductions. Certain of these loans were repooled or resold after modification and are no longer included in the pool of loan modifications being monitored for future performance. As of June 30, 2025, modified EBO loans consisted of \$35 million in loans that were current to 89 days delinquent and \$19 million in loans 90 days or more delinquent. As of December 31, 2024, modified EBO loans consisted of \$29 million in loans that were current to 89 days delinquent and \$11 million in loans 90 days or more delinquent.

Collateral-Dependent Loans

The following table presents the amortized cost basis of collateral-dependent loans by loan portfolio segment:

	June 30, 2025			December 31, 2024		
	Real Estate Collateral	Other Collateral	Total	Real Estate Collateral	Other Collateral	Total
	<i>(in millions)</i>					
Municipal & nonprofit	\$ —	\$ —	\$ —	\$ —	\$ 5	\$ 5
Tech & innovation	—	4	4	—	5	5
Other commercial and industrial	—	10	10	—	11	11
CRE - owner occupied	3	—	3	16	—	16
Hotel franchise finance	—	—	—	29	—	29
Other CRE - non-owner occupied	181	—	181	474	—	474
Construction and land development	142	—	142	67	—	67
Total	<u>\$ 326</u>	<u>\$ 14</u>	<u>\$ 340</u>	<u>\$ 586</u>	<u>\$ 21</u>	<u>\$ 607</u>

The Company did not identify any significant changes in the extent to which collateral secures its collateral dependent loans, whether in the form of general deterioration or from other factors during the period ended June 30, 2025.

Allowance for Credit Losses

The ACL consists of the ACL on funded loans HFI and an ACL on unfunded loan commitments. The ACL on HTM securities is estimated separately from loans, see "Note 2. Investment Securities" of these Notes to Unaudited Consolidated Financial Statements for further discussion. Management considers the level of ACL to be a reasonable and supportable estimate of expected credit losses inherent within the Company's HFI loan portfolio as of June 30, 2025.

The below tables reflect the activity in the ACL on loans HFI by loan portfolio segment, which includes an estimate of future recoveries:

	Three Months Ended June 30, 2025				
	Balance, March 31, 2025	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, June 30, 2025
	<i>(in millions)</i>				
Warehouse lending	\$ 6.3	\$ (0.4)	\$ —	\$ —	\$ 5.9
Municipal & nonprofit	14.8	(3.5)	—	—	11.3
Tech & innovation	44.9	10.4	9.7	(0.1)	45.7
Equity fund resources	1.4	0.8	—	—	2.2
Other commercial and industrial	91.7	23.7	6.7	(0.5)	109.2
CRE - owner occupied	3.7	0.7	0.5	—	3.9
Hotel franchise finance	33.2	2.8	—	—	36.0
Other CRE - non-owner occupied	138.1	(0.7)	17.5	(5.1)	125.0
Residential	19.7	0.2	—	—	19.9
Residential - EBO	—	—	—	—	—
Construction and land development	32.0	1.9	0.3	—	33.6
Other	2.8	(0.2)	0.6	—	2.0
Total	<u>\$ 388.6</u>	<u>\$ 35.7</u>	<u>\$ 35.3</u>	<u>\$ (5.7)</u>	<u>\$ 394.7</u>

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Six Months Ended June 30, 2025					
	Balance, December 31, 2024	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, June 30, 2025
	<i>(in millions)</i>				
Warehouse lending	\$ 6.4	\$ (0.5)	\$ —	\$ —	\$ 5.9
Municipal & nonprofit	14.7	(3.4)	—	—	11.3
Tech & innovation	55.9	10.6	21.8	(1.0)	45.7
Equity fund resources	1.6	0.6	—	—	2.2
Other commercial and industrial	77.8	38.4	7.6	(0.6)	109.2
CRE - owner occupied	3.4	0.9	0.5	(0.1)	3.9
Hotel franchise finance	35.3	0.1	—	(0.6)	36.0
Other CRE - non-owner occupied	134.4	17.5	32.0	(5.1)	125.0
Residential	19.7	0.2	—	—	19.9
Residential - EBO	—	—	—	—	—
Construction and land development	21.3	12.6	0.3	—	33.6
Other	3.3	(0.7)	0.6	—	2.0
Total	\$ 373.8	\$ 76.3	\$ 62.8	\$ (7.4)	\$ 394.7

Three Months Ended June 30, 2024					
	Balance, March 31, 2024	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, June 30, 2024
	<i>(in millions)</i>				
Warehouse lending	\$ 7.3	\$ (0.8)	\$ —	\$ —	\$ 6.5
Municipal & nonprofit	13.9	0.1	—	—	14.0
Tech & innovation	48.0	(1.5)	1.5	—	45.0
Equity fund resources	1.2	0.5	—	—	1.7
Other commercial and industrial	67.1	20.8	3.7	(0.1)	84.3
CRE - owner occupied	6.2	(1.2)	—	—	5.0
Hotel franchise finance	35.8	3.8	—	—	39.6
Other CRE - non-owner occupied	104.7	17.4	17.6	—	104.5
Residential	22.1	(3.3)	—	—	18.8
Residential - EBO	—	—	—	—	—
Construction and land development	31.9	(2.0)	—	—	29.9
Other	2.1	0.5	0.1	—	2.5
Total	\$ 340.3	\$ 34.3	\$ 22.9	\$ (0.1)	\$ 351.8

Six Months Ended June 30, 2024					
	Balance, December 31, 2023	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, June 30, 2024
	<i>(in millions)</i>				
Warehouse lending	\$ 5.8	\$ 0.7	\$ —	\$ —	\$ 6.5
Municipal & nonprofit	14.7	(0.7)	—	—	14.0
Tech & innovation	42.1	4.4	1.5	—	45.0
Equity fund resources	1.3	0.4	—	—	1.7
Other commercial and industrial	81.4	8.4	6.0	(0.5)	84.3
CRE - owner occupied	6.0	(1.0)	—	—	5.0
Hotel franchise finance	33.4	9.1	2.9	—	39.6
Other CRE - non-owner occupied	96.0	31.1	22.6	—	104.5
Residential	23.1	(4.3)	—	—	18.8
Residential - EBO	—	—	—	—	—
Construction and land development	30.4	(0.5)	—	—	29.9
Other	2.5	0.1	0.1	—	2.5
Total	\$ 336.7	\$ 47.7	\$ 33.1	\$ (0.5)	\$ 351.8

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Accrued interest receivable of \$274 million and \$272 million at June 30, 2025 and December 31, 2024, respectively, was excluded from the estimate of credit losses. However, accrued interest receivable related to the Company's Residential-EBO loan portfolio segment was included in the estimate of credit losses and had an allowance of \$1.4 million and \$1.5 million as of June 30, 2025 and December 31, 2024, respectively. Accrued interest receivable, net of any allowance, is included in Other assets on the Consolidated Balance Sheet.

In addition to the ACL on funded loans HFI, the Company maintains a separate ACL related to off-balance sheet credit exposures, including unfunded loan commitments. This allowance is included in Other liabilities on the Consolidated Balance Sheet.

The below table reflects the activity in the ACL on unfunded loan commitments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(in millions)</i>				
Balance, beginning of period	\$ 35.1	\$ 33.1	\$ 39.5	\$ 31.6
(Recovery of) provision for credit losses	4.1	2.8	(0.3)	4.3
Balance, end of period	<u>\$ 39.2</u>	<u>\$ 35.9</u>	<u>\$ 39.2</u>	<u>\$ 35.9</u>

The following tables disaggregate the Company's ACL on funded loans HFI and loan balances by measurement methodology:

June 30, 2025						
	Loans			Allowance		
	Collectively Evaluated for Credit Loss	Individually Evaluated for Credit Loss	Total	Collectively Evaluated for Credit Loss	Individually Evaluated for Credit Loss	Total
<i>(in millions)</i>						
Warehouse lending	\$ 8,574	\$ —	\$ 8,574	\$ 5.9	\$ —	\$ 5.9
Municipal & nonprofit	1,629	5	1,634	10.8	0.5	11.3
Tech & innovation	3,576	33	3,609	40.0	5.7	45.7
Equity fund resources	857	—	857	2.2	—	2.2
Other commercial and industrial	10,433	41	10,474	101.2	8.0	109.2
CRE - owner occupied	1,595	3	1,598	3.9	—	3.9
Hotel franchise finance	3,929	—	3,929	36.0	—	36.0
Other CRE - non-owner occupied	6,371	181	6,552	93.1	31.9	125.0
Residential	13,166	—	13,166	19.9	—	19.9
Residential EBO	929	—	929	—	—	—
Construction and land development	4,335	143	4,478	29.0	4.6	33.6
Other	137	2	139	2.0	—	2.0
Total	<u>\$ 55,531</u>	<u>\$ 408</u>	<u>\$ 55,939</u>	<u>\$ 344.0</u>	<u>\$ 50.7</u>	<u>\$ 394.7</u>

December 31, 2024						
	Loans			Allowance		
	Collectively Evaluated for Credit Loss	Individually Evaluated for Credit Loss	Total	Collectively Evaluated for Credit Loss	Individually Evaluated for Credit Loss	Total
<i>(in millions)</i>						
Warehouse lending	\$ 8,207	\$ —	\$ 8,207	\$ 6.4	\$ —	\$ 6.4
Municipal & nonprofit	1,615	5	1,620	14.1	0.6	14.7
Tech & innovation	3,283	100	3,383	33.6	22.3	55.9
Equity fund resources	884	—	884	1.6	—	1.6
Other commercial and industrial	9,047	128	9,175	75.5	2.3	77.8
CRE - owner occupied	1,658	17	1,675	3.4	—	3.4
Hotel franchise finance	3,786	29	3,815	35.3	—	35.3
Other CRE - non-owner occupied	5,830	512	6,342	90.3	44.1	134.4
Residential	12,961	—	12,961	19.7	—	19.7
Residential EBO	972	—	972	—	—	—
Construction and land development	4,401	67	4,468	21.3	—	21.3
Other	173	1	174	3.3	—	3.3
Total	<u>\$ 52,817</u>	<u>\$ 859</u>	<u>\$ 53,676</u>	<u>\$ 304.5</u>	<u>\$ 69.3</u>	<u>\$ 373.8</u>

Loan Purchases and Sales

Loan purchases during the three and six months ended June 30, 2025 totaled \$755 million and \$1.1 billion, respectively, which primarily consisted of residential and commercial and industrial loan purchases. Loan purchases during the three and six months ended June 30, 2024 totaled \$126 million and \$515 million, respectively, which primarily consisted of commercial and industrial loans. There were no loans purchased with more-than-insignificant deterioration in credit quality during the three and six months ended June 30, 2025 and 2024.

In the normal course of business, the Company also repurchases guaranteed or insured loans under the terms of the GNMA MBS program which can be repooled when loans are brought current either through the borrower's reperformance or completion of a loan modification and have demonstrated sustained performance for a period of time. The Company repurchased \$175 million and \$302 million of such EBO loans during the three and six months ended June 30, 2025, respectively. The Company repurchased \$104 million and \$182 million of such EBO loans during the three and six months ended June 30, 2024, respectively. Prior to repurchase, these loans are classified as loans eligible for repurchase, which is included as a component of Other assets on the Consolidated Balance Sheet.

During the three and six months ended June 30, 2025, the Company sold loans with a carrying value of approximately \$161 million and \$379 million, respectively, and recognized a net loss of \$0.2 million and \$2.8 million, respectively, and net charge-offs of \$1.7 million for both the three and six months ended June 30, 2025. During the three and six months ended June 30, 2024, the Company sold loans with a carrying value of approximately \$151 million and \$388 million, respectively. The Company recognized a charge-off of \$1.6 million and a net loss of \$0.7 million on these loan sales during the three months ended June 30, 2024. During the six months ended June 30, 2024, the Company recognized a charge-off of \$3.0 million and a net loss of \$5.8 million on these loan sales.

5. MORTGAGE SERVICING RIGHTS

The following table presents changes in the fair value of the Company's MSR portfolio related to its mortgage banking business and other information related to its servicing portfolio:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions)</i>			
Balance, beginning of period	\$ 1,241	\$ 1,178	\$ 1,127	\$ 1,124
Additions from loans sold with servicing rights retained	284	214	545	403
Carrying value of MSRs sold	(452)	(241)	(535)	(397)
Change in fair value	23	32	3	92
Realization of cash flows	(52)	(38)	(96)	(77)
Balance, end of period	\$ 1,044	\$ 1,145	\$ 1,044	\$ 1,145
			June 30, 2025	December 31, 2024
			<i>(in millions)</i>	
Unpaid principal balance of mortgage loans serviced for others			\$ 59,441	\$ 61,089

Changes in the fair value of MSRs are recorded as Net loan servicing revenue in the Consolidated Income Statement. Due to the regulatory capital impact of MSRs on capital ratios, the Company sells certain MSRs and related servicing advances in the normal course of business. The Company may also sell excess servicing spread related to certain mortgage loans serviced by the Company. During the three and six months ended June 30, 2025, the Company recognized a net gain of \$6.6 million and \$6.3 million on MSR sales, respectively. The UPB of loans underlying these sales totaled \$22.5 billion and \$31.2 billion for the three and six months ended June 30, 2025, respectively. During the three and six months ended June 30, 2024, the Company recognized a net gain of \$0.8 million and \$3.5 million on MSR sales, respectively. The UPB of loans underlying these sales totaled \$16.4 billion and \$27.2 billion for the three and six months ended June 30, 2024, respectively. As of June 30, 2025 and December 31, 2024, the Company had a remaining receivable balance of \$53 million and \$37 million, respectively, related to holdbacks on MSR sales for servicing transfers, which are recorded in Other assets on the Consolidated Balance Sheet.

The Company receives loan servicing fees, net of subservicing costs, based on the UPB of the underlying loans. Loan servicing fees are collected from payments made by borrowers. The Company may receive other remuneration from rights to various borrower contracted fees, such as late charges, collateral reconveyance charges, and non-sufficient funds fees. Contractually specified servicing fees, late fees, and ancillary income associated with the Company's MSR portfolio totaled \$66.8 million and \$125.8 million for the three and six months ended June 30, 2025, respectively, compared to \$70.1 million and \$137.1 million for the respective periods in 2024. Early payoff fee income totaled \$6.1 million and \$10.5 million for the three and six months

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ended June 30, 2025, respectively, compared to \$4.1 million and \$8.8 million for the respective periods in 2024. These amounts are recorded as Net loan servicing revenue in the Consolidated Income Statement.

In accordance with its contractual loan servicing obligations, the Company is required to advance funds to or on behalf of investors when borrowers do not make payments. The Company advances property taxes and insurance premiums for borrowers who have insufficient funds in escrow accounts, plus any other costs to preserve real estate properties. The Company may also advance funds to maintain, repair, and market foreclosed real estate properties. The Company is entitled to recover all or a portion of the advances from borrowers of reinstated and performing loans, from the proceeds of liquidated properties or from the government agency or GSE guarantor of charged-off loans. Servicing advances are charged-off when they are deemed to be uncollectible. As of June 30, 2025 and December 31, 2024, net servicing advances totaled \$51 million and \$84 million, respectively, which are recorded as Other assets on the Consolidated Balance Sheet.

The following table presents the effect of hypothetical changes in the fair value of MSRs caused by assumed immediate changes in the below inputs that are used to determine fair value:

	June 30, 2025
	<i>(in millions)</i>
Fair value of mortgage servicing rights	\$ 1,044
Increase (decrease) in fair value resulting from:	
Interest rate change of 50 basis points	
Adverse change	(92)
Favorable change	76
Option adjusted spread change of 50 basis points	
Increase	(23)
Decrease	24
Conditional prepayment rate change of 1%	
Increase	(34)
Decrease	38
Cost to service change of 10%	
Increase	(9)
Decrease	10

Sensitivities are hypothetical changes in fair value and cannot be extrapolated because the relationship of changes in assumptions to changes in fair value may not be linear. In addition, the offsetting effect of hedging activities are not contemplated in these results and further, the effect of a variation in a particular assumption is calculated without changing any other assumptions, whereas a change in one factor may result in changes to another. Accordingly, no assurance can be given that actual results would be consistent with the results of these estimates. As a result, actual future changes in MSR values may differ significantly from those reported.

6. OTHER ASSETS ACQUIRED THROUGH FORECLOSURE

Other assets acquired through foreclosure consist primarily of properties acquired as a result of, or in-lieu-of, foreclosure. At June 30, 2025 and December 31, 2024, the Company had a repossessed asset balance of \$218 million and \$52 million, respectively, net of a valuation allowance of \$6 million and \$5 million, respectively.

The Company held eleven properties at June 30, 2025 compared to five at December 31, 2024. The majority of the repossessed asset balance at June 30, 2025 and December 31, 2024 related to office properties.

7. DEPOSITS

The table below summarizes deposits by type:

	June 30, 2025	December 31, 2024
	<i>(in millions)</i>	
Non-interest bearing deposits	\$ 22,997	\$ 18,846
Interest bearing:		
Demand accounts	15,674	15,878
Savings and money market accounts	22,231	21,208
Time certificates of deposit (\$250,000 or more)	1,892	1,640
Other time deposits (1)	8,313	8,769
Total deposits	<u>\$ 71,107</u>	<u>\$ 66,341</u>

(1) Retail brokered time deposits over \$250,000 of \$5.0 billion and \$5.6 billion as of June 30, 2025 and December 31, 2024, respectively, are included within Other time deposits as these deposits are generally participated out by brokers in shares below the FDIC insurance limit.

A summary of the contractual maturities for all time deposits as of June 30, 2025 is as follows:

	<i>(in millions)</i>
2025	\$ 7,282
2026	2,878
2027	37
2028	5
2029	2
Thereafter	1
Total	<u>\$ 10,205</u>

Brokered deposits provide an additional source of deposits and are placed with the Bank through third-party brokers. At June 30, 2025 and December 31, 2024, the Company held wholesale brokered deposits of \$5.9 billion and \$6.9 billion, respectively, excluding reciprocal deposits. In addition, WAB is a participant in the IntraFi Network, a network that offers deposit placement services such as CDARS and ICS, and other reciprocal deposit networks, which offer products that qualify large deposits for FDIC insurance. At June 30, 2025, the Company had \$12.9 billion of reciprocal deposits, compared to \$14.0 billion at December 31, 2024.

In addition, deposits for which the Company provides account holders with earnings credits or referral fees totaled \$25.0 billion and \$20.7 billion at June 30, 2025 and December 31, 2024, respectively. Costs related to these deposits are primarily reported as Deposit costs in non-interest expense. Deposit costs included \$142.8 million and \$167.4 million in deposit related costs on these deposits for the three months ended June 30, 2025 and 2024, respectively, and \$272.7 million and \$298.6 million, respectively, for the six months ended June 30, 2025 and 2024.

8. OTHER BORROWINGS

The following table summarizes the Company's other borrowings by type:

	June 30, 2025	December 31, 2024
	(in millions)	
Short-Term:		
FHLB advances	\$ 3,100	\$ 3,100
Repurchase agreements	—	14
Secured borrowings	44	37
Total short-term borrowings	\$ 3,144	\$ 3,151
Long-Term:		
FHLB advances	\$ 2,500	\$ 2,000
Credit linked notes, net	408	422
Total long-term borrowings	\$ 2,908	\$ 2,422
Total other borrowings	\$ 6,052	\$ 5,573

Short-Term Borrowings

Federal Funds Lines of Credit

The Company maintains uncommitted overnight federal fund lines of credit, which have rates comparable to the federal funds effective rate plus 0.10% to 0.20%. There were no outstanding borrowings on federal fund lines of credit as of June 30, 2025 and December 31, 2024.

FHLB and FRB Advances

The Company also maintains secured overnight lines of credit with the FHLB and the FRB. The Company's borrowing capacity is determined based on collateral pledged at the time of the borrowing, generally consisting of investment securities and loans. As of June 30, 2025 and December 31, 2024, the Company had additional available credit with the FHLB of approximately \$8.1 billion and \$8.7 billion respectively. The weighted average rate on short-term FHLB advances was 4.64% and 4.77% as of June 30, 2025 and December 31, 2024, respectively.

Total available credit with the FRB was \$16.8 billion and \$12.4 billion as of June 30, 2025 and December 31, 2024, respectively, of which no amounts were drawn.

Repurchase Agreements

Warehouse borrowing lines of credit are used to finance the acquisition of loans through the use of repurchase agreements. Repurchase agreements operate as financings under which the Company transfers loans to secure these borrowings. The borrowing amounts are based on the attributes of the collateralized loans and are defined in the repurchase agreement of each warehouse lender. The Company retains beneficial ownership of the transferred loans and will receive the loans from the lender upon full repayment of the borrowing. The repurchase agreements may require the Company to transfer additional assets to the lender in the event the estimated fair value of the existing transferred loans declines.

As of June 30, 2025 and December 31, 2024, the Company had access to approximately \$2.1 billion and \$2.3 billion in uncommitted warehouse funding, respectively, of which no amounts were drawn.

Other repurchase facilities include overnight customer repurchase agreements. The total carrying value of these repurchase agreements was zero and \$14 million as of June 30, 2025 and December 31, 2024, respectively.

Secured Borrowings

Secured borrowings consist of transfers of loans HFS not qualifying for sales accounting treatment. The weighted average interest rate on secured borrowings was 6.57% and 6.30% as of June 30, 2025 and December 31, 2024, respectively.

Long-Term Borrowings

FHLB Advances

The Company also enters into long-term advances with the FHLB. The Company's borrowing capacity is determined based on the collateral pledged at the time of the borrowing, consisting of the same pools of investment securities and loans pledged for

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the short-term FHLB advances. The interest rates on these advances are based on daily SOFR plus a fixed spread. The Company may redeem the advances at par plus accrued and unpaid interest plus a make-whole provision upon termination that is based on the interest rate difference between the then current advance interest rate and the interest rate on the terminated advance. After three months from the inception date of the advances, prepayments are no longer subject to the make-whole provision. The weighted average rate on these long-term FHLB advances was 4.85% as of both June 30, 2025 and December 31, 2024.

The Company's outstanding long-term FHLB advances are detailed in the tables below:

June 30, 2025				
Description	Issuance Date	Maturity Date	Interest Rate	Principal
				(in millions)
FHLB advance	April 30, 2025	July 30, 2026	SOFR + 0.40%	\$ 2,500
Total				\$ 2,500

December 31, 2024				
Description	Issuance Date	Maturity Date	Interest Rate	Principal
				(in millions)
FHLB advance	November 22, 2024	February 24, 2026	SOFR + 0.35%	\$ 500
FHLB advance	December 5, 2024	March 5, 2026	SOFR + 0.35%	1,000
FHLB advance	December 19, 2024	March 19, 2026	SOFR + 0.38%	500
Total				\$ 2,000

Credit Linked Notes

The Company entered into credit linked note transactions that effectively transfer the risk of first losses on reference pools of the Company's loans purchased under its residential mortgage purchase program to the purchasers of the notes. The principal and interest payable on these notes may be reduced by a portion of the Company's loss on such loans if one of the following occurs with respect to a covered loan: (i) realized losses incurred by the Company on a loan following a liquidation of the loan or certain other events, or (ii) a modification of the loan resulting in a reduction in payments. The aggregate losses, if any, for each payment date will be allocated to reduce the class principal amount and (for modifications) the current interest of the notes in reverse order of class priority. Losses on residential mortgages have not generally been significant. Monthly principal payments on the notes are based on the principal payments of the underlying mortgages.

The Company's outstanding credit linked note issuances are detailed in the tables below:

June 30, 2025					
Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
				(in millions)	
Residential mortgage loans (1)	December 12, 2022	October 25, 2052	SOFR + 7.80%	\$ 83	\$ 2
Residential mortgage loans (2)	June 30, 2022	April 25, 2052	SOFR + 6.00%	165	3
Residential mortgage loans (3)	December 29, 2021	July 25, 2059	SOFR + 4.67%	174	2
Total				\$ 422	\$ 7

December 31, 2024					
Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
				(in millions)	
Residential mortgage loans (1)	December 12, 2022	October 25, 2052	SOFR + 7.80%	\$ 84	\$ 2
Residential mortgage loans (2)	June 30, 2022	April 25, 2052	SOFR + 6.00%	170	3
Residential mortgage loans (3)	December 29, 2021	July 25, 2059	SOFR + 4.67%	180	2
Total				\$ 434	\$ 7

- There are multiple classes of these notes, each with an interest rate of one-month SOFR plus a spread that ranges from 2.25% to 11.00% (or, a weighted average spread of 7.80%) on a reference pool balance of \$1.6 billion and \$1.7 billion as of June 30, 2025 and December 31, 2024, respectively.
- There are multiple classes of these notes, each with an interest rate of one-month SOFR plus a spread that ranges from 2.25% to 15.00% (or, a weighted average spread of 6.00%) on a reference pool balance of \$3.3 billion and \$3.4 billion as of June 30, 2025 and December 31, 2024, respectively.
- There are six classes of these notes, each with an interest rate of one-month SOFR plus a spread that ranges from 3.15% to 8.50% (or, a weighted average spread of 4.67%) on a reference pool balance of \$3.4 billion and \$3.5 billion as of June 30, 2025 and December 31, 2024, respectively.

9. QUALIFYING DEBT

Subordinated Debt

The Company's subordinated debt issuances are detailed in the tables below:

June 30, 2025					
Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
<i>(in millions)</i>					
WAL fixed-to-variable-rate (1)	June 2021	June 15, 2031	3.00 %	\$ 600	\$ 5
Total				\$ 600	\$ 5

December 31, 2024					
Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
<i>(in millions)</i>					
WAL fixed-to-variable-rate (1)	June 2021	June 15, 2031	3.00 %	\$ 600	\$ 5
WAB fixed-to-variable-rate (2)	May 2020	June 1, 2030	5.25 %	225	—
Total				\$ 825	\$ 5

- (1) Notes are redeemable, in whole or in part, beginning on June 15, 2026 at their principal amount plus accrued and unpaid interest and has a fixed interest rate of 3.00%. The notes also convert to a variable rate of three-month SOFR plus 225 basis points on this date.
- (2) Debt is redeemable, in whole or in part, on or after June 1, 2025 at its principal amount plus accrued and unpaid interest and has a fixed interest rate of 5.25% through June 1, 2025 and then converts to a variable rate per annum equal to three-month SOFR plus 512 basis points.

During the three months ended June 30, 2025, the Company fully redeemed its WAB fixed-to-variable-rate subordinated debt at its \$225 million principal amount plus accrued and unpaid interest. The carrying value of all subordinated debt issuances totaled \$595 million and \$820 million at June 30, 2025 and December 31, 2024, respectively.

Junior Subordinated Debt

The Company has formed or acquired through acquisition eight statutory business trusts, which exist for the exclusive purpose of issuing Cumulative Trust Preferred Securities.

With the exception of debt issued by Bridge Capital Trust I and Bridge Capital Trust II, junior subordinated debt is recorded at fair value at each reporting date due to the FVO election made by the Company under ASC 825. The Company did not make the FVO election for the junior subordinated debt acquired in the Bridge acquisition. Accordingly, the carrying value of these trusts does not reflect the current fair value of the debt and includes a fair market value adjustment established at acquisition that is being accreted over the remaining life of the trusts.

The carrying value of junior subordinated debt was \$83 million and \$79 million as of June 30, 2025 and December 31, 2024, respectively, with maturity dates ranging from 2033 through 2037. The weighted average interest rate of all junior subordinated debt as of June 30, 2025 and December 31, 2024 was 6.89% and 6.90%, respectively.

In the event of certain changes or amendments to regulatory requirements or federal tax rules, the debt is redeemable in whole. The obligations under these instruments are fully and unconditionally guaranteed by the Company and rank subordinate and junior in right of payment to all other liabilities of the Company. Based on guidance issued by the FRB, the Company's securities continue to qualify as Tier 1 Capital.

10. STOCKHOLDERS' EQUITY

Stock-Based Compensation

Restricted Stock Awards

Restricted stock awards granted to employees generally vest over a three-year period and stock grants made to non-employee WAL directors generally vest over one year. The Company estimates the compensation cost for stock grants based upon the grant date fair value. Stock compensation expense is recognized on a straight-line basis over the requisite service period for the entire award. The aggregate grant date fair value for the restricted stock awards granted during the three and six months ended June 30, 2025 was \$0.8 million and \$48.8 million, respectively, compared to \$1.8 million and \$46.6 million for the respective periods in 2024. Stock compensation expense related to restricted stock awards granted to employees is included in Salaries and employee benefits in the Consolidated Income Statement. For restricted stock awards granted to WAL directors, the related stock compensation expense is included in Legal, professional, and directors' fees. For the three and six months ended June 30, 2025, the Company recognized stock-based compensation expense related to employee and WAL director stock grants of \$8.1 million and \$20.1 million, respectively, compared to \$11.4 million and \$23.5 million for the respective periods in 2024.

Performance Stock Units

The Company grants performance stock units to members of its executive management that do not vest unless the Company achieves certain performance measures over a three-year performance period. For the 2025 and 2024 awards, the performance measures are based on the Company's relative return on equity and maintenance of a target CET1 ratio, and relative TSR performance. For the 2023 award, the performance measures are based on achievement of a specified cumulative EPS target and a TSR performance factor. The number of shares issued will vary based on the performance measures that are achieved. The Company estimates the cost of performance stock units based upon the grant date fair value and expected vesting percentage over the three-year performance period. During the three and six months ended June 30, 2025, the Company recognized stock-based compensation expense related to these performance stock units of \$1.8 million and \$3.4 million, respectively, compared to \$0.6 million and \$1.6 million for the respective periods in 2024.

The three-year performance period for the 2022 grant ended on December 31, 2024. The Company did not meet the cumulative EPS and TSR performance measure for the performance period. As a result, no shares became fully vested.

The three-year performance period for the 2021 grant ended on December 31, 2023, and based on the Company's cumulative EPS and TSR performance measure for the performance period, these shares vested at 168% of the target award under the terms of the grant. As a result, 129,942 shares became fully vested and were distributed to executive management in the first quarter of 2024.

Cash Settled Restricted Stock Units

The Company grants cash settled restricted stock units to members of its executive management that vest equally on a monthly basis over a three-year period. As the awards are settled in cash and are not dependent on the occurrence of a future event, these awards are classified as liabilities on the Consolidated Balance Sheet. At each vesting date, the Company settles the vested stock units in cash at the settlement date stock price. During the three and six months ended June 30, 2025, the Company recognized compensation expense related to these awards of \$0.6 million and \$0.9 million, respectively, compared to \$0.3 million and \$0.4 million for the respective periods in 2024.

Deferred Stock Units

In 2024, the Company began granting deferred stock unit awards to certain members of its management team, which are intended to provide supplemental executive retirement benefits on an unfunded, unsecured basis. These awards can be settled in either stock or cash, at the Company's option. Participants are credited dividend equivalent units for any cash dividends paid with respect to the shares of stock underlying the stock units. These awards vest on the later of (i) the one-year anniversary of the grant date and (ii) the participant's satisfaction of age- and service-related eligibility criteria for a qualified retirement. The aggregate grant date fair value for these deferred stock unit awards granted during the three and six months ended June 30, 2025 less than \$0.1 million and \$1.6 million, respectively, compared to \$5.6 million for both the three and six months ended June 30, 2024. Stock compensation expense related to these deferred stock units is included in Salaries and employee benefits in the Consolidated Income Statement. For the three and six months ended June 30, 2025, the Company recognized stock-based compensation expense related to these stock grants of \$1.3 million and \$3.0 million, respectively, compared to \$0.5 million for both the three and six months ended June 30, 2024.

Preferred Stock

The Company issued and has outstanding 12,000,000 depositary shares, each representing a 1/400th ownership interest in a share of the Company's 4.250% Series A Fixed-Rate Reset Non-Cumulative Perpetual Preferred Shares, par value \$0.0001 per share, with a liquidation preference of \$25 per depositary share (equivalent to \$10,000 per share of Series A preferred stock). The dividend rate resets every five years beginning on September 30, 2026 to the five-year treasury rate as of the most recent reset dividend determination date plus 3.452%. The Series A preferred stock is redeemable at the Company's option on or after September 30, 2026, on any dividend payment date at a redemption price of \$10,000 per share and only participates in the undistributed earnings of the Company if a dividend is declared. During the three and six months ended June 30, 2025 and 2024, the Company declared and paid a quarterly cash dividend of \$0.27 per depositary share, for a total dividend payment to preferred stockholders of \$3.2 million and \$6.4 million, respectively.

Cash Dividend on Common Shares

During the three and six months ended June 30, 2025, the Company declared and paid a quarterly cash dividend of \$0.38 per share, for a total dividend payment to stockholders of \$42.2 million and \$84.0 million, respectively. During the three and six months ended June 30, 2024, the Company declared and paid a quarterly cash dividend of \$0.37 per share for a total dividend payment to stockholders of \$40.8 million and \$81.5 million, respectively.

Treasury Shares

Treasury share purchases represent shares surrendered to the Company equal in value to the statutory payroll tax withholding obligations arising from the vesting of employee restricted stock awards. During the three and six months ended June 30, 2025, the Company purchased treasury shares of 12,482 and 133,967, respectively, at a weighted average price of \$71.07 and \$87.34 per share, respectively. During the three and six months ended June 30, 2024, the Company purchased treasury shares of 17,886 and 140,483, respectively, at a weighted average price of \$59.07 and \$61.23 per share, respectively.

Noncontrolling Interest

BW Series B Preferred Stock Issuance

On March 24, 2025, the Company, WAB, and BW entered into a purchase agreement pursuant to which BW issued and sold an aggregate of 300,000 shares of 9.500% Fixed-Rate Reset Non-Cumulative Exchangeable Perpetual Series B Preferred Stock, no par value per share, with a liquidation preference of \$1,000 per share. Gross offering proceeds totaled \$300 million, or \$293 million net of issuance costs. The dividend rate resets every five years beginning on March 30, 2030 to the five-year treasury rate as of the most recent reset dividend determination date plus 5.402%. The Series B preferred stock is redeemable at BW's option on or after March 30, 2030, on any dividend payment date at the redemption price of \$1,000 per share and only participates in the undistributed earnings of BW if a dividend is declared. The shares are conditionally exchangeable into 9.500% Fixed-Rate Reset Non-Cumulative Perpetual Series A Preferred Stock of WAB upon receipt of a directive from an appropriate federal regulatory authority upon the occurrence of certain specified exchange events.

During the three and six months ended June 30, 2025, a total dividend payment to Series B preferred stockholders of \$7.4 million was paid on June 30, 2025. This dividend payment is classified as Net income attributable to noncontrolling interest in the Consolidated Income Statement and as Dividends paid to noncontrolling interest in the Consolidated Statement of Stockholders' Equity.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in accumulated other comprehensive income (loss) by component, net of tax, for the periods indicated:

	Three Months Ended June 30,				
	Unrealized holding gains (losses) on AFS securities	Unrealized holding gains (losses) on SERP	Unrealized holding gains (losses) on junior subordinated debt	Impairment loss on securities	Total
	(in millions)				
Balance, March 31, 2025	\$ (480.6)	\$ (0.4)	\$ 2.5	\$ —	\$ (478.5)
Other comprehensive income (loss) before reclassifications	9.7	0.1	(4.1)	—	5.7
Amounts reclassified from AOCI	(8.8)	—	—	—	(8.8)
Net current-period other comprehensive income (loss)	0.9	0.1	(4.1)	—	(3.1)
Balance, June 30, 2025	\$ (479.7)	\$ (0.3)	\$ (1.6)	\$ —	\$ (481.6)
Balance, March 31, 2024	\$ (560.8)	\$ (0.3)	\$ 2.3	\$ 1.2	\$ (557.6)
Other comprehensive income (loss) before reclassifications	1.7	—	(0.5)	—	1.2
Amounts reclassified from AOCI	(1.8)	—	—	—	(1.8)
Net current-period other comprehensive loss	(0.1)	—	(0.5)	—	(0.6)
Balance, June 30, 2024	\$ (560.9)	\$ (0.3)	\$ 1.8	\$ 1.2	\$ (558.2)
	Six Months Ended June 30,				
	Unrealized holding gains (losses) on AFS securities	Unrealized holding gains (losses) on SERP	Unrealized holding gains (losses) on junior subordinated debt	Impairment loss on securities	Total
	(in millions)				
Balance, December 31, 2024	\$ (534.7)	\$ (0.4)	\$ 1.4	\$ —	\$ (533.7)
Other comprehensive income (loss) before reclassifications	65.4	0.1	(3.0)	—	62.5
Amounts reclassified from AOCI	(10.4)	—	—	—	(10.4)
Net current-period other comprehensive income (loss)	55.0	0.1	(3.0)	—	52.1
Balance, June 30, 2025	\$ (479.7)	\$ (0.3)	\$ (1.6)	\$ —	\$ (481.6)
Balance, December 31, 2023	\$ (516.6)	\$ (0.3)	\$ 2.8	\$ 1.2	\$ (512.9)
Other comprehensive loss before reclassifications	(43.2)	—	(1.0)	—	(44.2)
Amounts reclassified from AOCI	(1.1)	—	—	—	(1.1)
Net current-period other comprehensive loss	(44.3)	—	(1.0)	—	(45.3)
Balance, June 30, 2024	\$ (560.9)	\$ (0.3)	\$ 1.8	\$ 1.2	\$ (558.2)

12. DERIVATIVES AND HEDGING ACTIVITIES

The Company is a party to various derivative instruments. The primary types of derivatives the Company uses are interest rate contracts, forward purchase and sale commitments, and interest rate futures. Generally, these instruments are used to help manage the Company's exposure to interest rate risk related to IRLCs and its inventory of loans HFS and MSRs and also to meet client financing and hedging needs.

Derivatives are recorded at fair value on the Consolidated Balance Sheet, after taking into account the effects of bilateral collateral and master netting agreements. These agreements allow the Company to settle all derivative contracts held with the same counterparty on a net basis, and to offset net derivative positions with related cash collateral, where applicable.

As of June 30, 2025 and December 31, 2024, the Company did not have any outstanding cash flow hedges.

Derivatives Designated in Hedge Relationships

The Company utilizes derivatives that have been designated as part of a hedge relationship in accordance with the applicable accounting guidance to minimize the exposure to changes in benchmark interest rates, which reduces asset sensitivity and volatility due to interest rate fluctuations, such that interest rate risk falls within Board approved limits. The primary derivative instruments used to manage interest rate risk are interest rate swaps, which convert the contractual interest rate index of agreed-upon amounts of assets and liabilities (i.e., notional amounts) from either a fixed rate to a variable rate, or from a variable rate to a fixed rate.

The Company has pay fixed/receive variable interest rate swaps designated as fair value hedges of certain fixed rate loans and AFS debt securities. As a result, the Company receives variable-rate interest payments in exchange for making fixed-rate payments over the lives of the contracts without exchanging the notional amounts. The variable-rate interest payments are based on SOFR plus a spread adjustment. During the three months ended June 30, 2025, the Company terminated an interest rate swap on hedged AFS U.S. Treasury securities. The terminated hedge had a notional value of \$1.0 billion and a cumulative basis adjustment of \$11 million at the time of termination. As the hedged securities were sold in the same period as the termination of the swap, both the basis adjustment and the related loss on sale of the hedged securities were recognized in earnings as a component of Gain on sales of investment securities, resulting in a net gain of \$7.7 million, as described in "Note 2. Investment Securities."

The Company also has pay fixed/receive variable interest rate swaps, designated as fair value hedges using the portfolio layer method to manage the exposure to changes in fair value associated with pools of fixed rate loans, resulting from changes in the designated benchmark interest rate (federal funds rate). These portfolio layer hedges provide the Company the ability to execute a fair value hedge of the interest rate risk associated with a portfolio of similar prepayable assets, whereby the last dollar amount estimated to remain in the portfolio of assets was identified as the hedged item. Under these interest rate swap contracts, the Company receives a variable rate and pays a fixed rate on the outstanding notional amount. During the year ended December 31, 2024, the Company terminated a portion of its portfolio layer method swaps. The terminated hedge had a notional value of \$500 million and a cumulative loan basis adjustment of \$4 million at the time of termination. During the three months ended June 30, 2025, the Company terminated an additional portion of its portfolio layer method swaps. The terminated hedge had a notional value of \$500 million and a cumulative loan basis adjustment of \$1 million at the time of termination. For both terminations, the cumulative loan basis adjustment was allocated to the individual loans remaining within the closed pool and will be amortized over the remaining life of these loans through interest income.

The Company also had pay fixed/receive variable interest rate swaps, designated as fair value hedges using the last-of-layer method. Upon termination of these last-of-layer hedges in 2022, the cumulative basis adjustment on these hedges was allocated across the remaining loan pool and was being amortized over the remaining term. The terminated last-of-layer hedge basis adjustment was fully amortized as of December 31, 2024.

Derivatives Not Designated in Hedge Relationships

Management enters into certain contracts and agreements, including foreign exchange derivative contracts, back-to-back interest rate contracts, risk participation agreements and equity warrants, which are not designated as accounting hedges. Foreign exchange derivative contracts include spot, forward, forward window, and swap contracts. The purpose of these derivative contracts is to mitigate foreign currency risk on transactions entered into, or on behalf of customers. The Company's back-to-back interest rate contracts are used to allow customers to manage long-term interest rate risk. Contracts with customers, along with the related derivative trades the Company places, are both remeasured at fair value, and are referred to as economic hedges since they economically offset the Company's exposure. Risk participation agreements are entered into with lead banks in certain loan syndication deals to share in the risk of default on interest rate swaps on participated loans. Equity warrants represent the right to buy shares in a company at a specified price and are acquired by the Company primarily in

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connection with negotiating credit facilities and certain other services to private, venture-backed companies in the technology industry.

The Company also uses derivative financial instruments to manage exposure to interest rate risk within its mortgage banking business related to IRLCs and its inventory of loans HFS and MSRs. The Company economically hedges the changes in fair value associated with changes in interest rates generally by utilizing forward purchase and sale commitments, interest rate futures and interest rate contracts.

Fair Value Hedges

As of June 30, 2025 and December 31, 2024, the following amounts are reflected on the Consolidated Balance Sheet related to cumulative basis adjustments for outstanding fair value hedges:

	June 30, 2025		December 31, 2024	
	Carrying Value of Hedged Assets (1)	Cumulative Fair Value Hedging Adjustment (2)	Carrying Value of Hedged Assets (1)	Cumulative Fair Value Hedging Adjustment (2)
<i>(in millions)</i>				
Loans HFI, net of deferred loan fees and costs (3)	\$ 3,818	\$ (5)	\$ 4,320	\$ (96)
Investment securities - AFS	2,130	40	—	—

(1) Represents the amortized cost basis of the hedged assets.

(2) Included in the carrying value of the hedged assets.

(3) Included portfolio layer method derivative instruments with \$3.5 billion and \$4.0 billion designated as the hedged amount (from a closed portfolio of prepayable fixed rate loans with a carrying value of \$7.4 billion and \$8.7 billion) as of June 30, 2025 and December 31, 2024, respectively. The cumulative basis adjustment included in the carrying value of these hedged items totaled \$4 million and \$78 million as of June 30, 2025 and December 31, 2024, respectively.

For the Company's derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current period earnings. The loss or gain on the hedged item is recognized in the same line item as the offsetting loss or gain on the related interest rate swaps. For loans and AFS debt securities, the gain or loss on the hedged item is included in interest income, as shown in the table below.

Income Statement Classification	Three Months Ended June 30,			
	2025		2024	
	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item
	<i>(in millions)</i>			
Interest income on loans, including fees	\$ (31.6)	\$ 31.6	\$ 11.2	\$ (11.4)
Interest income on investment securities	(38.4)	40.2	—	—
Income Statement Classification	Six Months Ended June 30,			
	2025		2024	
	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item
	<i>(in millions)</i>			
Interest income on loans, including fees	\$ (95.4)	\$ 95.5	\$ 83.2	\$ (83.8)
Interest income on investment securities	(38.4)	40.2	—	—

In addition to the gains and losses on the Company's outstanding fair value hedges presented in the above table, the Company recognized \$0.1 million in interest income related to the amortization of the cumulative basis adjustment on its discontinued portfolio layer method hedges during the three and six months ended June 30, 2025, and \$2.9 million and \$5.9 million related to its discontinued last-of-layer hedges during the three and six months ended June 30, 2024, respectively.

Fair Values, Volume of Activity, and Gain/Loss Information Related to Derivative Instruments

The following table summarizes the fair value of the Company's derivative instruments on a gross basis as of June 30, 2025, December 31, 2024, and June 30, 2024. The change in the notional amounts of these derivatives from June 30, 2024 to June 30, 2025 indicates the volume of the Company's derivative transaction activity during these periods. The derivative asset and liability balances are presented on a gross basis, prior to the application of bilateral collateral and master netting agreements. Total derivative assets and liabilities are adjusted to take into account the impact of legally enforceable master netting agreements that allow the Company to settle all derivative contracts with the same counterparty on a net basis and to offset the net derivative position with the related cash collateral. Where master netting agreements are not in effect or are not enforceable under bankruptcy laws, the Company does not adjust those derivative amounts with counterparties.

	June 30, 2025			December 31, 2024			June 30, 2024		
	Notional Amount	Fair Value		Notional Amount	Fair Value		Notional Amount	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
<i>(in millions)</i>									
Derivatives designated as hedging instruments:									
Fair value hedges									
Interest rate contracts	\$ 6,033	\$ 23	\$ 56	\$ 4,344	\$ 97	\$ —	\$ 3,866	\$ 78	\$ —
Total	\$ 6,033	\$ 23	\$ 56	\$ 4,344	\$ 97	\$ —	\$ 3,866	\$ 78	\$ —
Derivatives not designated as hedging instruments:									
Foreign currency contracts	\$ 109	\$ 1	\$ 2	\$ 69	\$ 1	\$ 1	\$ 93	\$ —	\$ —
Forward contracts	24,687	63	111	21,731	81	48	14,514	13	24
Futures contracts (1)	15,690	—	—	13,200	—	—	8,544	—	—
Interest rate lock commitments	2,947	24	—	2,396	5	7	2,781	10	2
Interest rate contracts	7,984	32	34	6,336	19	20	4,487	21	22
Risk participation agreements	226	—	—	99	—	—	74	—	—
Equity warrants	63	33	—	59	30	—	59	22	—
Total	\$ 51,706	\$ 153	\$ 147	\$ 43,890	\$ 136	\$ 76	\$ 30,552	\$ 66	\$ 48
Margin	—	347	(41)	—	72	3	—	121	1
Total, including margin	\$ 51,706	\$ 500	\$ 106	\$ 43,890	\$ 208	\$ 79	\$ 30,552	\$ 187	\$ 49

- (1) The Company enters into futures purchase and sales contracts that are subject to daily remargining and almost all of which are based on three-month SOFR to hedge against its MSR valuation exposure. The notional amount on these contracts is substantial as these contracts have a short duration and are intended to cover the longer duration of MSR hedges.

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The fair value of derivative contracts, after taking into account the effects of master netting agreements, is included in Other assets or Other liabilities on the Consolidated Balance Sheet, as summarized in the table below:

June 30, 2025			December 31, 2024			June 30, 2024		
Gross amount of recognized assets (liabilities)	Gross offset	Net assets (liabilities)	Gross amount of recognized assets (liabilities)	Gross offset	Net assets (liabilities)	Gross amount of recognized assets (liabilities)	Gross offset	Net assets (liabilities)
<i>(in millions)</i>								
Derivatives subject to master netting arrangements:								
Assets								
Foreign currency contracts	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ —
Forward contracts	63	—	63	81	—	81	13	—
Interest rate contracts	25	—	25	106	—	106	94	—
Margin	347	—	347	72	—	72	121	—
Netting	—	(134)	(134)	—	(52)	(52)	—	(21)
	<u>\$ 435</u>	<u>\$ (134)</u>	<u>\$ 301</u>	<u>\$ 260</u>	<u>\$ (52)</u>	<u>\$ 208</u>	<u>\$ 228</u>	<u>\$ (21)</u>
Liabilities								
Foreign currency contracts	\$ (2)	\$ —	\$ (2)	\$ —	\$ —	\$ —	\$ —	\$ —
Forward contracts	(108)	—	(108)	(47)	—	(47)	(22)	—
Interest rate contracts	(78)	—	(78)	(6)	—	(6)	(4)	—
Margin	41	—	41	(3)	—	(3)	(1)	—
Netting	—	134	134	—	52	52	—	21
	<u>\$ (147)</u>	<u>\$ 134</u>	<u>\$ (13)</u>	<u>\$ (56)</u>	<u>\$ 52</u>	<u>\$ (4)</u>	<u>\$ (27)</u>	<u>\$ 21</u>
Derivatives not subject to master netting arrangements:								
Assets								
Foreign currency contracts	\$ 1	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
Interest rate lock commitments	24	—	24	5	—	5	10	—
Interest rate contracts	30	—	30	10	—	10	5	—
Equity warrants	33	—	33	30	—	30	22	—
	<u>\$ 88</u>	<u>\$ —</u>	<u>\$ 88</u>	<u>\$ 45</u>	<u>\$ —</u>	<u>\$ 45</u>	<u>\$ 37</u>	<u>\$ —</u>
Liabilities								
Foreign currency contracts	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (1)	\$ —	\$ —
Forward contracts	(3)	—	(3)	(1)	—	(1)	(2)	—
Interest rate lock commitments	—	—	—	(7)	—	(7)	(2)	—
Interest rate contracts	(12)	—	(12)	(14)	—	(14)	(18)	—
	<u>\$ (15)</u>	<u>\$ —</u>	<u>\$ (15)</u>	<u>\$ (23)</u>	<u>\$ —</u>	<u>\$ (23)</u>	<u>\$ (22)</u>	<u>\$ —</u>
Total derivatives and margin								
Assets	\$ 523	\$ (134)	\$ 389	\$ 305	\$ (52)	\$ 253	\$ 265	\$ (21)
Liabilities	(162)	134	(28)	(79)	52	(27)	(49)	21

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The following table summarizes the net gain (loss) on derivatives included in the non-interest income line items below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(in millions)</i>				
Net gain (loss) on loan origination and sale activities:				
Interest rate lock commitments	\$ 10.8	\$ (2.3)	\$ 25.8	\$ (10.3)
Forward contracts	(17.5)	9.3	(73.0)	26.0
Interest rate contracts	2.3	(0.7)	2.3	(2.9)
Other contracts	(0.1)	0.2	3.4	0.9
Net (loss) gain on derivatives	\$ (4.5)	\$ 6.5	\$ (41.5)	\$ 13.7
Net loan servicing revenue:				
Forward contracts	\$ (9.3)	\$ (11.2)	\$ (1.9)	\$ (27.5)
Futures contracts	(0.6)	3.7	(6.4)	14.4
Interest rate contracts	16.5	(16.7)	42.8	(53.0)
Net gain (loss) on derivatives	\$ 6.6	\$ (24.2)	\$ 34.5	\$ (66.1)

Counterparty Credit Risk

Like other financial instruments, derivatives contain an element of credit risk. This risk is measured as the expected replacement value of the contracts. Management enters into bilateral collateral and master netting agreements that provide for the net settlement of all contracts with the same counterparty. Additionally, management monitors counterparty credit risk exposure on each contract to determine appropriate limits on the Company's total credit exposure across all product types, which may require the Company to post collateral to counterparties when these contracts are in a net liability position and conversely, for counterparties to post collateral to the Company when these contracts are in a net asset position. Management reviews the Company's collateral positions on a daily basis and exchanges collateral with counterparties in accordance with standard ISDA documentation and other related agreements. The Company generally posts or holds collateral in the form of cash deposits or highly rated securities issued by the U.S. Treasury or government-sponsored enterprises (FNMA and FHLMC), or guaranteed by GNMA. At June 30, 2025, December 31, 2024, and June 30, 2024 collateral pledged by the Company to counterparties for its derivatives totaled \$399 million, \$117 million, and \$130 million, respectively.

13. EARNINGS PER SHARE

Diluted EPS is calculated using the weighted average outstanding common shares during the period, including common stock equivalents. Basic EPS is calculated using the weighted average outstanding common shares during the period.

The following table presents the calculation of basic and diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(in millions, except per share amounts)</i>				
Weighted average shares - basic	109.0	108.6	108.9	108.6
Dilutive effect of stock awards	0.6	0.5	0.7	0.5
Weighted average shares - diluted	109.6	109.1	109.6	109.1
Net income available to common stockholders	\$ 227.2	\$ 190.4	\$ 423.1	\$ 364.6
Earnings per Common Share:				
Basic	\$ 2.08	\$ 1.75	\$ 3.89	\$ 3.36
Diluted	2.07	1.75	3.86	3.34

14. INCOME TAXES

The Company's effective tax rate was 18.4% and 21.9% for the three months ended June 30, 2025 and 2024, respectively, and 18.8% and 22.7% for the six months ended June 30, 2025 and 2024, respectively. The decrease in the effective tax rate for the three and six month periods ended June 30, 2025 compared to the same periods in 2024 was primarily due to an increase in investment tax credit benefits and decreases in the state blended tax rate and nondeductible insurance premiums.

As of June 30, 2025, the net DTA balance totaled \$313 million, an increase of \$32 million from \$281 million at December 31, 2024. The overall increase in the net DTA was primarily the result of an increase in credit carryovers, partially offset by increases in the MSR DTL and the fair market value of AFS securities.

Although realization is not assured, the Company believes realization of the recognized net DTA of \$313 million at June 30, 2025 is more-likely-than-not based on expectations regarding future taxable income and based on available tax planning strategies that could be implemented if necessary to prevent a carryover from expiring.

At June 30, 2025 and December 31, 2024, the Company had no deferred tax valuation allowance.

LIHTC and renewable energy projects

The Company holds ownership interests in limited partnerships and limited liability companies that invest in affordable housing and renewable energy projects. These investments are designed to generate a return primarily through the realization of federal tax credits and deductions.

Investments in LIHTC and renewable energy totaled \$588 million and \$606 million as of June 30, 2025 and December 31, 2024, respectively. Unfunded LIHTC and renewable energy obligations are included in Other liabilities on the Consolidated Balance Sheet and totaled \$266 million and \$320 million as of June 30, 2025 and December 31, 2024, respectively.

The Company recognized tax credits related to LIHTC investments of \$22.1 million and \$21.2 million during the three months ended June 30, 2025 and 2024, respectively, and \$39.7 million and \$40.9 million during the six months ended June 30, 2025 and 2024, respectively. For the three months ended June 30, 2025 and 2024, amortization related to LIHTC investments of \$19.0 million and \$17.1 million, respectively, was recognized as a component of income tax expense, compared to \$34.1 million and \$35.7 million for the six months ended June 30, 2025 and 2024, respectively.

15. COMMITMENTS AND CONTINGENCIES

Unfunded Commitments and Letters of Credit

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. They involve, to varying degrees, elements of credit risk in excess of amounts recognized on the Consolidated Balance Sheet.

Lines of credit are obligations to lend money to a borrower. Credit risk arises when the borrower's current financial condition may indicate less ability to pay than when the commitment was originally made. In the case of letters of credit, the risk arises from the potential failure of the customer to perform according to the terms of a contract. In such a situation, the third party might draw on the letter of credit to pay for completion of the contract and the Company would look to its customer to repay these funds with interest. To minimize the risk, the Company uses the same credit policies in making commitments and conditional obligations as it would for a loan to that customer.

Letters of credit and financial guarantees are commitments issued by the Company to guarantee the performance of a customer to a third party in borrowing arrangements. The Company generally has recourse to recover from the customer any amounts paid under the guarantees.

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A summary of the contractual amounts for unfunded commitments and letters of credit are as follows:

	June 30, 2025	December 31, 2024
	(in millions)	
Commitments to extend credit, including unsecured loan commitments of \$1,063 at June 30, 2025 and \$860 at December 31, 2024	\$ 13,612	\$ 13,546
Credit card commitments and financial guarantees	702	585
Letters of credit, including unsecured letters of credit of \$2 at June 30, 2025 and December 31, 2024	512	437
Total	\$ 14,826	\$ 14,568

Commitments to extend credit are agreements to lend to a customer provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company enters into credit arrangements that generally provide for the termination of advances in the event of a covenant violation or other event of default. As commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the party. The commitments are collateralized by the same types of assets used as loan collateral.

The Company has exposure to credit losses from unfunded commitments and letters of credit. As funds have not been disbursed on these commitments, they are not reported as loans outstanding. Credit losses related to these commitments are included in Other liabilities as a separate loss contingency and are not included in the ACL reported in "Note 4. Loans, Leases and Allowance for Credit Losses" of these Notes to Unaudited Consolidated Financial Statements. This loss contingency for unfunded loan commitments and letters of credit was \$39.2 million and \$39.5 million as of June 30, 2025 and December 31, 2024, respectively. Changes to this liability are adjusted through the provision for credit losses in the Consolidated Income Statement.

Commitments to Invest in Renewable Energy Projects

The Company has off-balance sheet commitments to invest in renewable energy projects, as described in "Note 14. Income Taxes" of these Notes to Unaudited Consolidated Financial Statements, subject to the underlying project meeting certain milestones. There were no conditional commitments as of June 30, 2025, compared to \$6 million as of December 31, 2024.

Concentrations of Lending Activities

The Company does not have a single external customer from which it derives 10% or more of its revenues. The Company monitors concentrations of lending activities at the product and borrower relationship level. Commercial and industrial loans made up 45% and 43% of the Company's HFI loan portfolio as of June 30, 2025 and December 31, 2024, respectively. The Company's loan portfolio includes significant credit exposure to the CRE market. As of June 30, 2025 and December 31, 2024, CRE related loans accounted for approximately 30% of total loans. Approximately 15% and 16% of CRE loans, excluding construction and land loans, were owner-occupied as of June 30, 2025 and December 31, 2024, respectively. No borrower relationships at both the commitment and funded loan level exceeded 5% of total loans HFI as of June 30, 2025 and December 31, 2024.

Contingencies

The Company is involved in various lawsuits of a routine nature that are being handled and defended in the ordinary course of the Company's business. Expenses are being incurred in connection with these lawsuits, but in the opinion of management, based in part on consultation with outside legal counsel, the resolution of these lawsuits and associated defense costs will not have a material impact on the Company's financial position, results of operations, or cash flows.

16. FAIR VALUE ACCOUNTING

The fair value of an asset or liability is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions market participants would use in pricing an asset or liability. ASC 825 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the

lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 825 are described in "Note 1. Summary of Significant Accounting Policies" of these Notes to Consolidated Financial Statements.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally-developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. A more detailed description of the valuation methodologies used for assets and liabilities measured at fair value is set forth below.

Under ASC 825, the Company elected the FVO treatment for junior subordinated debt issued by WAL. This election is irrevocable and results in the recognition of unrealized gains and losses on the debt at each reporting date. These unrealized gains and losses are recognized in OCI rather than earnings. The Company did not elect FVO treatment for the junior subordinated debt assumed in the Bridge Capital Holdings acquisition.

The following table presents unrealized gains and losses from fair value changes on junior subordinated debt:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(in millions)			
Unrealized losses	\$ (5.4)	\$ (0.7)	\$ (3.9)	\$ (1.4)
Changes included in OCI, net of tax	(4.1)	(0.5)	(3.0)	(1.0)

Fair value on a recurring basis

Financial assets and financial liabilities measured at fair value on a recurring basis include the following:

AFS debt securities: Securities classified as AFS are reported at fair value utilizing Level 1 and Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include quoted prices in active markets, dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the bond's terms and conditions, among other things.

Equity securities: Preferred stock, common stock, and CRA investments are reported at fair value utilizing Level 1 inputs.

Independent pricing service: The Company's independent pricing service provides pricing information on the majority of the Company's Level 1 and Level 2 AFS debt securities. For a small subset of securities, other pricing sources are used, including observed prices on publicly-traded securities and dealer quotes. Management independently evaluates the fair value measurements received from the Company's third-party pricing service through multiple review steps. First, management reviews what has transpired in the marketplace with respect to interest rates, credit spreads, volatility, and mortgage rates, among other things, and develops an expectation of changes to the securities' valuations from the previous quarter. Then, management selects a sample of investment securities and compares the values provided by its primary third-party pricing service to the market values obtained from secondary sources, including other pricing services and safekeeping statements, and evaluates those with notable variances. In instances where there are discrepancies in pricing from various sources and management expectations, management may manually price securities using currently observed market data to determine whether they can develop similar prices or may utilize bid information from broker dealers. Any remaining discrepancies between management's review and the prices provided by the vendor are discussed with the vendor and/or the Company's other valuation advisors.

Trading securities and loans HFS: Certain government-insured or guaranteed and agency-conforming 1-4 family residential loans HFS and trading securities are salable into active markets. Accordingly, the fair value of these loans and securities is based primarily on quoted market or contracted selling prices or a market price equivalent, which are categorized as Level 2 in the fair value hierarchy. The Company's loans HFS classified as Level 3 in the fair value hierarchy are measured using a weighted average blend of loan values assuming redelivery into GNMA securities and liquidation, each adjusted by the lifetime liquidation probability.

Mortgage servicing rights: MSRs are measured based on valuation techniques using Level 3 inputs. The Company uses a discounted cash flow model that incorporates assumptions market participants would use in estimating the fair value of servicing rights, including, but not limited to, option adjusted spread, conditional prepayment rate, servicing fee rate, recapture rate, and cost to service.

Derivative financial instruments: Forward contracts are measured based on valuation techniques using Level 2 inputs, such as quoted market prices, contracted selling prices, or a market price equivalent. Interest rate and foreign currency contracts are reported at fair value utilizing Level 2 inputs. The Company obtains dealer quotations to value its interest rate contracts. IRLCs are measured based on valuation techniques that consider loan type, underlying loan amount, maturity date, note rate, loan program, and expected settlement date, with Level 3 inputs for the servicing release premium and pull-through rate. These measurements are adjusted at the loan level to consider the servicing release premium and loan pricing adjustment specific to each loan. The base value is then adjusted for estimated pull-through rates. The pull-through rate and servicing fee multiple are unobservable inputs based on historical experience. Equity warrants are measured using a Black-Scholes option pricing model based on contractual strike price, expected term, the risk-free interest rate, and volatility, which may be adjusted for a lack of marketability. The volatility input is considered Level 3 as the underlying equity is not publicly traded and is determined using comparable publicly traded companies.

Junior subordinated debt: The Company estimates the fair value of its junior subordinated debt using a discounted cash flow model which incorporates the effect of the Company's own credit risk in the fair value of the liabilities (Level 3). The Company's cash flow assumptions are based on contractual cash flows as the Company anticipates it will pay the debt according to its contractual terms.

The fair value of assets and liabilities measured at fair value on a recurring basis was determined using the following inputs:

	Fair Value Measurements at the End of the Reporting Period Using:				Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
June 30, 2025	(in millions)				
Assets:					
Available-for-sale debt securities					
Residential MBS issued by GSEs and GNMA	\$ —	\$ 6,666	\$ —	\$ 6,666	
U.S. Treasury securities	5,504	—	—	5,504	
CLO	—	1,901	—	1,901	
Private label residential MBS	—	990	—	990	
Tax-exempt	—	796	—	796	
Commercial MBS issued by GSEs and GNMA	—	599	—	599	
Corporate debt securities	—	374	—	374	
Other	28	40	—	68	
Total AFS debt securities	\$ 5,532	\$ 11,366	\$ —	\$ 16,898	
Trading securities					
Residential MBS issued by GSEs and GNMA	\$ —	\$ 53	\$ —	\$ 53	
Total trading securities	\$ —	\$ 53	\$ —	\$ 53	
Equity securities					
Preferred stock	\$ 63	\$ —	\$ —	\$ 63	
Common stock	32	—	—	32	
CRA investments	27	—	—	27	
Total equity securities	\$ 122	\$ —	\$ —	\$ 122	
Loans HFS (2)	\$ —	\$ 2,896	\$ 84	\$ 2,980	
Mortgage servicing rights	—	—	1,044	1,044	
Derivative assets (1)	—	119	57	176	
Liabilities:					
Junior subordinated debt (3)	\$ —	\$ —	\$ 69	\$ 69	
Derivative liabilities (1)	—	203	—	203	

(1) See "Note 12. Derivatives and Hedging Activities." In addition, the carrying value of loans is decreased by \$5 million as of June 30, 2025 for the effective portion of the hedge, which relates to the fair value of the hedges put in place to mitigate against fluctuations in interest rates. Derivative assets and liabilities exclude margin of \$347 million and \$(41) million, respectively.

(2) Includes only the portion of loans HFS that is recorded at fair value at each reporting period pursuant to the election of FVO treatment.

(3) Includes only the portion of junior subordinated debt that is recorded at fair value at each reporting period pursuant to the election of FVO treatment.

		Fair Value Measurements at the End of the Reporting Period Using:			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
December 31, 2024		(in millions)			
Assets:					
Available-for-sale debt securities					
Residential MBS issued by GSEs and GNMA	\$	—	\$ 5,831	\$ —	\$ 5,831
U.S. Treasury securities		4,383	—	—	4,383
Private label residential MBS		—	947	—	947
Tax-exempt		—	845	—	845
CLO		—	570	—	570
Commercial MBS issued by GSEs and GNMA		—	437	—	437
Corporate debt securities		—	386	—	386
Other		2	67	—	69
Total AFS debt securities	\$	4,385	\$ 9,083	\$ —	\$ 13,468
Equity securities					
Preferred stock	\$	91	\$ —	\$ —	\$ 91
CRA investments		26	—	—	26
Total equity securities	\$	117	\$ —	\$ —	\$ 117
Loans - HFS (2)	\$	—	\$ 2,240	\$ 4	\$ 2,244
Mortgage servicing rights		—	—	1,127	1,127
Derivative assets (1)		—	198	35	233
Liabilities:					
Junior subordinated debt (3)	\$	—	\$ —	\$ 65	\$ 65
Derivative liabilities (1)		—	69	7	76

- (1) See "Note 12. Derivatives and Hedging Activities." In addition, the carrying value of loans is decreased by \$96 million as of December 31, 2024 for the effective portion of the hedge, which relates to the fair value of the hedges put in place to mitigate against fluctuations in interest rates. Derivative assets and liabilities exclude margin of \$72 million and \$3 million, respectively.
- (2) Includes only the portion of loans HFS that is recorded at fair value at each reporting period pursuant to the election of FVO treatment.
- (3) Includes only the portion of junior subordinated debt that is recorded at fair value at each reporting period pursuant to the election of FVO treatment.

The change in Level 3 liabilities measured at fair value on a recurring basis included in OCI was as follows:

		Junior Subordinated Debt			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
		(in millions)			
Beginning balance	\$	(63.2)	\$ (63.5)	\$ (64.7)	\$ (62.8)
Change in fair value (1)		(5.4)	(0.7)	(3.9)	(1.4)
Ending balance	\$	(68.6)	\$ (64.2)	\$ (68.6)	\$ (64.2)

- (1) Unrealized gains (losses) attributable to changes in the fair value of junior subordinated debt are recorded in OCI, net of tax, and totaled \$(4.1) million and \$(0.5) million for three months ended June 30, 2025 and 2024, respectively, and \$(3.0) million and \$(1.0) million for the six months ended June 30, 2025 and 2024, respectively.

The significant unobservable inputs used in the fair value measurements of these Level 3 liabilities were as follows:

		June 30, 2025	Valuation Technique	Significant Unobservable Inputs	Input Value
		(in millions)			
Junior subordinated debt	\$	69	Discounted cash flow	Implied credit rating of the Company	6.30 %
		December 31, 2024	Valuation Technique	Significant Unobservable Inputs	Input Value
		(in millions)			
Junior subordinated debt	\$	65	Discounted cash flow	Implied credit rating of the Company	7.43 %

The significant unobservable inputs used in the fair value measurement of the Company's junior subordinated debt as of June 30, 2025 and December 31, 2024 was the implied credit risk for the Company. The implied credit risk spread as of June 30,

2025 and December 31, 2024 was calculated as the difference between the average of the 10 and 15-year 'BB' rated financial indexes over the corresponding swap indexes.

As of June 30, 2025, the Company estimates the discount rate at 6.30%, which represents an implied credit spread of 2.01% plus three-month SOFR (4.29%). As of December 31, 2024, the Company estimated the discount rate at 7.43%, which was a 3.12% credit spread plus three-month SOFR (4.31%).

The change in Level 3 assets and liabilities measured at fair value on a recurring basis included in income was as follows:

	Three Months Ended June 30, 2025			Six Months Ended June 30, 2025		
	Loans HFS	MSRs	IRLCs (1)	Loans HFS	MSRs	IRLCs (1)
	<i>(in millions)</i>					
Balance, beginning of period	\$ 63	\$ 1,241	\$ 13	\$ 3	\$ 1,127	\$ (2)
Purchases and additions	90	284	5,490	154	545	11,232
Sales and payments	(71)	(452)	—	(80)	(535)	—
Transfers from Level 2 to Level 3	2	—	—	4	—	—
Settlement of IRLCs upon acquisition or origination of loans HFS	—	—	(5,481)	—	—	(11,213)
Change in fair value	—	23	2	3	3	7
Realization of cash flows	—	(52)	—	—	(96)	—
Balance, end of period	\$ 84	\$ 1,044	\$ 24	\$ 84	\$ 1,044	\$ 24
Changes in unrealized gains for the period (2)	\$ 2	\$ 3	\$ 24	\$ 3	\$ (6)	\$ 24

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
	MSRs	IRLCs (1)	MSRs	IRLCs (1)
	<i>(in millions)</i>			
Balance, beginning of period	\$ 1,178	\$ 10	\$ 1,124	\$ 18
Purchases and additions	214	4,577	403	8,637
Sales and payments	(241)	—	(397)	—
Settlement of IRLCs upon acquisition or origination of loans HFS	—	(4,580)	—	(8,647)
Change in fair value	32	1	92	—
Realization of cash flows	(38)	—	(77)	—
Balance, end of period	\$ 1,145	\$ 8	\$ 1,145	\$ 8
Changes in unrealized gains for the period (2)	\$ 31	\$ 7	\$ 69	\$ 7

(1) IRLC asset and liability positions are presented net.

(2) Amounts recognized as part of non-interest income.

The significant unobservable inputs used in the fair value measurements of these Level 3 assets and liabilities were as follows:

Asset/liability	Key inputs	June 30, 2025	
		Range	Weighted average
MSRs:	Option adjusted spread (in basis points)	141 - 233	212
	Conditional prepayment rate (1)	9.9% - 20.9%	16.0 %
	Recapture rate	20.0% - 20.0%	20.0 %
	Servicing fee rate (in basis points)	25.0 - 56.5	35.3
	Cost to service	\$77 - \$83	\$ 80
Loans HFS:	Lifetime liquidation probability	1.2% to 10.7%	5.0 %
IRLCs:	Servicing fee multiple	4.2 - 6.2	5.2
	Pull-through rate	75% - 100%	89 %

Asset/liability	Key inputs	December 31, 2024	
		Range	Weighted average
MSRs:	Option adjusted spread (in basis points)	21 - 315	237
	Conditional prepayment rate (1)	8.4% - 19.0%	14.0 %
	Recapture rate	20.0% - 20.0%	20.0 %
	Servicing fee rate (in basis points)	25.0 - 56.5	36.4
	Cost to service	\$75 - \$95	\$ 82
IRLCs:	Servicing fee multiple	4.3 - 6.4	5.3
	Pull-through rate	76% - 100%	92 %

(1) Lifetime total prepayment speed annualized.

The following is a summary of the difference between the aggregate fair value and the aggregate UPB of loans HFS for which the FVO has been elected:

	June 30, 2025			December 31, 2024		
	Fair value	UPB	Difference	Fair value	UPB	Difference
<i>(in millions)</i>						
Loans HFS:						
Current through 89 days delinquent	\$ 2,963	\$ 2,854	\$ 109	\$ 2,244	\$ 2,195	\$ 49
90 days or more delinquent	17	16	1	—	—	—
Total	<u>\$ 2,980</u>	<u>\$ 2,870</u>	<u>\$ 110</u>	<u>\$ 2,244</u>	<u>\$ 2,195</u>	<u>\$ 49</u>

Fair value on a nonrecurring basis

Certain assets are measured at fair value on a nonrecurring basis. That is, the assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of credit deterioration). The following table presents such assets carried on the Consolidated Balance Sheet by caption and by level within the ASC 825 hierarchy:

		Fair Value Measurements at the End of the Reporting Period Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Active Markets for Similar Assets (Level 2)	Unobservable Inputs (Level 3)	
	Total	(in millions)				
As of June 30, 2025:						
Loans HFI	\$	300	\$	—	\$	300
Other assets acquired through foreclosure		218		—		218
As of December 31, 2024:						
Loans HFI	\$	561	\$	—	\$	561
Other assets acquired through foreclosure		52		—		52

For Level 3 assets measured at fair value on a nonrecurring basis as of period end, the significant unobservable inputs used in the fair value measurements were as follows:

		June 30, 2025	Valuation Technique(s)		Significant Unobservable Inputs	Range
		(in millions)				
Loans HFI	\$	300	Collateral method	Third party appraisal	Costs to sell	6.0% to 10.0%
				Discount rate	Contractual loan rate	3.0% to 8.0%
			Discounted cash flow method	Scheduled cash collections	Probability of default	0% to 20.0%
				Proceeds from non-real estate collateral	Loss given default	0% to 70.0%
Other assets acquired through foreclosure		218	Collateral method	Third party appraisal	Costs to sell	1.0% to 6.0%
		December 31, 2024	Valuation Technique(s)		Significant Unobservable Inputs	Range
		(in millions)				
Loans HFI	\$	561	Collateral method	Third party appraisal	Costs to sell	6.0% to 10.0%
				Discount rate	Contractual loan rate	3.0% to 8.0%
			Discounted cash flow method	Scheduled cash collections	Probability of default	0% to 20.0%
				Proceeds from non-real estate collateral	Loss given default	0% to 70.0%
Other assets acquired through foreclosure		52	Collateral method	Third party appraisal	Costs to sell	1.0% to 6.0%

Loans HFI: Loans measured at fair value on a nonrecurring basis include collateral dependent loans. The specific reserves for these loans are based on collateral value, net of estimated disposition costs and other identified quantitative inputs. Collateral value is determined based on independent third-party appraisals or internally-developed discounted cash flow analyses. Appraisals may utilize a single valuation approach or a combination of approaches, including comparable sales and the income approach. Fair value is determined, where possible, using market prices derived from an appraisal or evaluation, which are considered to be Level 2. However, certain assumptions and unobservable inputs are often used by the appraiser, therefore qualifying the assets as Level 3 in the fair value hierarchy. In addition, when adjustments are made to an appraised value to reflect various factors such as the age of the appraisal or known changes in the market or the collateral, such valuation inputs are considered unobservable and the fair value measurement is categorized as a Level 3 measurement. Internal discounted cash flow analyses are also utilized to estimate the fair value of these loans, which considers internally-developed, unobservable inputs such as discount rates, default rates, and loss severity.

Total Level 3 collateral dependent loans had an estimated fair value of \$300 million and \$561 million at June 30, 2025 and December 31, 2024, respectively, net of a specific ACL of \$40 million and \$46 million at June 30, 2025 and December 31, 2024, respectively.

Other assets acquired through foreclosure: Other assets acquired through foreclosure consist of properties acquired as a result of, or in-lieu-of, foreclosure. These assets are initially reported at the fair value determined by independent appraisals using appraised value less estimated cost to sell. Such properties are generally re-appraised every 12 months. Costs relating to the development or improvement of the assets are capitalized and costs relating to holding the assets are charged to expense.

Fair value is determined, where possible, using market prices derived from an appraisal or evaluation, which are considered to be Level 2. However, certain assumptions and unobservable inputs are often used by the appraiser, therefore qualifying the assets as Level 3 in the fair value hierarchy. When significant adjustments are based on unobservable inputs, such as when a current appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the resulting fair value measurement has been categorized as a Level 3 measurement. The Company had \$218 million and \$52 million of such assets at June 30, 2025 and December 31, 2024, respectively.

Fair Value of Financial Instruments

The estimated fair value of the Company's financial instruments is as follows:

		June 30, 2025				
		Fair Value				
Carrying Amount		Level 1	Level 2	Level 3		Total
<i>(in millions)</i>						
Financial assets:						
Investment securities:						
HTM	\$ 1,540	\$ —	\$ 1,368	\$ —	\$	1,368
AFS	16,898	5,532	11,366	—		16,898
Trading	53	—	53	—		53
Equity	122	122	—	—		122
Derivative assets (1)	176	—	119	57		176
Loans HFS	3,022	—	2,913	109		3,022
Loans HFI, net	55,544	—	—	55,443		55,443
Mortgage servicing rights	1,044	—	—	1,044		1,044
Accrued interest receivable	426	—	426	—		426
Financial liabilities:						
Deposits	\$ 71,107	\$ —	\$ 71,143	\$ —	\$	71,143
Other borrowings	6,052	—	6,032	—		6,032
Qualifying debt	678	—	556	85		641
Derivative liabilities (1)	203	—	203	—		203
Accrued interest payable	132	—	132	—		132

(1) Derivative assets and liabilities exclude margin of \$347 million and \$(41) million, respectively.

December 31, 2024

Carrying Amount	Fair Value				Total
	Level 1	Level 2	Level 3		

(in millions)

Financial assets:

Investment securities:

HTM	\$	1,526	\$	—	\$	1,309	\$	—	\$	1,309
AFS		13,468		4,385		9,083		—		13,468
Equity securities		117		117		—		—		117
Derivative assets (1)		233		—		198		35		233
Loans HFS		2,286		—		2,259		27		2,286
Loans HFI, net		53,302		—		—		53,070		53,070
Mortgage servicing rights		1,127		—		—		1,127		1,127
Accrued interest receivable		362		—		362		—		362

Financial liabilities:

Deposits	\$	66,341	\$	—	\$	66,393	\$	—	\$	66,393
Other borrowings		5,573		—		5,545		—		5,545
Qualifying debt		899		—		789		78		867
Derivative liabilities (1)		76		—		69		7		76
Accrued interest payable		138		—		138		—		138

(1) Derivative assets and liabilities exclude margin of \$72 million and \$3 million, respectively.

Interest rate risk

The Company assumes interest rate risk (the risk to the Company's earnings and capital from changes in interest rate levels) as a result of its normal operations. As a result, the fair values of the Company's financial instruments, as well as its future net interest income, will change when interest rate levels change and that change may be either favorable or unfavorable to the Company.

Interest rate risk exposure is measured using interest rate sensitivity analysis to determine the Company's change in EVE and net interest income resulting from hypothetical changes in interest rates. If potential changes to EVE and earnings resulting from hypothetical interest rate changes are not within the limits established by the BOD, the BOD may direct management to adjust the asset and liability mix to bring interest rate risk within BOD-approved limits.

WAB has an ALCO charged with managing interest rate risk within the BOD-approved limits. Limits are structured to preclude an interest rate risk profile which does not conform to both management and BOD risk tolerances without BOD and ALCO approval. Interest rate risk is also evaluated at the Parent level, which is reported to the BOD and its Finance and Investment Committee.

Fair value of commitments

The estimated fair value of letters of credit outstanding at June 30, 2025 and December 31, 2024 approximates zero as there have been no significant changes in borrower creditworthiness. Loan commitments on which the committed interest rates are less than the current market rate are insignificant at June 30, 2025 and December 31, 2024.

17. SEGMENTS

Beginning with the annual period ending December 31, 2024, the Company adopted the guidance within ASU 2023-07, *Segment Reporting (Topic 280)*, which expanded disclosure requirements for significant segment expenses and other segment items. In connection with the adoption of this guidance, the components that comprise net interest income, which include interest income, interest expense, and funds transfer pricing adjustments, are presented in separate line items in the reportable segment income statement tables below. Salaries and employee benefits are also presented separately as these expenses were previously included within total non-interest expense. Income statement information for prior periods was recast to conform to the current presentation.

The Company's reportable segments are aggregated with a focus on products and services offered and consist of three reportable segments:

- Commercial: provides commercial banking and treasury management products and services to small and middle-market businesses, specialized banking services to sophisticated commercial institutions and investors within niche industries, as well as financial services to the real estate industry.
- Consumer Related: offers both commercial banking services to enterprises in consumer-related sectors and consumer banking services, such as residential mortgage banking.
- Corporate & Other: consists of the Company's investment portfolio, Corporate borrowings and other related items, income and expense items not allocated to other reportable segments, and inter-segment eliminations.

The Company's segment reporting process begins with the assignment of all loan and deposit accounts directly to the segments where these products are originated and/or serviced. Equity capital is assigned to each segment based on the risk profile of their assets and liabilities. With the exception of goodwill, which is assigned a 100% weighting, equity capital allocations ranged from 0% to 25% during the period. Any excess or deficient equity not allocated to segments based on risk is assigned to the Corporate & Other segment.

Net interest income, provision for credit losses, and non-interest expense amounts are recorded in their respective segments to the extent the amounts are directly attributable to those segments. Net interest income is recorded in each segment on a TEB with a corresponding increase in income tax expense, which is eliminated in the Corporate & Other segment.

Further, net interest income of a reportable segment includes a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Using this funds transfer pricing methodology, liquidity is transferred between users and providers. A net user of funds has lending/investing in excess of deposits/borrowings and a net provider of funds has deposits/borrowings in excess of lending/investing. A segment that is a user of funds is charged for the use of funds, while a provider of funds is credited through funds transfer pricing, which is determined based on the average estimated life of the assets or liabilities in the portfolio. Residual funds transfer pricing mismatches are allocable to the Corporate & Other segment and presented in net interest income.

The net income amount for each reportable segment is further derived by the use of expense allocations. Certain expenses not directly attributable to a specific segment are allocated across all segments based on key metrics, such as number of employees, number of transactions processed for loans and deposits, and average loan and deposit balances. These types of expenses include information technology, operations, human resources, finance, risk management, credit administration, legal, and marketing.

Income taxes are applied to each segment based on estimated effective tax rates. Any difference in the corporate tax rate and the aggregate effective tax rates in the segments are adjusted in the Corporate & Other segment.

The assignment and allocation methodologies used in the segment reporting process discussed above change from time to time as systems are enhanced, methods for evaluating segment performance or product lines change or as business segments are realigned.

The following is a summary of operating segment information for the periods indicated:

Balance Sheet:	Consolidated Company		Commercial	Consumer Related	Corporate & Other
At June 30, 2025:	<i>(in millions)</i>				
Assets:					
Cash, cash equivalents, and investment securities	\$ 21,368	\$ 16	\$ 53	\$ 21,299	
Loans HFS	3,022	—	3,022	—	
Loans HFI, net of deferred fees and costs	55,939	33,207	22,732	—	
Less: allowance for credit losses	(395)	(332)	(63)	—	
Net loans HFI	55,544	32,875	22,669	—	
Goodwill and other intangible assets, net	653	290	363	—	
Other assets	6,138	318	1,978	3,842	
Total assets	\$ 86,725	\$ 33,499	\$ 28,085	\$ 25,141	
Liabilities:					
Deposits	\$ 71,107	\$ 26,307	\$ 38,546	\$ 6,254	
Borrowings and qualifying debt	6,730	—	44	6,686	
Other liabilities	1,481	76	564	841	
Total liabilities	79,318	26,383	39,154	13,781	
Allocated equity:	7,407	3,503	2,352	1,552	
Total liabilities and equity	\$ 86,725	\$ 29,886	\$ 41,506	\$ 15,333	
Excess funds provided (used)	\$ —	\$ (3,613)	\$ 13,421	\$ (9,808)	

Income Statement:

Three Months Ended June 30, 2025:	<i>(in millions)</i>				
Interest income	\$ 1,154.4	\$ 612.9	\$ 303.3	\$ 238.2	
Interest expense	456.8	153.5	156.9	146.4	
Funds transfer pricing	—	(138.3)	286.0	(147.7)	
Net interest income (expense)	697.6	321.1	432.4	(55.9)	
Provision for credit losses	39.9	35.0	4.8	0.1	
Net interest income (expense) after provision for credit losses	657.7	286.1	427.6	(56.0)	
Non-interest income	148.3	38.3	86.0	24.0	
Salaries and employee benefits	179.9	35.4	39.1	105.4	
Other non-interest expense (1)	334.8	134.4	291.2	(90.8)	
Income (loss) before provision for income taxes	291.3	154.6	183.3	(46.6)	
Income tax expense (benefit)	53.5	28.1	34.3	(8.9)	
Net income (loss)	\$ 237.8	\$ 126.5	\$ 149.0	\$ (37.7)	

Six Months Ended June 30, 2025:	<i>(in millions)</i>				
Interest income	\$ 2,250.0	\$ 1,204.4	\$ 588.5	\$ 457.1	
Interest expense	901.8	303.4	312.9	285.5	
Funds transfer pricing	—	(270.1)	556.2	(286.1)	
Net interest income (expense)	1,348.2	630.9	831.8	(114.5)	
Provision for (recovery of) credit losses	71.1	66.2	9.9	(5.0)	
Net interest income (expense) after provision for credit losses	1,277.1	564.7	821.9	(109.5)	
Non-interest income	275.7	75.2	165.5	35.0	
Salaries and employee benefits	362.3	79.6	82.1	200.6	
Other non-interest expense (1)	652.8	259.2	557.9	(164.3)	
Income (loss) before provision for income taxes	537.7	301.1	347.4	(110.8)	
Income tax expense (benefit)	100.8	50.5	59.5	(9.2)	
Net income (loss)	\$ 436.9	\$ 250.6	\$ 287.9	\$ (101.6)	

(1) The composition of other non-interest expense is consistent with Non-interest expense as presented in the Consolidated Income Statement.

Balance Sheet:	Consolidated Company		Commercial	Consumer Related	Corporate & Other	
At December 31, 2024:	(in millions)					
Assets:						
Cash, cash equivalents, and investment securities	\$	19,191	\$	14	\$	19,177
Loans HFS		2,286		—		2,286
Loans HFI, net of deferred fees and costs		53,676		31,544		22,132
Less: allowance for credit losses		(374)		(320)		(54)
Net loans HFI		53,302		31,224		22,078
Goodwill and other intangible assets, net		659		291		368
Other assets		5,496		367		1,923
Total assets	\$	80,934	\$	31,896	\$	26,655
Liabilities:						
Deposits	\$	66,341	\$	25,487	\$	33,767
Borrowings and qualifying debt		6,472		15		37
Other liabilities		1,414		72		476
Total liabilities		74,227		25,574		34,280
Allocated equity:		6,707		2,727		1,899
Total liabilities and equity	\$	80,934	\$	28,301	\$	36,179
Excess funds provided (used)	\$	—	\$	(3,595)	\$	9,524

Income Statement:

Three Months Ended June 30, 2024:

Three Months Ended June 30, 2024:		(in millions)						
Interest income	\$	1,147.5	\$	625.5	\$	258.5	\$	263.5
Interest expense		490.9		174.8		155.3		160.8
Funds transfer pricing		—		(158.6)		236.0		(77.4)
Net interest income		656.6		292.1		339.2		25.3
Provision for credit losses		37.1		36.1		1.0		—
Net interest income after provision for credit losses		619.5		256.0		338.2		25.3
Non-interest income		115.2		23.1		90.0		2.1
Salaries and employee benefits		153.0		39.8		31.5		81.7
Other non-interest expense (1)		333.8		110.4		299.9		(76.5)
Income before provision for income taxes		247.9		128.9		96.8		22.2
Income tax expense		54.3		28.1		21.5		4.7
Net income	\$	193.6	\$	100.8	\$	75.3	\$	17.5

Six Months Ended June 30, 2024:

Interest income	\$	2,202.5	\$	1,232.7	\$	510.9	\$	458.9
Interest expense		947.0		343.1		289.4		314.5
Funds transfer pricing		—		(308.9)		410.7		(101.8)
Net interest income		1,255.5		580.7		632.2		42.6
Provision for credit losses		52.3		51.4		0.6		0.3
Net interest income after provision for credit losses		1,203.2		529.3		631.6		42.3
Non-interest income		245.1		49.1		185.7		10.3
Salaries and employee benefits		307.9		74.6		69.0		164.3
Other non-interest expense (1)		660.7		231.0		558.6		(128.9)
Income before provision for income taxes		479.7		272.8		189.7		17.2
Income tax expense		108.7		61.9		43.3		3.5
Net income	\$	371.0	\$	210.9	\$	146.4	\$	13.7

(1) The composition of other non-interest expense is consistent with Non-interest expense as presented in the Consolidated Income Statement.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue streams within the scope of ASC 606 include service charges and fees, interchange fees on credit and debit cards, and legal settlement service fees. These revenues totaled \$23.5 million and \$16.9 million for the three months ended June 30, 2025 and 2024, respectively, and \$46.5 million and \$30.7 million for the six months ended June 30, 2025 and 2024, respectively. The Company had no material unsatisfied performance obligations as of June 30, 2025 or December 31, 2024.

19. SUBSEQUENT EVENTS

Tax Legislation

On July 4, 2025, the OBBBA was enacted into law. The OBBBA extends or makes permanent various tax provisions that were originally enacted in the 2017 Tax Cuts and Jobs Act and were set to expire at the end of 2025. The OBBBA contains a number of tax provisions including, but not limited to, immediate expensing of domestic research and experimental expenditures, modifications to the limitation on business interest and bonus depreciation modifications. The Company is currently evaluating the impact of the OBBBA on its consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This discussion is designed to provide insight into management's assessment of significant trends related to the Company's consolidated financial condition, results of operations, liquidity, capital resources, and interest rate sensitivity. This Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 and the interim Unaudited Consolidated Financial Statements and Notes to Unaudited Consolidated Financial Statements hereto and financial information appearing elsewhere in this report. Unless the context requires otherwise, the terms "Company," "we," and "our" refer to Western Alliance Bancorporation and its wholly-owned subsidiaries on a consolidated basis.

Forward-Looking Information

Certain statements contained in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including without limitation, statements regarding our expectations with respect to our business, financial and operating results, including our deposits, liquidity and funding, changes in economic conditions and the related impact on the Company's business, and statements that are related to or are dependent on estimates or assumptions relating to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts.

The forward-looking statements contained in this Form 10-Q reflect the Company's current views about future events and financial performance and involve certain risks, uncertainties, assumptions, and changes in circumstances that may cause the Company's actual results to differ significantly from historical results and those expressed in any forward-looking statement. Risks and uncertainties include those set forth in the Company's filings with the SEC and the following factors that could cause actual results to differ materially from those presented: 1) adverse financial market and economic conditions, including the effects of inflation and any recession in the United States, adverse developments in the financial services industry generally, U.S. and global trade policies and tensions, including changes in, or the imposition of, tariffs and/or trade barriers, and any related impact on depositor behavior, the potential impact on borrowers of supply chain disruptions and the economic and market impacts of the military conflicts in Ukraine and the Middle East; 2) changes in interest rates and increased rate competition; 3) the discontinuation of or substantial changes to interest rate benchmarks utilized in our lending, borrowing and hedging activities; 4) exposure of financial instruments to certain market risks that may increase the volatility of earnings and AOCI; 5) the inherent risk associated with accounting estimates, including the impact to the allowance, provision for credit losses, and capital levels; 6) exposure to natural and man-made disasters in markets where we operate and the impact of climate change and sustainability practices on us and our customers; 7) the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts, geopolitical conflicts or public health events, and of governmental and societal responses thereto; 8) higher defaults on our loan portfolio than we expect; 9) increased foreclosures and ownership of real property; 10) changes in management's estimate of the adequacy of the allowance for credit losses; 11) dependency on real estate and events that negatively impact the real estate market; 12) concentrations in certain business lines or product types within our loan portfolio; 13) residual risk retained by us on reference pools covered by credit linked notes; 14) exposures related to the properties to which we acquire title; 15) ability to compete in a highly competitive market; 16) expansion strategies through acquisitions or implementation of new lines of business or new products and services that may not be successful and supervisory actions by regulatory agencies which may limit our ability to pursue certain growth opportunities; 17) uncertainty associated with digital payment initiatives; 18) ability to recruit and retain qualified employees and implement adequate succession planning to mitigate the loss of key members of our senior management team; 19) ability to meet capital adequacy and liquidity requirements and the sufficiency of liquidity; 20) dependence on low-cost deposits; 21) risks related to representations and warranties made on third-party loan sales; 22) ability to borrow from the FHLB or the FRB; 23) a change in our creditworthiness; 24) information security breaches; 25) reliance on third parties to provide key components of our infrastructure; 26) perpetration of fraud; 27) ability to implement and improve our controls and processes to keep pace with growth; 28) risk of operating in a highly regulated industry and our ability to remain in compliance; 29) ability to adapt to technological change; 30) failure to comply with state and federal banking agency laws and regulations; 31) results of any tax audit findings, challenges to our tax positions, or adverse changes or interpretations of tax laws; 32) risks related to ownership and price of our preferred and common stock; 33) ability to continue to declare quarterly dividends; 34) additional regulatory requirements resulting from our continued growth; 35) management's estimates and projections of interest rates and interest rate policies; and 36) the execution of our business plan.

For more information regarding risks that may cause the Company's actual results to differ materially from any forward-looking statements, see "Risk Factors" in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2024, "Risk Factors" in Part II, Item 1A of this Form 10-Q, and related disclosures in other filings with the SEC. All

forward-looking statements that are made or attributable to us are expressly qualified in their entirety by this cautionary notice. The forward-looking statements included herein are only made as of the date of this Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Recent Market and Banking Industry Developments

CRE Exposure

The Company's loan portfolio includes significant credit exposure to the CRE market, with CRE related loans comprising approximately 30% of total loans at June 30, 2025 and December 31, 2024. Approximately 15% and 16% of CRE loans, excluding construction and land loans, were owner occupied at June 30, 2025 and December 31, 2024, respectively, and less than 5% were non-owner occupied office loans at June 30, 2025 and December 31, 2024. Due to changing conditions in the CRE market, the Company has implemented enhanced measures to monitor and manage credit risk related to this portfolio segment, as further discussed in "Item 1. Business, Lending Activities – Asset Quality" in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. During the three and six months ended June 30, 2025, the Company recognized gross charge-offs on CRE non-owner occupied loans totaling \$17.5 million and \$32.0 million, respectively, which primarily related to office properties. As the Company is focused on moving nonperforming loans through its standard credit resolution process, the Company took possession of five CRE office properties during the three and six months ended June 30, 2025, which drove the net \$166 million increase in other assets acquired through foreclosure from December 31, 2024. While the Company believes its reserve levels are adequate, CRE market conditions may worsen, which could result in further deterioration of asset quality in this portfolio.

Financial Overview and Highlights

WAL is a bank holding company headquartered in Phoenix, Arizona, incorporated under the laws of the state of Delaware. WAL provides a full spectrum of customized loan, deposit and treasury management capabilities, including funds transfer and other digital payment offerings, through its wholly-owned banking subsidiary, WAB, together with its banking divisions: ABA, BON, FIB, Bridge, and TPB.

The Company also provides an array of specialized financial services across the country, including mortgage banking services through AmeriHome, treasury management services to the homeowner's association sector, and digital payment services for the class action legal industry.

Financial Results Highlights for the Second Quarter of 2025

- Net income available to common stockholders of \$227.2 million and diluted earnings per share of \$2.07, compared to \$190.4 million and \$1.75 per share, respectively, for the second quarter 2024
- Net revenue of \$845.9 million, compared to \$771.8 million for the second quarter 2024, with non-interest expense of \$514.7 million, compared to \$486.8 million for the second quarter 2024
- PPNR of \$331.2 million, up 16.2% from \$285.0 million in the second quarter 2024¹
- Total loans HFI of \$55.9 billion, up \$2.3 billion, or 4.2%, from December 31, 2024
- Total deposits of \$71.1 billion, up \$4.8 billion, or 7.2%, from December 31, 2024
- Total equity of \$7.4 billion, an increase of \$700 million, or 10.4%, from December 31, 2024
- Nonperforming loans to funded HFI loans decreased to 0.76%, compared to 0.89% at December 31, 2024
- Nonperforming assets (nonaccrual loans and repossessed assets) increased to 0.74% of total assets, compared to 0.65% at December 31, 2024
- Annualized net loan charge-offs to average loans outstanding of 0.22%, compared to 0.18% for the second quarter 2024
- Net interest margin of 3.53%, decreased from 3.63% in the second quarter 2024
- Tangible common equity ratio of 7.2%, flat from December 31, 2024¹
- Book value per common share of \$61.77, an increase of 6.1% from \$58.24 at December 31, 2024
- Tangible book value per share, net of tax, of \$55.87, an increase of \$3.60, or 6.9%, from \$52.27 at December 31, 2024¹
- Efficiency ratio of 60.1% in the second quarter 2025, compared to 62.3% in the second quarter 2024¹

The impact to the Company from these items, and others of both a positive and negative nature, are discussed in more detail below as they pertain to the Company's overall comparative performance for the three and six months ended June 30, 2025.

¹ See Non-GAAP Financial Measures section beginning on page 64.

As a bank holding company, management focuses on key ratios in evaluating the Company's financial condition and results of operations.

Results of Operations and Financial Condition

A summary of the Company's results of operations, financial condition, and selected metrics are included in the following tables:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions, except per share amounts)</i>			
Net income	\$ 237.8	\$ 193.6	\$ 436.9	\$ 371.0
Net income available to common stockholders	227.2	190.4	423.1	364.6
Earnings per share - basic	2.08	1.75	3.89	3.36
Earnings per share - diluted	2.07	1.75	3.86	3.34
Return on average assets	1.10 %	0.99 %	1.04 %	0.99 %
Return on average equity	13.0	12.3	12.4	11.9
Return on average tangible common equity (1)	14.9	14.3	14.2	13.8
Net interest margin	3.53	3.63	3.50	3.61

(1) See Non-GAAP Financial Measures section beginning on page 64.

	June 30, 2025	December 31, 2024
	<i>(in millions)</i>	
Total assets	\$ 86,725	\$ 80,934
Loans HFS	3,022	2,286
Loans HFI, net of deferred fees and costs	55,939	53,676
Investment securities, net of allowance for credit losses	18,601	15,095
Total deposits	71,107	66,341
Other borrowings	6,052	5,573
Qualifying debt	678	899
Total equity	7,407	6,707
Tangible common equity, net of tax (1)	6,168	5,755

(1) See Non-GAAP Financial Measures section beginning on page 64.

Asset Quality

For all banks and bank holding companies, asset quality plays a significant role in the overall financial condition of the institution and results of operations. The Company measures asset quality in terms of nonaccrual loans as a percentage of gross loans and net charge-offs as a percentage of average loans. Net charge-offs are calculated as the difference between charged-off loans and recovery payments received on previously charged-off loans. The following table summarizes the Company's key asset quality metrics for loans HFI:

	June 30, 2025	December 31, 2024
	<i>(dollars in millions)</i>	
Nonaccrual loans	\$ 427	\$ 476
Reposessed assets	218	52
Non-performing assets	831	656
Nonaccrual loans to funded loans	0.76 %	0.89 %
Nonaccrual and reposessed assets to total assets	0.74	0.65
Allowance for loan losses to funded loans	0.71	0.70
Allowance for credit losses to funded loans	0.78	0.77
Allowance for loan losses to nonaccrual loans	92	79
Allowance for credit losses to nonaccrual loans	102	87
Net charge-offs to average loans outstanding (1)	0.22	0.18

(1) Annualized on an actual/actual basis for the three months ended June 30, 2025. Actual year-to-date for the year ended December 31, 2024.

Asset and Deposit Growth

The Company's assets and liabilities are comprised primarily of loans and deposits. Therefore, the ability to originate new loans and attract new deposits is fundamental to the Company's growth.

Total assets increased to \$86.7 billion at June 30, 2025 from \$80.9 billion at December 31, 2024. The increase in total assets of \$5.8 billion, or 7.2%, was supported by an increase in deposits, which contributed to an increase in investment securities of \$3.5 billion and funded HFI and HFS loan growth of \$2.3 billion and \$736 million, respectively, which was partially offset by a decrease in cash of \$1.3 billion.

Loans HFI increased \$2.3 billion, or 4.2%, to \$55.9 billion as of June 30, 2025, compared to \$53.7 billion as of December 31, 2024. By loan type, commercial and industrial, commercial real estate, and residential loans increased \$1.8 billion, \$311 million, and \$139 million, respectively, from December 31, 2024. In addition, loans HFS increased \$736 million from \$2.3 billion as of December 31, 2024 primarily due to an increase in non-EBO and agency-conforming loans.

Total deposits increased \$4.8 billion, or 7.2%, to \$71.1 billion as of June 30, 2025 from \$66.3 billion as of December 31, 2024. By type, the increase in deposits from December 31, 2024 was driven by increases of \$4.2 billion and \$1.0 billion in non-interest bearing deposits and savings and money market accounts, respectively, partially offset by a decrease of \$204 million in both interest bearing demand deposits and certificates of deposit.

RESULTS OF OPERATIONS

The following table sets forth a summary financial overview:

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2025	2024		2025	2024	
(in millions, except per share amounts)						
Consolidated Income Statement Data:						
Interest income	\$ 1,154.4	\$ 1,147.5	\$ 6.9	\$ 2,250.0	\$ 2,202.5	\$ 47.5
Interest expense	456.8	490.9	(34.1)	901.8	947.0	(45.2)
Net interest income	697.6	656.6	41.0	1,348.2	1,255.5	92.7
Provision for credit losses	39.9	37.1	2.8	71.1	52.3	18.8
Net interest income after provision for credit losses	657.7	619.5	38.2	1,277.1	1,203.2	73.9
Non-interest income	148.3	115.2	33.1	275.7	245.1	30.6
Non-interest expense	514.7	486.8	27.9	1,015.1	968.6	46.5
Income before provision for income taxes	291.3	247.9	43.4	537.7	479.7	58.0
Income tax expense	53.5	54.3	(0.8)	100.8	108.7	(7.9)
Net income	237.8	193.6	44.2	436.9	371.0	65.9
Net income attributable to noncontrolling interest	7.4	—	7.4	7.4	—	7.4
Net income attributable to Western Alliance	230.4	193.6	36.8	429.5	371.0	58.5
Dividends on preferred stock	3.2	3.2	—	6.4	6.4	—
Net income available to common stockholders	\$ 227.2	\$ 190.4	\$ 36.8	\$ 423.1	\$ 364.6	\$ 58.5
Earnings per share:						
Basic	\$ 2.08	\$ 1.75	\$ 0.33	\$ 3.89	\$ 3.36	\$ 0.53
Diluted	2.07	1.75	0.32	3.86	3.34	0.52

Non-GAAP Financial Measures

The following discussion and analysis contains financial information determined by methods other than those prescribed by GAAP. The Company's management uses these non-GAAP financial measures in their analysis of the Company's performance. Management believes presentation of these non-GAAP financial measures provides useful supplemental information that is essential to a complete understanding of the operating results of the Company. Since the presentation of these non-GAAP performance measures and their impact differ between companies, these non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Pre-Provision Net Revenue

Banking regulations define PPNR as the sum of net interest income and non-interest income less expenses before adjusting for loss provisions. Management believes this is an important metric as it illustrates the underlying performance of the Company, it enables investors and others to assess the Company's ability to generate capital to cover credit losses through the credit cycle, and provides consistent reporting with a key metric used by bank regulatory agencies.

The following table shows the components used in the calculation of PPNR:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(in millions)</i>			
Net interest income	\$ 697.6	\$ 656.6	\$ 1,348.2	\$ 1,255.5
Total non-interest income	148.3	115.2	275.7	245.1
Net revenue	\$ 845.9	\$ 771.8	\$ 1,623.9	\$ 1,500.6
Total non-interest expense	514.7	486.8	1,015.1	968.6
Pre-provision net revenue	\$ 331.2	\$ 285.0	\$ 608.8	\$ 532.0
Less:				
Provision for credit losses	39.9	37.1	71.1	52.3
Income tax expense	53.5	54.3	100.8	108.7
Net income	\$ 237.8	\$ 193.6	\$ 436.9	\$ 371.0

Efficiency Ratio

The following table shows the components used in the calculation of the efficiency ratio, which measures non-interest expense as a ratio of net revenue on a tax equivalent basis. Management uses this ratio as a metric for assessing cost efficiency:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(dollars in millions)</i>			
Total non-interest expense	\$ 514.7	\$ 486.8	\$ 1,015.1	\$ 968.6
Less: Deposit costs	147.4	173.7	284.2	310.7
Total non-interest expense, excluding deposit costs	367.3	313.1	730.9	657.9
Divided by:				
Total net interest income	697.6	656.6	1,348.2	1,255.5
Plus:				
Tax equivalent interest adjustment	10.2	9.9	20.3	19.5
Total non-interest income	148.3	115.2	275.7	245.1
Less: Deposit costs	147.4	173.7	284.2	310.7
	\$ 708.7	\$ 608.0	\$ 1,360.0	\$ 1,209.4
Efficiency ratio - tax equivalent basis	60.1 %	62.3 %	61.7 %	63.7 %
Efficiency ratio - tax equivalent basis, adjusted for deposit costs	51.8	51.5	53.7	54.4

Tangible Common Equity and Return on Average Tangible Common Equity

The following tables present financial measures related to tangible common equity. Tangible common equity represents total stockholders' equity reduced by goodwill and intangible assets and preferred stock. Management believes tangible common equity financial measures are useful in evaluating the Company's capital strength, financial condition, and ability to manage potential losses.

	June 30, 2025	December 31, 2024
	<i>(dollars and shares in millions)</i>	
Total stockholders' equity	\$ 7,407	\$ 6,707
Less:		
Preferred stock	295	295
Noncontrolling interest in subsidiary	293	—
Total common stockholders' equity	6,819	6,412
Less: goodwill and intangible assets, net	653	659
Total tangible common stockholders' equity	6,166	5,753
Plus: deferred tax - attributed to intangible assets	2	2
Total tangible common equity, net of tax	\$ 6,168	\$ 5,755
Total assets	\$ 86,725	\$ 80,934
Less: goodwill and intangible assets, net	653	659
Tangible assets	86,072	80,275
Plus: deferred tax - attributed to intangible assets	2	2
Total tangible assets, net of tax	\$ 86,074	\$ 80,277
Tangible common equity ratio	7.2 %	7.2 %
Common shares outstanding	110.4	110.1
Book value per common share	\$ 61.77	\$ 58.24
Tangible book value per common share, net of tax	55.87	52.27

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(dollars in millions)</i>			
Net income available to common stockholders	\$ 227.2	\$ 190.4	\$ 423.1	\$ 364.6
Divided by:				
Average stockholders' equity	\$ 7,355	\$ 6,330	\$ 7,128	\$ 6,257
Less:				
Average goodwill and intangible assets	655	666	656	667
Average preferred stock	295	295	295	295
Average noncontrolling interest in subsidiary	293	—	155	—
Average tangible common equity	\$ 6,112	\$ 5,369	\$ 6,022	\$ 5,295
Return on average tangible common equity	14.9 %	14.3 %	14.2 %	13.8 %

Regulatory Capital

The following table presents certain financial measures related to regulatory capital under Basel III, which includes CET1 and total capital. The FRB and other banking regulators use CET1 and total capital as a basis for assessing a bank's capital adequacy; therefore, management believes it is useful to assess financial condition and capital adequacy using this same basis. Specifically, the CET1, tier 1 capital, and total capital ratios take into consideration the risk levels of assets and off-balance sheet financial instruments. In addition, management believes that the classified assets to CET1 plus allowance measure is an important regulatory metric for assessing asset quality.

As permitted by the regulatory capital rules, the Company elected the CECL transition option that delayed the estimated impact on regulatory capital resulting from the adoption of CECL over a five-year transition period that ended December 31, 2024. Accordingly, capital ratios and amounts for 2024 included a 25% capital benefit that resulted from the increased ACL related to the adoption of ASC 326. This capital benefit was fully phased out beginning in 2025.

	June 30, 2025	December 31, 2024
	(dollars in millions)	
Common equity tier 1:		
Common equity	\$ 6,819	\$ 6,425
Less:		
Non-qualifying goodwill and intangibles	637	644
Disallowed deferred tax asset	96	4
AOCI related adjustments	(480)	(535)
Unrealized gain on changes in fair value liabilities	(2)	1
Common equity tier 1	\$ 6,568	\$ 6,311
Divided by: Risk-weighted assets	\$ 58,655	\$ 56,019
Common equity tier 1 ratio	11.2 %	11.3 %
 Common equity tier 1	 \$ 6,568	 \$ 6,311
Plus: Preferred stock, trust preferred securities, and noncontrolling interest	669	376
Tier 1 capital	\$ 7,237	\$ 6,687
Divided by: Tangible average assets	\$ 86,368	\$ 82,691
Tier 1 leverage ratio	8.4 %	8.1 %
 Total capital:		
Tier 1 capital	\$ 7,237	\$ 6,687
Plus:		
Subordinated debt	595	819
Adjusted allowances for credit losses	445	416
Tier 2 capital	\$ 1,040	\$ 1,235
Total capital	\$ 8,277	\$ 7,922
Total capital ratio	14.1 %	14.1 %
 Classified assets to tier 1 capital plus allowance:		
Classified assets	\$ 1,261	\$ 1,009
Divided by: Tier 1 capital	7,237	6,687
Plus: Adjusted allowances for credit losses	445	416
Total Tier 1 capital plus adjusted allowances for credit losses	\$ 7,682	\$ 7,103
Classified assets to tier 1 capital plus allowance	16.4 %	14.2 %

Net Interest Margin

The net interest margin is reported on a TEB. A tax equivalent adjustment is added to reflect interest earned on certain securities and loans that are exempt from federal and state income tax. The following tables set forth the average balances, interest income, interest expense, and average yield (on a fully TEB) for the periods indicated:

	Three Months Ended June 30,					
	2025			2024		
	Average Balance	Interest	Average Yield / Cost	Average Balance	Interest	Average Yield / Cost
<i>(dollars in millions)</i>						
Interest earning assets						
Loans HFS	\$ 4,859	\$ 74.0	6.11 %	\$ 2,860	\$ 43.0	6.05 %
Loans HFI:						
Commercial and industrial	24,094	392.1	6.58	19,913	370.1	7.54
CRE - non-owner occupied	10,253	181.9	7.12	9,680	185.0	7.69
CRE - owner occupied	1,788	26.7	6.11	1,865	28.5	6.24
Construction and land development	4,290	88.7	8.29	4,740	112.3	9.53
Residential real estate	14,399	150.3	4.19	14,531	157.0	4.35
Consumer	32	0.6	7.07	48	0.8	6.94
Total loans HFI (1), (2), (3)	54,856	840.3	6.17	50,777	853.7	6.79
Investment securities:						
Taxable	15,099	177.4	4.71	14,029	166.5	4.77
Tax-exempt	2,215	24.1	5.46	2,221	24.0	5.45
Total investment securities (1)	17,314	201.5	4.81	16,250	190.5	4.87
Cash and other	3,496	38.6	4.43	3,983	60.3	6.09
Total interest earning assets	80,525	1,154.4	5.80	73,870	1,147.5	6.30
Non-interest earning assets						
Cash and due from banks	346			294		
Allowance for credit losses	(403)			(350)		
Bank owned life insurance	1,026			187		
Other assets	4,905			4,554		
Total assets	\$ 86,399			\$ 78,555		
Interest bearing liabilities						
Interest bearing deposits:						
Interest bearing demand accounts	\$ 15,707	\$ 97.2	2.48 %	\$ 17,276	\$ 131.2	3.05 %
Savings and money market accounts	21,736	170.6	3.15	16,579	146.2	3.55
Certificates of deposit	10,084	110.0	4.38	10,427	132.9	5.12
Total interest bearing deposits	47,527	377.8	3.19	44,282	410.3	3.73
Short-term borrowings	3,048	35.7	4.69	4,165	58.9	5.69
Long-term debt	2,498	35.1	5.64	437	12.1	11.19
Qualifying debt	826	8.2	4.01	896	9.6	4.28
Total interest bearing liabilities	53,899	456.8	3.40	49,780	490.9	3.97
Interest cost of funding earning assets			2.28			2.67
Non-interest bearing liabilities						
Non-interest bearing deposits	23,569			20,996		
Other liabilities	1,576			1,449		
Equity	7,355			6,330		
Total liabilities and equity	\$ 86,399			\$ 78,555		
Net interest income and margin (4)		\$ 697.6	3.53 %		\$ 656.6	3.63 %

- (1) Yields on loans and securities have been adjusted to a TEB. The taxable-equivalent adjustment was \$10.2 million and \$9.9 million for the three months ended June 30, 2025 and 2024, respectively.
- (2) Included in the yield computation are net loan fees of \$25.5 million and \$32.1 million for the three months ended June 30, 2025 and 2024, respectively.
- (3) Includes non-accrual loans.
- (4) Net interest margin is computed by dividing net interest income by total average earning assets, annualized on an actual/actual basis.

	Six Months Ended June 30,					
	2025			2024		
	Average Balance	Interest	Average Yield / Cost	Average Balance	Interest	Average Yield / Cost
<i>(dollars in millions)</i>						
Interest earning assets						
Loans HFS	\$ 4,581	\$ 140.5	6.19 %	\$ 2,638	\$ 82.1	6.26 %
Loans HFI:						
Commercial and industrial	23,466	758.0	6.57	19,329	715.8	7.51
CRE - non-owner occupied	10,133	357.1	7.11	9,574	370.1	7.78
CRE - owner occupied	1,833	55.4	6.20	1,836	55.3	6.15
Construction and land development	4,348	180.5	8.37	4,831	229.4	9.55
Residential real estate	14,373	302.5	4.24	14,626	314.0	4.32
Consumer	39	1.3	6.85	55	1.9	7.13
Total loans HFI (1), (2), (3)	54,192	1,654.8	6.19	50,251	1,686.5	6.78
Investment securities:						
Taxable	14,065	320.9	4.60	12,373	287.6	4.67
Tax-exempt	2,235	48.6	5.49	2,213	46.9	5.34
Total investment securities (1)	16,300	369.5	4.72	14,586	334.5	4.78
Cash and other	3,788	85.2	4.54	3,468	99.4	5.77
Total interest earning assets	78,861	2,250.0	5.81	70,943	2,202.5	6.30
Non-interest earning assets						
Cash and due from banks	339			289		
Allowance for credit losses	(400)			(349)		
Bank owned life insurance	1,020			187		
Other assets	4,813			4,548		
Total assets	\$ 84,633			\$ 75,618		
Interest bearing liabilities						
Interest bearing deposits:						
Interest bearing demand accounts	\$ 15,788	\$ 197.1	2.52 %	\$ 16,812	\$ 253.2	3.03 %
Savings and money market accounts	21,473	335.4	3.15	15,913	276.1	3.49
Certificates of deposit	10,051	223.6	4.49	10,278	261.6	5.12
Total interest bearing deposits	47,312	756.1	3.22	43,003	790.9	3.70
Short-term borrowings	2,389	56.4	4.76	3,940	112.6	5.75
Long-term debt	2,575	71.8	5.62	441	24.4	11.13
Qualifying debt	862	17.5	4.10	895	19.1	4.28
Total interest bearing liabilities	53,138	901.8	3.42	48,279	947.0	3.94
Interest cost of funding earning assets			2.31			2.69
Non-interest bearing liabilities						
Non-interest bearing deposits	22,837			19,589		
Other liabilities	1,530			1,493		
Equity	7,128			6,257		
Total liabilities and equity	\$ 84,633			\$ 75,618		
Net interest income and margin (4)		\$ 1,348.2	3.50 %		\$ 1,255.5	3.61 %

- (1) Yields on loans and securities have been adjusted to a TEB. The taxable-equivalent adjustment was \$20.3 million and \$19.5 million for the six months ended June 30, 2025 and 2024, respectively.
- (2) Included in the yield computation are net loan fees of \$49.3 million and \$65.2 million for the six months ended June 30, 2025 and 2024, respectively.
- (3) Includes non-accrual loans.
- (4) Net interest margin is computed by dividing net interest income by total average earning assets, annualized on an actual/actual basis.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025 versus 2024			2025 versus 2024		
	Increase (Decrease) Due to Changes in (1)			Increase (Decrease) Due to Changes in (1)		
	Volume	Rate	Total	Volume	Rate	Total
<i>(in millions)</i>						
Interest income:						
Loans HFS	\$ 30.4	\$ 0.6	\$ 31.0	\$ 59.6	\$ (1.2)	\$ 58.4
Loans HFI:						
Commercial and industrial	68.0	(46.0)	22.0	133.6	(91.4)	42.2
CRE - non-owner occupied	10.2	(13.3)	(3.1)	19.7	(32.7)	(13.0)
CRE - owner-occupied	(1.1)	(0.7)	(1.8)	(0.1)	0.2	0.1
Construction and land development	(9.3)	(14.3)	(23.6)	(20.1)	(28.8)	(48.9)
Residential real estate	(1.4)	(5.3)	(6.7)	(5.3)	(6.2)	(11.5)
Consumer	(0.3)	0.1	(0.2)	(0.5)	(0.1)	(0.6)
Total loans HFI	66.1	(79.5)	(13.4)	127.3	(159.0)	(31.7)
Investment securities:						
Taxable	12.6	(1.7)	10.9	38.6	(5.3)	33.3
Tax-exempt	(0.1)	0.2	0.1	0.5	1.2	1.7
Total investment securities	12.5	(1.5)	11.0	39.1	(4.1)	35.0
Cash and other	(5.4)	(16.3)	(21.7)	7.2	(21.4)	(14.2)
Total interest income	103.6	(96.7)	6.9	233.2	(185.7)	47.5
Interest expense:						
Interest bearing demand accounts	(9.7)	(24.3)	(34.0)	(12.8)	(43.3)	(56.1)
Savings and money market accounts	40.5	(16.1)	24.4	86.8	(27.5)	59.3
Certificates of deposit	(3.7)	(19.2)	(22.9)	(5.0)	(33.0)	(38.0)
Total deposits	27.1	(59.6)	(32.5)	69.0	(103.8)	(34.8)
Short-term borrowings	(13.1)	(10.1)	(23.2)	(36.6)	(19.6)	(56.2)
Long-term debt	29.0	(6.0)	23.0	59.5	(12.1)	47.4
Qualifying debt	(0.7)	(0.7)	(1.4)	(0.7)	(0.9)	(1.6)
Total interest expense	42.3	(76.4)	(34.1)	91.2	(136.4)	(45.2)
Net change	\$ 61.3	\$ (20.3)	\$ 41.0	\$ 142.0	\$ (49.3)	\$ 92.7

(1) Changes attributable to both volume and rate are designated as volume changes.

Comparison of interest income, interest expense and net interest margin

The Company's primary source of revenue is interest income. For the three months ended June 30, 2025, interest income totaled \$1.2 billion, an increase of \$6.9 million, or 0.6%, compared to \$1.1 billion for the three months ended June 30, 2024. This increase was primarily the result of increases in interest income from loans HFS and investment securities of \$31.0 million and \$11.0 million, respectively, resulting from increases in the average balances of these assets of \$2.0 billion and \$1.1 billion, respectively. These increases were partially offset by a decrease in interest income from loans HFI of \$13.4 million as lower loan yields outweighed the increase in the average balance of \$4.1 billion.

For the six months ended June 30, 2025, interest income was \$2.3 billion, an increase of \$47.5 million, or 2.2%, compared to \$2.2 billion for the six months ended June 30, 2024. This increase was primarily the result of an increase in interest income from loans HFS of \$58.4 million driven by a higher average balance of \$1.9 billion and a \$35.0 million increase in interest income from investment securities primarily due to an increase in the average investment balance of \$1.7 billion. These increases were partially offset by a \$31.7 million decrease in interest income from loans HFI driven by lower yields net of a \$3.9 billion increase in the average balance.

For the three months ended June 30, 2025, interest expense totaled \$456.8 million, a decrease of \$34.1 million, or 4.8%, compared to \$490.9 million for the three months ended June 30, 2024. The decrease in interest expense related to decreases in interest expense on deposits of \$32.5 million due to lower rates and short-term borrowings of \$23.2 million due to lower rates and a lower average balance of \$1.1 billion. These decreases were partially offset by increases of \$3.2 billion and \$2.1 billion in average interest bearing deposits and long-term debt, respectively.

For the six months ended June 30, 2025, interest expense was \$901.8 million, a decrease of \$45.2 million, or 4.8%, compared to \$947.0 million for the six months ended June 30, 2024. Interest expense on short-term borrowings decreased \$56.2 million due

to a decrease in the average balance of \$1.6 billion in conjunction with lower rates, while interest expense on deposits decreased \$34.8 million for the same period driven by lower rates net of a \$4.3 billion increase in average interest bearing deposits. These decreases were partially offset by a \$47.4 million increase in interest expense on long-term debt resulting from an increase in average balances of \$2.1 billion.

For the three months ended June 30, 2025, net interest income totaled \$697.6 million, an increase of \$41.0 million, or 6.2%, compared to \$656.6 million for the three months ended June 30, 2024. The increase in net interest income was driven by an increase in average interest earning assets of \$6.7 billion and lower rates on deposits, partially offset by lower yields on interest earning assets. The decrease in net interest margin of 10 basis points to 3.53% is largely the result of the impact of lower rates on interest earning asset yields, partially offset by an increase in average interest earning assets.

For the six months ended June 30, 2025, net interest income was \$1.3 billion, an increase of \$92.7 million, or 7.4%, compared to the six months ended June 30, 2024. The increase in net interest income reflects a \$7.9 billion increase in average interest-earning assets, partially offset by an increase of \$4.9 billion in average interest bearing liabilities. The decrease in net interest margin of 11 basis points to 3.50% is the result of a lower rate environment.

Provision for Credit Losses

The provision for credit losses in each period is reflected as a reduction in earnings for that period and includes amounts related to funded loans, unfunded loan commitments, and investment securities. The provision is equal to the amount required to maintain the ACL at a level adequate to absorb estimated lifetime credit losses inherent in the loan and investment securities portfolios based on remaining contractual maturity, adjusted for estimated prepayments as of each period end. The Company's CECL models incorporate historical experience, current conditions, and reasonable and supportable forecasts in measuring expected credit losses. For the three and six months ended June 30, 2025, the Company recorded a provision for credit losses of \$39.9 million and \$71.1 million, respectively, compared to \$37.1 million and \$52.3 million for the three and six months ended June 30, 2024, respectively. The provision for credit losses for the three and six months ended June 30, 2025 is primarily reflective of net loan charge-offs of \$29.6 million and \$55.4 million, respectively, and loan growth.

Non-interest Income

The following table presents a summary of non-interest income:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
	<i>(in millions)</i>					
Service charges and loan fees	\$ 36.9	\$ 17.8	\$ 19.1	\$ 74.1	\$ 34.2	\$ 39.9
Net gain on loan origination and sale activities	39.4	46.8	(7.4)	88.9	92.1	(3.2)
Net loan servicing revenue	38.3	38.1	0.2	60.1	84.5	(24.4)
Income from bank owned life insurance	11.0	1.7	9.3	22.4	2.7	19.7
Gain on sales of investment securities	11.4	2.3	9.1	13.5	1.4	12.1
Fair value gain adjustments, net	0.1	0.7	(0.6)	1.1	1.0	0.1
Income (loss) from equity investments	2.9	4.2	(1.3)	(1.9)	21.3	(23.2)
Other income	8.3	3.6	4.7	17.5	7.9	9.6
Total non-interest income	\$ 148.3	\$ 115.2	\$ 33.1	\$ 275.7	\$ 245.1	\$ 30.6

Total non-interest income for the three months ended June 30, 2025 increased \$33.1 million compared to the same period in 2024 primarily driven by increases in service charges and loan fees, income from bank owned life insurance, and gain on sales of investment securities. The increase in service charges and loan fees of \$19.1 million was primarily driven by service charges on insured deposit products. Income from bank owned life insurance increased \$9.3 million due to a new policy entered into in the second quarter of 2024. The increase in gain on sales of investment securities of \$9.1 million was largely due to the termination of an interest rate swap on U.S. Treasury securities and corresponding sale of the hedged securities. These increases were partially offset by a decrease in net gain on loan origination and sale activities of \$7.4 million primarily related to mortgage banking hedging activities.

Total non-interest income for the six months ended June 30, 2025 increased \$30.6 million compared to the same period in 2024 driven primarily by increases in service charges and loan fees, income from bank owned life insurance, and gain on sales of investment securities as discussed in the above paragraph. These increases were partially offset by decreases in net loan servicing revenue and income from equity investments. The decrease in net loan servicing revenue of \$24.4 million resulted from fair value losses on MSRs and lower servicing income. The decrease in income from equity investments of \$23.2 million was primarily due to timing of income recognition on an equity investment that is expected to be recovered over time.

Non-interest Expense

The following table presents a summary of non-interest expense:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
	<i>(in millions)</i>					
Salaries and employee benefits	\$ 179.9	\$ 153.0	\$ 26.9	\$ 362.3	\$ 307.9	\$ 54.4
Deposit costs	147.4	173.7	(26.3)	284.2	310.7	(26.5)
Data processing	45.0	35.7	9.3	90.2	71.7	18.5
Insurance	37.4	33.8	3.6	75.3	92.7	(17.4)
Legal, professional, and directors' fees	25.3	25.8	(0.5)	54.2	55.9	(1.7)
Loan servicing expenses	20.1	16.6	3.5	36.5	31.6	4.9
Occupancy	16.9	18.4	(1.5)	34.1	35.9	(1.8)
Business development and marketing	6.1	6.4	(0.3)	12.0	11.9	0.1
Loan acquisition and origination expenses	5.8	5.1	0.7	11.0	9.9	1.1
Other expense	30.8	18.3	12.5	55.3	40.4	14.9
Total non-interest expense	\$ 514.7	\$ 486.8	\$ 27.9	\$ 1,015.1	\$ 968.6	\$ 46.5

Total non-interest expense for the three months ended June 30, 2025 increased \$27.9 million compared to the same period in 2024 primarily driven by increases in salaries and employee benefits as well as data processing expenses, partially offset by a decrease in deposit costs. Salaries and employee benefits increased \$26.9 million due to increases in average salary and headcount. Data processing expenses increased \$9.3 million due to higher software fees and an increase in software depreciation. These increases were partially offset by a decrease in deposit costs of \$26.3 million as a result of lower ECR rates.

Total non-interest expense for the six months ended June 30, 2025 increased \$46.5 million compared to the same period in 2024 primarily driven by an increase in salaries and employee benefits and data processing expenses as noted in the above paragraph. These increases were partially offset by decreases in deposit costs and insurance expense. Lower ECR rates drove the decrease in deposit costs, while the decrease in insurance costs was due to a reduction to insured and brokered deposit levels in the current year and a net FDIC special assessment charge of \$11.6 million recognized during the six months ended June 30, 2024.

Income Taxes

The Company's effective tax rate was 18.4% and 21.9% for the three months ended June 30, 2025 and 2024, respectively, and 18.8% and 22.7% for the six months ended June 30, 2025 and 2024, respectively. The decrease in the effective tax rate for the three and six month periods ended June 30, 2025 compared to the same periods in 2024 was primarily due to an increase in investment tax credit benefits and decreases in the state blended tax rate and nondeductible insurance premiums.

Business Segment Results

The Company's reportable segments are aggregated with a focus on products and services offered and consist of three reportable segments:

- **Commercial:** provides commercial banking and treasury management products and services to small and middle-market businesses, specialized banking services to sophisticated commercial institutions and investors within niche industries, as well as financial services to the real estate industry.
- **Consumer Related:** offers both commercial banking services to enterprises in consumer-related sectors and consumer banking services, such as residential mortgage banking.
- **Corporate & Other:** consists of the Company's investment portfolio, Corporate borrowings and other related items, income and expense items not allocated to other reportable segments, and inter-segment eliminations.

The following tables present selected reportable segment information:

	Consolidated Company		Commercial	Consumer Related		Corporate & Other		
At June 30, 2025:	(in millions)							
Loans HFI, net of deferred fees and costs	\$	55,939	\$	33,207	\$	22,732	\$	—
Deposits		71,107		26,307		38,546		6,254
At December 31, 2024:								
Loans HFI, net of deferred fees and costs	\$	53,676	\$	31,544	\$	22,132	\$	—
Deposits		66,341		25,487		33,767		7,087
Three Months Ended June 30, 2025:	(in millions)							
Income (loss) before provision for income taxes	\$	291.3	\$	154.6	\$	183.3	\$	(46.6)
Six Months Ended June 30, 2025:								
Income (loss) before provision for income taxes	\$	537.7	\$	301.1	\$	347.4	\$	(110.8)
Three Months Ended June 30, 2024:								
Income before provision for income taxes	\$	247.9	\$	128.9	\$	96.8	\$	22.2
Six Months Ended June 30, 2024:								
Income before provision for income taxes	\$	479.7	\$	272.8	\$	189.7	\$	17.2

BALANCE SHEET ANALYSIS

Total assets increased \$5.8 billion, or 7.2%, to \$86.7 billion at June 30, 2025, compared to \$80.9 billion at December 31, 2024, supported by an increase in deposits, which drove HFI and HFS loan growth and contributed to an increase in investment securities of \$3.5 billion. Loans HFI increased \$2.3 billion, or 4.2%, to \$55.9 billion as of June 30, 2025, compared to \$53.7 billion as of December 31, 2024 driven by increases in commercial and industrial, commercial real estate, and residential loans of \$1.8 billion, \$311 million, and \$139 million, respectively. Loans HFS increased \$736 million from \$2.3 billion as of December 31, 2024 due to an increase in non-EBO and agency-conforming loans.

Total liabilities increased \$5.1 billion to \$79.3 billion at June 30, 2025, compared to \$74.2 billion at December 31, 2024 primarily due to an increase in total deposits of \$4.8 billion, or 7.2%, to \$71.1 billion. By type, the increase in deposits from December 31, 2024 was driven by increases of \$4.2 billion in non-interest bearing deposits and \$1.0 billion in savings and money market accounts, partially offset by decreases in both interest bearing demand deposits and certificates of deposit of \$204 million. Other borrowings increased \$479 million from December 31, 2024 primarily due to an increase in long-term FHLB advances.

Total equity of \$7.4 billion at June 30, 2025 increased \$700 million, or 10.4%, from December 31, 2024 primarily due to net income of \$436.9 million, the issuance of preferred stock from the Company's REIT subsidiary, and unrealized fair value gains on AFS securities, recorded net of tax in OCI. Proceeds from the REIT preferred stock issuance totaled \$293 million, net of issuance costs, and was recognized as a noncontrolling interest in subsidiary. These increases were partially offset by quarterly dividends to common and preferred stockholders as well as REIT preferred stockholders.

Investment securities

Debt securities are classified at the time of acquisition as either HTM, AFS, or trading based upon various factors, including asset/liability management strategies, liquidity and profitability objectives, and regulatory requirements. HTM securities are carried at amortized cost, adjusted for amortization of premiums or accretion of discounts. AFS securities are carried at fair value with unrealized gains or losses on these securities recorded in AOCI in stockholders' equity, net of tax. Trading securities are reported at fair value, with unrealized gains and losses on these securities included in current period earnings.

The Company's investment securities portfolio may be utilized as collateral for borrowings, required collateral for public deposits and repurchase agreements, and to manage liquidity, capital, and interest rate risk.

The following table summarizes the carrying value of the Company's investment securities portfolio:

	June 30, 2025	December 31, 2024	Increase (Decrease)
		(in millions)	
Debt securities			
Residential MBS issued by GSEs and GNMA	\$ 6,719	\$ 5,831	\$ 888
U.S. Treasury securities	5,504	4,383	1,121
Tax-exempt	2,165	2,195	(30)
CLO	1,901	570	1,331
Private label residential MBS	1,161	1,123	38
Commercial MBS issued by GSEs and GNMA	599	437	162
Corporate debt securities	374	386	(12)
Other	68	69	(1)
Total debt securities	\$ 18,491	\$ 14,994	\$ 3,497
Equity securities			
Preferred stock	\$ 63	\$ 91	\$ (28)
Common stock	32	—	32
CRA investments	27	26	1
Total equity securities	\$ 122	\$ 117	\$ 5

The increase in total debt securities of \$3.5 billion from December 31, 2024 was primarily driven by increases in CLOs, U.S. Treasury securities, and Residential MBS issued by GSEs and GNMA. Investments in CLOs increased \$1.3 billion from December 31, 2024 as the Company shifted its investment mix towards higher yielding securities amid favorable market conditions. Growth in U.S. Treasury securities and Residential MBS issued by GSEs and GNMA from December 31, 2024 reflects the Company's continued efforts to boost holdings of high-quality liquid assets.

Loans HFS

The Company purchases and originates residential mortgage loans that are held for sale or securitization through its AmeriHome mortgage banking business channel. As of June 30, 2025, loans HFS totaled \$3.0 billion, compared to \$2.3 billion at December 31, 2024, an increase of \$736 million primarily related to an increase in non-EBO and agency-conforming loans.

Loans HFI

The table below summarizes the distribution of the Company's held for investment loan portfolio:

	June 30, 2025	December 31, 2024	Increase (Decrease)
		(in millions)	
Warehouse lending	\$ 8,574	\$ 8,207	\$ 367
Municipal & nonprofit	1,634	1,620	14
Tech & innovation	3,609	3,383	226
Equity fund resources	857	884	(27)
Other commercial and industrial	10,474	9,175	1,299
CRE - owner occupied	1,598	1,675	(77)
Hotel franchise finance	3,929	3,815	114
Other CRE - non-owner occupied	6,552	6,342	210
Residential	13,166	12,961	205
Residential - EBO	929	972	(43)
Construction and land development	4,478	4,468	10
Other	139	174	(35)
Total loans HFI	55,939	53,676	2,263
Allowance for credit losses	(395)	(374)	(21)
Total loans HFI, net of allowance	\$ 55,544	\$ 53,302	\$ 2,242

Loans classified as HFI are stated at the amount of unpaid principal, adjusted for net deferred fees and costs, premiums and discounts on acquired and purchased loans, and an ACL. Net deferred loan fees of \$117 million and \$106 million reduced the carrying value of loans as of June 30, 2025 and December 31, 2024, respectively. Net unamortized purchase premiums on acquired and purchased loans of \$178 million and \$175 million increased the carrying value of loans as of June 30, 2025 and December 31, 2024, respectively.

Concentrations of Lending Activities

The Company monitors concentrations of lending activities at the product and borrower relationship level. As of June 30, 2025 and December 31, 2024, no borrower relationships at both the commitment and funded loan level exceeded 5% of total loans HFI.

Commercial and industrial loans made up 45% and 43% of total loans HFI as of June 30, 2025 and December 31, 2024, respectively.

In addition, the Company's loan portfolio includes significant credit exposure to the CRE market as CRE related loans accounted for approximately 30% of total loans at June 30, 2025 and December 31, 2024. Non-owner occupied CRE loans are loans where the primary source of repayment is rental income generated from the collateral property. Owner occupied CRE loans are loans secured by owner occupied non-farm nonresidential properties where the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the borrower who owns the property. These CRE loans are secured by multi-family residential properties, professional offices, industrial facilities, retail centers, hotels, and other commercial properties.

The following tables present the composition by property type and weighted average LTV of the Company's CRE non-owner occupied loans:

	June 30, 2025			
	Amount	Percent of CRE-Non OO	Percent of Total HFI Loans	Weighted Average LTV (1)
	<i>(dollars in millions)</i>			
Hotel	\$ 4,290	41.8 %	7.7 %	51.2 %
Office	2,117	20.6	3.8	58.7
Retail	831	8.1	1.5	51.5
Industrial	692	6.8	1.2	44.9
Multifamily	683	6.7	1.2	39.1
Time share	466	4.6	0.8	37.6
Data Center	152	1.5	0.3	18.1
Medical	145	1.4	0.2	63.2
Senior care	96	0.9	0.2	41.1
Storage	94	0.9	0.2	44.6
Other	689	6.7	1.2	48.6
Total CRE - non-owner occupied	\$ 10,255	100.0 %	18.3 %	50.3 %

(1) The weighted average LTVs in the above table are based on the most recent available information, if current appraisals are not available.

	December 31, 2024			
	Amount	Percent of CRE-Non OO	Percent of Total HFI Loans	Weighted Average LTV (1)
	<i>(dollars in millions)</i>			
Hotel	\$ 4,167	42.3 %	7.8 %	46.7 %
Office	2,337	23.7	4.4	69.0
Retail	783	7.9	1.4	55.7
Multifamily	632	6.4	1.2	40.7
Industrial	580	5.9	1.1	38.9
Time share	467	4.7	0.9	33.6
Medical	145	1.5	0.3	61.5
Senior care	142	1.4	0.2	41.2
Data Center	111	1.1	0.2	25.0
Storage	89	1.0	0.2	46.2
Other	415	4.1	0.7	57.8
Total CRE - non-owner occupied	\$ 9,868	100.0 %	18.4 %	51.6 %

(1) The weighted average LTVs in the above table are based on the most recent available information, if current appraisals are not available.

The following table presents the Company's CRE non-owner occupied loans by origination year as of June 30, 2025:

	Origination Year						
	2025	2024	2023	2022	2021	Prior	Total
	<i>(in millions)</i>						
CRE - non-owner occupied	\$ 518	\$ 958	\$ 986	\$ 3,670	\$ 1,646	\$ 2,477	\$ 10,255

The following table presents the scheduled maturities of the Company's CRE non-owner occupied loans as of June 30, 2025:

	<i>(in millions)</i>
2025	\$ 1,717
2026	2,835
2027	2,486
2028	1,471
2029	804
Thereafter	942
Total	\$ 10,255

Approximately \$2.1 billion, or 3.8%, of total loans HFI consisted of CRE non-owner occupied office loans as of June 30, 2025, compared to \$2.3 billion, or 4.4%, as of December 31, 2024. Of the non-owner occupied office loan balance as of June 30, 2025, \$842 million is scheduled to mature in the remainder of 2025. These office loans primarily consist of shorter-term bridge loans that enable borrowers to reposition or redevelop projects with more modern standards attractive to in-office employers in today's environment, including enhanced on-site amenities. The vast majority of these projects are located in suburban locations in the Company's core footprint states (Arizona, California, and Nevada), with central business district and midtown exposure totaling less than 1% and 11% of office loans as of June 30, 2025, respectively.

The office loan portfolio largely consists of value-add loans that require significant up-front cash equity contributions from institutional sponsors and large regional and national developers. The properties underlying these loans have stable business trends and low vacancy rates. To a large extent, the financing structures of these loans do not carry junior liens or mezzanine debt, which enables maximum flexibility when working with clients and sponsors. In addition to adhering to conservative underwriting standards, asset-specific credit risk is mitigated through continued sponsor support of projects by re-appraisal rights of the Company, re-margining requirements and ongoing debt service, and debt yield covenants.

As of June 30, 2025 and December 31, 2024, 15% and 16% of the Company's CRE loans, excluding construction and land loans, were owner occupied, respectively, with substantially all of these loans secured by first liens and had an initial loan-to-value ratio of generally not more than 75%.

Non-performing Assets

Total non-performing loans increased \$9 million to \$613 million at June 30, 2025, from \$604 million at December 31, 2024.

	June 30, 2025	December 31, 2024
	<i>(dollars in millions)</i>	
Total nonaccrual loans (1)	\$ 427	\$ 476
Loans past due 90 days or more on accrual status (2)	51	—
Accruing restructured loans	135	128
Total nonperforming loans	\$ 613	\$ 604
Other assets acquired through foreclosure, net	\$ 218	\$ 52
Nonaccrual HFI loans to funded HFI loans	0.76 %	0.89 %
Loans past due 90 days or more on accrual status to funded loans HFI (2)	0.09	—

(1) Includes loan modifications to borrowers experiencing financial difficulty of \$103 million and \$169 million at June 30, 2025 and December 31, 2024, respectively.

(2) Excludes government guaranteed residential mortgage loans of \$326 million at June 30, 2025 and December 31, 2024.

Interest income that would have been recorded under the original terms of nonaccrual loans was \$8.0 million and \$6.9 million for the three months ended June 30, 2025 and 2024, respectively, and \$16.0 million and \$11.8 million for the six months ended June 30, 2025 and 2024, respectively.

The composition of nonaccrual loans HFI by loan portfolio segment were as follows:

	June 30, 2025		
	Nonaccrual Balance	Percent of Nonaccrual Balance	Percent of Total Loans HFI
	<i>(dollars in millions)</i>		
Municipal & nonprofit	\$ 5	1.2 %	0.01 %
Tech & innovation	34	8.0	0.06
Equity fund resources	1	0.1	0.00
Other commercial and industrial	42	9.8	0.08
CRE - owner occupied	3	0.7	0.01
Other CRE - non-owner occupied	181	42.4	0.32
Residential	17	4.0	0.03
Construction and land development	142	33.3	0.25
Other	2	0.5	0.00
Total non-accrual loans	<u>\$ 427</u>	<u>100.0 %</u>	<u>0.76 %</u>

	December 31, 2024		
	Nonaccrual Balance	Percent of Nonaccrual Balance	Percent of Total Loans HFI
	<i>(dollars in millions)</i>		
Municipal & nonprofit	\$ 5	1.0 %	0.01 %
Tech & innovation	60	12.6	0.11
Equity fund resources	1	0.2	0.00
Other commercial and industrial	17	3.6	0.03
CRE - owner occupied	5	1.0	0.01
Other CRE - non-owner occupied	243	51.1	0.45
Residential	88	18.5	0.17
Construction and land development	56	11.8	0.11
Other	1	0.2	0.00
Total non-accrual loans	<u>\$ 476</u>	<u>100.0 %</u>	<u>0.89 %</u>

Restructurings for Borrowers Experiencing Financial Difficulty

The following tables present the amortized cost basis of loans HFI that were modified during the period by loan portfolio segment:

Amortized Cost Basis at June 30, 2025					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Three Months Ended					
Other commercial and industrial	\$ —	\$ —	\$ 1	\$ 1	0.0 %
Total	\$ —	\$ —	\$ 1	\$ 1	0.0 %
Amortized Cost Basis at June 30, 2025					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Six Months Ended					
Tech & innovation	\$ 5	\$ 1	\$ 18	\$ 24	0.7 %
Other commercial and industrial	—	—	84	84	0.8
Other CRE - non-owner occupied	35	—	56	91	1.4
Construction and land development	—	—	39	39	0.9
Total	\$ 40	\$ 1	\$ 197	\$ 238	0.4 %
Amortized Cost Basis at June 30, 2024					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Three Months Ended					
Other CRE - non-owner occupied	\$ —	\$ —	\$ 70	\$ 70	1.1 %
Total	\$ —	\$ —	\$ 70	\$ 70	0.1 %
Amortized Cost Basis at June 30, 2024					
	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable
<i>(dollars in millions)</i>					
Six Months Ended					
Tech & innovation	\$ —	\$ —	\$ 29	\$ 29	0.9 %
Other commercial and industrial	8	—	—	8	0.1
CRE - owner occupied	31	—	—	31	1.8
Other CRE - non-owner occupied	—	—	70	70	1.1
Construction and land development	39	—	—	39	0.8
Total	\$ 78	\$ —	\$ 99	\$ 177	0.3 %

The performance of these modified loans is monitored for 12 months following the modification. As of June 30, 2025, modified loans of \$135 million were current with contractual payments and \$103 million were on nonaccrual status. As of December 31, 2024, modified loans of \$128 million were current with contractual payments and \$169 million were on nonaccrual status.

In the normal course of business, the Company also modifies EBO loans, which are delinquent FHA, VA, or USDA insured or guaranteed loans repurchased under the terms of the GNMA MBS program and can be repooled or resold when loans are brought current either through the borrower's reperformance or completion of a loan modification. During the three and six months ended June 30, 2025, the Company completed modifications of EBO loans with an amortized cost of \$142 million and \$287 million, respectively. During the three and six months ended June 30, 2024, the Company completed modifications of EBO loans with an amortized cost of \$103 million and \$190 million, respectively. These modifications consisted of term extensions, payment delays, and interest rate reductions. Certain of these loans were repooled or resold after modification and are no longer included in the pool of loan modifications being monitored for future performance. As of June 30, 2025, modified EBO loans consisted of \$35 million in loans that were current to 89 days delinquent and \$19 million in loans 90 days or more delinquent. As of December 31, 2024, modified EBO loans consisted of \$29 million in loans that were current to 89 days delinquent and \$11 million in loans 90 days or more delinquent.

Allowance for Credit Losses on Loans HFI

The ACL consists of an ACL on loans and on unfunded loan commitments. The ACL on AFS and HTM securities is estimated separately from loans and is discussed within the Investment Securities section.

The following table summarizes the allocation of the ACL on loans HFI by loan portfolio segment:

	June 30, 2025			December 31, 2024		
	Allowance for credit losses	Percent of total allowance for credit losses	Percent of loan type to total loans HFI	Allowance for credit losses	Percent of total allowance for credit losses	Percent of loan type to total loans HFI
	<i>(dollars in millions)</i>					
Warehouse lending	\$ 5.9	1.5 %	15.3 %	\$ 6.4	1.7 %	15.3 %
Municipal & nonprofit	11.3	2.9	2.9	14.7	3.9	3.0
Tech & innovation	45.7	11.6	6.6	55.9	15.0	6.3
Equity fund resources	2.2	0.6	1.5	1.6	0.4	1.7
Other commercial and industrial	109.2	27.6	18.7	77.8	20.8	17.1
CRE - owner occupied	3.9	1.0	2.9	3.4	0.9	3.1
Hotel franchise finance	36.0	9.1	7.0	35.3	9.4	7.1
Other CRE - non-owner occupied	125.0	31.7	11.7	134.4	36.0	11.8
Residential	19.9	5.0	23.5	19.7	5.3	24.1
Residential - EBO	—	—	1.7	—	—	1.8
Construction and land development	33.6	8.5	8.0	21.3	5.7	8.4
Other	2.0	0.5	0.2	3.3	0.9	0.3
Total	\$ 394.7	100.0 %	100.0 %	\$ 373.8	100.0 %	100.0 %

During the three months ended June 30, 2025 and 2024, annualized net loan charge-offs to average loans outstanding were 0.22% and 0.18%, respectively.

In addition to the ACL on funded loans HFI, the Company maintains a separate ACL related to off-balance sheet credit exposures, including unfunded loan commitments. This allowance balance totaled \$39.2 million and \$39.5 million at June 30, 2025 and December 31, 2024, respectively, and is included in Other liabilities on the Consolidated Balance Sheet.

Problem Loans

The Company classifies loans consistent with federal banking regulations using a nine category grading system. The following table presents information regarding potential and actual problem loans, consisting of loans graded as Special Mention, Substandard, Doubtful, and Loss, but which are still performing:

June 30, 2025				
	Number of Loans	Problem Loan Balance	Percent of Problem Loan Balance	Percent of Total Loans HFI
	<i>(dollars in millions)</i>			
Other commercial and industrial	102	\$ 345	31.9 %	0.62 %
CRE - owner occupied	15	26	2.4	0.05
Hotel franchise finance	4	169	15.6	0.30
Other CRE - non-owner occupied	16	360	33.2	0.64
Residential	86	53	4.9	0.10
Construction and land development	5	128	11.8	0.23
Other	32	2	0.2	0.00
Total	260	\$ 1,083	100.0 %	1.94 %
December 31, 2024				
	Number of Loans	Problem Loan Balance	Percent of Problem Loan Balance	Percent of Total Loans HFI
	<i>(dollars in millions)</i>			
Municipal & nonprofit	2	\$ 18	3.7 %	0.03 %
Other commercial and industrial	89	121	24.8	0.23
CRE - owner occupied	9	7	1.4	0.01
Hotel franchise finance	8	112	22.9	0.21
Other CRE - non-owner occupied	9	136	27.8	0.25
Residential	169	92	18.8	0.17
Other	33	3	0.6	0.01
Total	319	\$ 489	100.0 %	0.91 %

The increase in the problem loan balance from December 31, 2024 was largely attributable to a reduction in nonperforming collateral-dependent loans, which are now classified as performing loans.

Mortgage Servicing Rights

The fair value of the Company's MSRs related to residential mortgage loans totaled \$1.0 billion and \$1.1 billion as of June 30, 2025 and December 31, 2024, respectively.

The following is a summary of the UPB of loans underlying the Company's MSR portfolio by type:

	June 30, 2025	December 31, 2024
	(in millions)	
FNMA and FHLMC	\$ 41,215	\$ 42,908
GNMA	14,499	14,980
Non-agency	3,727	3,201
Total unpaid principal balance of loans	\$ 59,441	\$ 61,089

Other Assets Acquired through Foreclosure

Other assets acquired through foreclosure consist primarily of properties acquired as a result of, or in-lieu-of, foreclosure and at June 30, 2025 and December 31, 2024, totaled \$218 million and \$52 million, respectively, net of a valuation allowance of \$6 million and \$5 million, as of each respective date. The increase in other assets acquired through foreclosure from December 31, 2024 was mainly due to the addition of five CRE office properties during the period as the Company advances nonperforming loans through its standard credit resolution process, with the goal of stabilizing leasing and occupancy, improving rental rates, and funding improvements from the net operating income generated by these properties prior to sale.

The Company held 11 properties at June 30, 2025 compared to five at December 31, 2024. The majority of the repossessed asset balance at June 30, 2025 and December 31, 2024 related to office properties. Refer to "Recent Market and Banking Industry Developments" in Part I, Item 2 of this Form 10-Q for additional discussion of other assets acquired through foreclosure.

Goodwill and Other Intangible Assets

Goodwill represents the excess consideration paid for net assets acquired in a business combination over their fair value. Goodwill and other intangible assets acquired in a business combination that are determined to have an indefinite useful life are not subject to amortization, but are subsequently evaluated for impairment at least annually. The Company has goodwill and intangible assets totaling \$653 million and \$659 million at June 30, 2025 and December 31, 2024, respectively.

The Company performs its annual goodwill and intangible assets impairment tests as of October 1 each year, or more often if events or circumstances indicate the carrying value may not be recoverable. During the three and six months ended June 30, 2025 and 2024, there were no events or circumstances that indicated an interim impairment test of goodwill or other intangible assets was necessary.

Deferred Tax Assets

As of June 30, 2025, the net DTA balance totaled \$313 million, an increase of \$32 million from \$281 million at December 31, 2024. The overall increase in the net DTA was primarily the result of an increase in credit carryovers, partially offset by increases in the MSR DTL and the fair market value of AFS securities.

The Company had no deferred tax valuation allowance as of June 30, 2025 and December 31, 2024.

Bank Owned Life Insurance

The carrying value of BOLI totaled \$1.0 billion as of June 30, 2025, an increase of \$22 million, from December 31, 2024. BOLI is used as a tax efficient method to help offset employee benefit costs.

Deposits

Deposits are the primary source for funding the Company's asset growth. Total deposits increased to \$71.1 billion at June 30, 2025, from \$66.3 billion at December 31, 2024, an increase of \$4.8 billion, or 7.2%. By deposit type, the increase in deposits is attributable to increases of \$4.2 billion in non-interest bearing deposits and \$1.0 billion in savings and money market accounts, partially offset by decreases of \$204 million in both interest bearing demand deposits and certificates of deposit.

WAB is a participant in the IntraFi Network, a network that offers deposit placement services such as CDARS and ICS, which offer products that qualify large deposits for FDIC insurance. At June 30, 2025, the Company had \$12.9 billion of these

reciprocal deposits, compared to \$14.0 billion at December 31, 2024. At June 30, 2025 and December 31, 2024, the Company also had wholesale brokered deposits of \$5.9 billion and \$6.9 billion, respectively.

In addition, deposits for which the Company provides account holders with earnings credits or referral fees totaled \$25.0 billion and \$20.7 billion at June 30, 2025 and December 31, 2024, respectively. Costs related to these deposits are primarily reported as Deposit costs in non-interest expense. Deposit costs included \$142.8 million and \$167.4 million in deposit related costs on these deposits for the three months ended June 30, 2025 and 2024, respectively. During the six months ended June 30, 2025 and 2024, the Company incurred \$272.7 million and \$298.6 million, respectively, in deposit related costs on these deposits. The decrease in these costs from the same periods in the prior year was due to a decrease in average ECR related deposits and rates.

The average balances and weighted average rates paid on deposits are presented below:

	Three Months Ended June 30,			
	2025		2024	
	Average Balance	Rate	Average Balance	Rate
	<i>(dollars in millions)</i>			
Interest bearing demand accounts	\$ 15,707	2.48 %	\$ 17,276	3.05 %
Savings and money market accounts	21,736	3.15	16,579	3.55
Certificates of deposit	10,084	4.38	10,427	5.12
Total interest bearing deposits	47,527	3.19	44,282	3.73
Non-interest bearing deposits	23,569	—	20,996	—
Total deposits	\$ 71,096	2.13 %	\$ 65,278	2.53 %

	Six Months Ended June 30,			
	2025		2024	
	Average Balance	Rate	Average Balance	Rate
	<i>(dollars in millions)</i>			
Interest-bearing demand accounts	\$ 15,788	2.52 %	\$ 16,812	3.03 %
Savings and money market accounts	21,473	3.15	15,913	3.49
Certificates of deposit	10,051	4.49	10,278	5.12
Total interest-bearing deposits	47,312	3.22	43,003	3.70
Non-interest-bearing deposits	22,837	—	19,589	—
Total deposits	\$ 70,149	2.17 %	\$ 62,592	2.54 %

Other Borrowings

Short-Term Borrowings

The Company utilizes short-term borrowed funds to support short-term liquidity needs. The majority of these short-term borrowed funds consist of advances from the FHLB, repurchase agreements, and federal funds purchased from correspondent banks or the FHLB. The Company's borrowing capacity with the FHLB is determined based on collateral pledged, generally consisting of securities and loans. In addition, the Company has repurchase facilities, collateralized by securities or loans sold under agreements to repurchase, including assets sold under agreements to repurchase, which are reflected at the amount of cash received in connection with the transaction, and may require additional collateral based on the fair value of the underlying assets. Total short-term borrowings decreased \$7 million to \$3.1 billion at June 30, 2025, from \$3.2 billion at December 31, 2024.

Long-Term Borrowings

The Company's long-term borrowings consist of long-term FHLB borrowings and credit linked notes, inclusive of issuance costs. Total long-term borrowings increased \$486 million to \$2.9 billion at June 30, 2025, from \$2.4 billion at December 31, 2024, driven primarily by an increase in long-term FHLB advances.

Qualifying Debt

Qualifying debt consists of subordinated debt and junior subordinated debt, inclusive of issuance costs and fair market value adjustments. At June 30, 2025, the carrying value of qualifying debt decreased \$221 million to \$678 million from \$899 million at December 31, 2024, driven primarily by the redemption of \$225 million of subordinated debt during the six months ended June 30, 2025.

Capital Resources

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements could trigger certain mandatory or discretionary actions that, if undertaken, could have a direct material effect on the Company's business and financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items (discussed in "Note 15. Commitments and Contingencies" to the Unaudited Consolidated Financial Statements) as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

As permitted by the regulatory capital rules, the Company elected the CECL transition option that delayed the estimated impact on regulatory capital resulting from the adoption of CECL over a five-year transition period that ended December 31, 2024. Accordingly, capital ratios and amounts in 2024 included a 25% capital benefit that resulted from the increased ACL related to the adoption of ASC 326. This capital benefit was fully phased out beginning in 2025.

As of June 30, 2025 and December 31, 2024, the Company and the Bank exceeded the capital levels necessary to be classified as well-capitalized, as defined by the various banking agencies. The actual capital amounts and ratios for the Company and the Bank are presented in the following tables:

	Total Capital	Tier 1 Capital	Risk-Weighted Assets	Tangible Average Assets	Total Capital Ratio	Tier 1 Capital Ratio	Tier 1 Leverage Ratio	Common Equity Tier 1
<i>(dollars in millions)</i>								
June 30, 2025								
WAL	\$ 8,277	\$ 7,237	\$ 58,655	\$ 86,368	14.1 %	12.3 %	8.4 %	11.2 %
WAB	7,885	7,440	58,574	86,258	13.5	12.7	8.6	12.2
Well-capitalized ratios					10.0	8.0	5.0	6.5
Minimum capital ratios					8.0	6.0	4.0	4.5
December 31, 2024								
WAL	\$ 7,922	\$ 6,687	\$ 56,019	\$ 82,691	14.1 %	11.9 %	8.1 %	11.3 %
WAB	7,444	6,803	55,983	82,562	13.3	12.2	8.2	12.2
Well-capitalized ratios					10.0	8.0	5.0	6.5
Minimum capital ratios					8.0	6.0	4.0	4.5

The Company and the Bank are also subject to liquidity and other regulatory requirements as administered by the federal banking agencies. These agencies have broad powers and at their discretion, could limit or prohibit the Company's payment of dividends, payment of certain debt service and issuance of capital stock and debt as they deem appropriate and as such, actions by the agencies could have a direct material effect on the Company's business and financial statements.

The Company is also required to maintain specified levels of capital to remain in good standing with certain federal government agencies, including FNMA, FHLMC, GNMA, and HUD. These capital requirements are generally tied to the unpaid balances of loans included in the Company's servicing portfolio or loan production volume. Noncompliance with these capital requirements can result in various remedial actions up to, and including, removing the Company's ability to sell loans to and service loans on behalf of the respective agency. The Company believes that it is in compliance with these requirements as of June 30, 2025.

Critical Accounting Estimates

Critical accounting estimates are defined as those that are reflective of significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions. The critical accounting estimates upon which the Company's financial condition and results of operations depend, and which involve the most complex subjective decisions or assessments, are included in the discussion entitled "Critical Accounting Policies" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and all amendments thereto, as filed with the SEC. There were no material changes to the critical accounting policies disclosed in the Annual Report on Form 10-K.

Liquidity

Liquidity is the ongoing ability to accommodate liability maturities and deposit withdrawals, fund asset growth and business operations, and meet contractual obligations through unconstrained access to funding at reasonable market rates. Liquidity management involves forecasting funding requirements and maintaining sufficient capacity to meet the needs and accommodate fluctuations in asset and liability levels due to changes in the Company's business operations or unanticipated events.

The ability to have readily available funds sufficient to repay fully maturing liabilities is of primary importance to depositors, creditors, and regulators. The Company's liquidity, represented by cash and amounts due from banks, loans HFS, and non-pledged marketable securities, is a result of the Company's operating, investing, and financing activities and related cash flows. The Company actively monitors and manages liquidity, and no less than quarterly will estimate probable liquidity needs on a 12-month horizon. Liquidity needs can also be met through short-term borrowings or the disposition of short-term assets.

The Company has borrowing capacity with the FHLB and FRB from pledged loans and securities and uncommitted funds under warehouse borrowing repurchase agreements. The borrowing capacity, outstanding borrowings, and available credit as of June 30, 2025 are presented in the following table:

	June 30, 2025
	<i>(in millions)</i>
FHLB:	
Borrowing capacity	\$ 15,000
Outstanding borrowings	5,600
Letters of credit	1,257
Total available credit	\$ 8,143
FRB:	
Borrowing capacity	\$ 16,793
Outstanding borrowings	—
Total available credit	\$ 16,793
Warehouse borrowings:	
Borrowing capacity	\$ 2,050
Outstanding borrowings	—
Total available credit	\$ 2,050

In addition to the funding sources above, the Company may utilize securities repurchase agreements and unsecured federal funds lines to meet its liquidity requirements. The following table presents the outstanding balance on the Company's unsecured federal funds lines of credit as of June 30, 2025:

	Outstanding Balance
	<i>(in millions)</i>
Unsecured fed funds credit lines at correspondent banks	\$ —

The Company has a formal liquidity policy and, in the opinion of management, its liquid assets are considered adequate to meet financial obligations and support client activity during normal and stressed operating conditions. At June 30, 2025, there were \$17.9 billion in liquid assets, comprised of \$1.7 billion in cash on deposit at the FRB and \$16.1 billion in securities not currently used as collateral for borrowings or other purposes. At December 31, 2024, the Company maintained \$15.9 billion in liquid assets, comprised of \$3.3 billion in cash on deposit at the FRB and \$12.6 billion in liquid securities not currently used as collateral for borrowings or other purposes.

The Parent maintains liquidity that would be sufficient to fund its operations and certain non-bank affiliate operations for an extended period should funding from normal sources be disrupted. In the Company's analysis of Parent liquidity, it is assumed the Parent is unable to generate funds from additional debt or equity issuances, receives no dividend income from subsidiaries and does not pay dividends to stockholders, while continuing to make non-discretionary payments needed to maintain operations and repayment of contractual principal and interest payments owed by the Parent and affiliated companies. Under this scenario, the amount of time the Parent and its non-bank subsidiary can operate and meet all obligations before the current liquid assets are exhausted is considered as part of the Parent liquidity analysis. Management believes the Parent maintains adequate liquidity capacity to operate without additional funding from new sources for over twelve months.

WAB maintains sufficient funding capacity to address large increases in funding requirements, such as deposit outflows. This capacity is comprised of liquidity derived from a reduction in asset levels and various secured funding sources. On a long-term basis, the Company's liquidity will be met by changing the relative distribution of its asset portfolios (for example, by reducing investment or loan volumes, or selling or encumbering assets). Further, the Company can increase liquidity by soliciting higher levels of deposit accounts through promotional activities and/or borrowing from correspondent banks, the FHLB of San Francisco, and the FRB. At June 30, 2025, the Company's long-term liquidity needs primarily relate to funds required to support loan originations, commitments, and deposit withdrawals, which can be met by cash flows from investment payments and maturities, and investment sales, if necessary.

The Company's liquidity is comprised of three primary classifications: 1) cash flows from operating activities; 2) cash flows used in investing activities; and 3) cash flows provided by financing activities. Net cash provided by or used in operating activities consists primarily of net income, adjusted for changes in certain other asset and liability accounts and certain non-cash income and expense items, such as the provision for credit losses, investment and other amortization and depreciation. For the six months ended June 30, 2025 and 2024, net cash used in operating activities totaled \$2.0 billion and \$1.1 billion, respectively.

The Company's primary investing activities are the origination of real estate and commercial loans, the collection of repayments of these loans, and the purchase and sale of securities. The Company's net cash used in investing activities has been primarily influenced by its loan and securities activities. During the six months ended June 30, 2025 and 2024, the Company's cash balance decreased by \$2.4 billion and \$2.2 billion, respectively, as a result of a net increase in loans. A net increase in investment securities drove a cash outflow of \$3.4 billion and \$4.4 billion for the six months ended June 30, 2025 and 2024, respectively, which contributed to the decrease in the Company's cash balance during these periods.

Net cash provided by financing activities was impacted significantly by deposit levels. During the six months ended June 30, 2025, net deposits increased \$4.8 billion, compared to an increase of \$10.9 billion during the six months ended June 30, 2024.

Fluctuations in core deposit levels may increase the Company's need for liquidity as certificates of deposit mature or are withdrawn before maturity, and as non-maturity deposits, such as checking and savings account balances, are withdrawn. Additionally, the Company is exposed to the risk that customers with large deposit balances will withdraw all or a portion of such deposits, due in part to the FDIC limitations on the amount of insurance coverage provided to depositors. To partially mitigate uninsured deposit risk, the Company participates in reciprocal deposit programs, such as CDARS and ICS, which allow an individual customer to invest up to \$50 million and \$265 million, respectively, through one participating financial institution or, a combined total of \$315 million per individual customer, with the entire amount being covered by FDIC insurance. As of June 30, 2025, the Company has \$1.8 billion of CDARS and \$9.3 billion of ICS deposits.

As of June 30, 2025, the Company has \$5.9 billion of wholesale brokered deposits outstanding. Brokered deposits are generally considered to be deposits that have been received from a third party who is engaged in the business of placing deposits on behalf of others. A traditional deposit broker will direct deposits to the banking institution offering the highest interest rate available. Federal banking laws and regulations place restrictions on depository institutions regarding brokered deposits because of the general concern these deposits are not relationship based and are at a greater risk of being withdrawn and placed on deposit at another institution offering a higher interest rate, thus posing liquidity risk for institutions that gather brokered deposits in significant amounts.

Federal and state banking regulations place certain restrictions on dividends paid. The total amount of dividends which may be paid at any date is generally limited to the retained earnings of the bank. Dividends paid by WAB to the Parent would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements. During the three and six months ended June 30, 2025, WAB and CSI paid dividends to the Parent totaling \$70 million and \$130 million, respectively. Subsequent to June 30, 2025, WAB paid dividends to the Parent of \$70 million.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is the risk of loss in a financial instrument arising from adverse changes in market prices and rates, foreign currency exchange rates, commodity prices, and equity prices. The Company's market risk arises primarily from interest rate risk inherent in its lending, investing, and deposit taking activities. To that end, management actively monitors and manages the Company's interest rate risk exposure.

Management uses various asset/liability strategies to manage the re-pricing characteristics of the Company's assets and liabilities, all of which are designed to ensure that exposure to interest rate fluctuations is within the Company's guidelines of acceptable levels of risk-taking. Hedging strategies, including the terms and pricing of loans and deposits and management of the deployment of its securities, are used to reduce mismatches in interest rate re-pricing opportunities of portfolio assets and their funding sources. Derivatives in a hedging relationship are also used to minimize the Company's exposure to changes in benchmark interest rates and volatility of net interest income and EVE to interest rate fluctuations, with their impact reflected in the model results discussed below.

Interest rate risk is addressed by ALCO, which includes members of executive management, finance, and operations. ALCO monitors interest rate risk by analyzing the potential impact on EVE and earnings from potential changes in interest rates and considers the impact of alternative strategies or changes in balance sheet structure. The Company manages its balance sheet in part to keep the potential impact on EVE and earnings within acceptable ranges despite changes in interest rates.

The Company's exposure to interest rate risk is reviewed at least quarterly by ALCO. Interest rate risk exposure is measured using interest rate sensitivity analysis to determine its change in both EVE and earnings in the event of hypothetical changes in interest rates. If potential changes to EVE and earnings resulting from hypothetical interest rate changes are not within the limits established by the BOD or ALCO determines that interest rate exposures should be reduced, ALCO will either take hedging actions or adjust the asset and liability mix to bring interest rate risk within BOD-approved limits or in line with ALCO's proposed reduction. ALCO may also decide the best course of action for a limit breach is to accept the breach and present justification to the BOD. If the BOD does not agree to accept the limit breach, it will direct ALCO to remediate the breach. The Company's EaR and EVE exposure limits are approved by the BOD on an annual basis, or more often if market conditions warrant. During the six months ended June 30, 2025, there have been no changes to the Company's exposure limits.

Net Interest Income Simulation. To measure interest rate risk at June 30, 2025, the Company used a simulation model to project changes in net interest income resulting from forecasted changes in interest rates. This analysis calculates the difference between a baseline net interest income forecast using forward yield curves, compared to forecasted net interest income results from an immediate, parallel shift in rates upward or downward, along with other scenarios directed by ALCO. The simulation model includes various assumptions regarding re-pricing relationships for each of the Company's products. Many of the Company's assets are variable rate loans, which are assumed to re-price at the next rate reset period and proportional to the change in market rates, depending on their contracted index, including the impact of caps or floors. The simulation model also incorporates prepayment assumptions for applicable loans and investments with such optionality. The Company's non-term deposit products re-price with a certain beta to underlying market rate changes. These betas are derived separately by deposit product and are based on both observed and projected market rate and balance trends. Current product-level deposit beta assumptions range between 44% to 91%, depending on product, with an average interest bearing deposit beta of 56%.

This analysis illustrates the impact of changes in net interest income for the given set of rate changes and assumptions. It does not account for all factors that could impact the Company's results, including changes by management to mitigate interest rate changes or secondary factors, such as changes to the Company's credit risk profile as interest rates change. The results will also be impacted by seasonality in the balance sheet. Furthermore, loan prepayment rate estimates and spread relationships change regularly. Interest rate changes impact actual loan prepayment speeds and these changes may result in differences in the market estimates incorporated in this analysis. These assumptions are inherently uncertain and as a result, actual results may differ from simulated results due to factors such as timing, magnitude and frequency of interest rate changes as well as changes in market conditions, customer behavior, management strategies, and changes that vary significantly from the modeled assumptions may have a significant effect on the Company's actual net interest income.

The table below presents the changes in net interest income that would occur in response to an instantaneous and sustained increase or decrease (shock) in market interest rates based on a dynamic balance sheet. In addition, the table provides results from additional scenarios in response to gradual, parallel changes (ramp) in market interest rates over twelve months. The Company continues to evaluate the scenarios that are presented as interest rates change and will update these scenario disclosures as appropriate.

Sensitivity of Net Interest Income

	Down 200	Down 100	Up 100	Up 200
	<i>(change in basis points from Base)</i>			
Parallel Shock Scenario	(11.4)%	(5.7)%	6.0 %	12.0 %
Gradual Ramp Scenario	(6.1)%	(2.8)%	3.5 %	6.5 %

Earnings-at-Risk. In addition, certain rate-sensitive non-interest income and expense items are also subject to market risk, including mortgage banking and servicing income and ECR deposit costs. Mortgage originations and prepayments are sensitive to interest rates and therefore, mortgage banking and servicing income can be impacted by volatility in interest rates. The Company's EaR simulation model expands on its net interest income simulation, as described above, by incorporating these non-interest income and expenses amounts to measure the impact of forecasted changes in interest rates on earnings (defined as net interest income plus rate-sensitive non-interest income and expense). In the Company's EaR simulation model as of June 30, 2025, deposits eligible for ECRs re-price with a beta assumption of 75% to underlying market rate changes, and total non-maturity deposits, inclusive of ECRs, re-price with a weighted average beta assumption of 63%. As a result of the higher deposit betas on deposits eligible for ECRs, in the down simulation scenarios, the Company will benefit from lower deposit costs. In a shock down 100 basis points scenario, ECR related deposit costs would decrease 23% from the baseline forecast over the next twelve months. At June 30, 2025, the Company's earnings exposure for the next twelve months related to these hypothetical changes in market interest rates was within the Company's current limits.

Economic Value of Equity. The Company measures the impact of market interest rate changes on the NPV of estimated cash flows from its assets, liabilities, and off-balance sheet items, defined as EVE, using a simulation model. The Company's simulation model focuses on parallel interest rate shocks and takes into account assumptions related to loan prepayment trends that are sourced using a combination of third-party prepayment models and internal historical experience, terminal maturity for non-maturity deposits, decay attrition, and pricing sensitivity derived from the Company's data and other internally-developed analysis and models. These assumptions are reviewed at least annually and are adjusted periodically to reflect changes in market conditions and the Company's balance sheet composition. As simulated model results are based on a number of assumptions outlined above, including forecasted market conditions, actual amounts may differ significantly from the projections set forth below should market conditions vary from the underlying assumptions.

This simulation model assesses the changes in the market value of interest rate sensitive financial instruments that would occur in response to an instantaneous and sustained increase or decrease (shock) in market interest rates. The Company continues to evaluate the scenarios that are presented as interest rates change and will update these scenario disclosures as appropriate.

The following table shows the Company's projected change in EVE for this set of rate shocks at June 30, 2025:

Economic Value of Equity

	Interest Rate Scenario			
	Down 200	Down 100	Up 100	Up 200
	<i>(change in basis points from Base)</i>			
% Change	0.0 %	1.5 %	(2.4)%	(4.7)%

At June 30, 2025, the Company's EVE exposure related to these hypothetical changes in market interest rates was within the Company's current limits.

Derivative Contracts. In the normal course of business, the Company uses derivative instruments to meet the needs of its customers and manage exposure to fluctuations in interest rates. For additional discussion on how derivatives in a hedging relationship (fair value hedges) are used to manage the Company's interest rate risk, see "Note 12. Derivatives and Hedging Activities" to the Unaudited Consolidated Financial Statements.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, the CEO and CFO have concluded that the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Additionally, the Company's disclosure controls and procedures were also effective in ensuring that information required to be disclosed by the Company in the reports it files or is subject to under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting during the quarter ended June 30, 2025, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

There are no material pending legal proceedings to which the Company is a party or to which any of its properties are subject. There are no material proceedings known to the Company to be contemplated by any governmental authority. From time to time, the Company is involved in a variety of litigation matters in the ordinary course of its business and anticipates that it will become involved in new litigation matters in the future.

Item 1A. Risk Factors.

The following risk factor, which was included in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2024, has been revised and supersedes the version included therein. There have not been any other material changes to the risk factors previously disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Offerings of debt, which would be senior to our common stock upon liquidation, and/or preferred equity securities that may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common stock.

We may from time to time issue debt securities, borrow money through other means, or issue preferred stock. We may also borrow money from the FRB, the FHLB, other financial institutions, and other lenders. At December 31, 2024, we had outstanding subordinated debt, senior secured and unsecured debt, and short-term borrowings. We also have outstanding depositary shares representing Series A preferred stock, which is senior to our common stock. BW has outstanding preferred stock as well, which is pari passu with our Series A preferred stock and is conditionally exchangeable into preferred stock of WAB upon receipt of a directive from an appropriate federal regulatory authority upon the occurrence of certain specified exchange events. All of these securities or borrowings have priority over our common stock in a liquidation, which could affect the market price of our stock.

Our BOD is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of the stockholders. Our BOD also has the power, without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over our common stock with respect to dividends or upon our dissolution, winding-up, and liquidation and other terms. If we or any of our subsidiaries issue additional preferred stock in the future that has a preference over our common stock, with respect to the payment of dividends or upon liquidation, dissolution, or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock and/or the rights of holders of our common stock, the market price of our common stock could be adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**Issuer Purchases of Equity Securities**

The following table provides information about the Company's purchases of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act for the periods indicated:

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
April 1-30, 2025	10,617	\$ 69.73	—	\$ —
May 1-31, 2025	232	72.83	—	—
June 1-30, 2025	1,633	79.55	—	—
Total	12,482	\$ 71.07	—	\$ —

(1) Shares purchased during the period were transferred to the Company from employees in satisfaction of minimum tax withholding obligations associated with the vesting of restricted stock awards during the period.

(2) The Company currently does not have a common stock repurchase program.

Item 5. Other Information**Insider Adoption or Termination of Trading Arrangements**

During the quarter ended June 30, 2025, none of our directors or officers informed us of the adoption or termination of any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

EXHIBITS

- 3.1 [Amended and Restated Certificate of Incorporation, effective as of May 19, 2015 \(incorporated by reference to Exhibit 3.1 of Western Alliance's Form 10-K filed with the SEC on March 1, 2019\).](#)
- 3.2 [Certificate of Amendment designating the 4.250% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series A, effective September 22, 2021 \(incorporated by reference to Exhibit 3.1 of Western Alliance's Form 8-K filed with the SEC on September 22, 2021\).](#)
- 3.3 [Amended and Restated Bylaws of Western Alliance, effective as of June 14, 2022 \(incorporated by reference to Exhibit 3.1 of Western Alliance's Form 8-K filed with the SEC on June 16, 2022\).](#)
- 3.4 [Articles of Conversion, as filed with the Nevada Secretary of State on May 29, 2014 \(incorporated by reference to Exhibit 3.1 of Western Alliance's Form 8-K filed with the SEC on June 3, 2014\).](#)
- 3.5 [Certificate of Conversion, as filed with the Delaware Secretary of State on May 29, 2014 \(incorporated by reference to Exhibit 3.2 of Western Alliance's Form 8-K filed with the SEC on June 3, 2014\).](#)
- 3.6 [Certificate of Designation of Non-Cumulative Perpetual Preferred Stock, Series B, as filed with the Delaware Secretary of State on May 29, 2014 \(incorporated by reference to Exhibit 3.4 of Western Alliance's Form 8-K filed with the SEC on June 3, 2014\).](#)
- 4.1 [Certificate of Amendment to the BW Real Estate, Inc. Articles of Incorporation establishing the Certificate of Designation of the BW Real Estate, Inc. 9.500% Fixed-Rate Reset Non-Cumulative Exchangeable Perpetual Series B Preferred Stock, dated March 25, 2025 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 27, 2025\).](#)
- 31.1* [CEO Certification Pursuant Rule 13a-14\(a\)/15d-14\(a\).](#)
- 31.2* [CFO Certification Pursuant Rule 13a-14\(a\)/15d-14\(a\).](#)
- 32** [CEO and CFO Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002.](#)
- 101* Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024, (ii) the Consolidated Income Statements for the three months ended June 30, 2025 and 2024 and six months ended June 30, 2025 and 2024, (iii) the Consolidated Statements of Comprehensive Income for the three months ended June 30, 2025 and 2024 and six months ended June 30, 2025 and 2024, (iv) the Consolidated Statements of Stockholders' Equity for the three months ended June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024, (v) the Consolidated Statements of Cash Flows for the six months ended June 30, 2025 and 2024, and (vi) the Notes to Unaudited Consolidated Financial Statements. (Pursuant to Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.).
- 104* The cover page of Western Alliance Bancorporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025, formatted in Inline XBRL (contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTERN ALLIANCE BANCORPORATION

August 1, 2025

By: /s/ Kenneth A. Vecchione
Kenneth A. Vecchione
President and Chief Executive Officer

August 1, 2025

By: /s/ Dale Gibbons
Dale Gibbons
Vice Chairman and Chief Financial Officer

August 1, 2025

By: /s/ Ben Mucha
Ben Mucha
Chief Accounting Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kenneth A. Vecchione, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Alliance Bancorporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kenneth A. Vecchione

Kenneth A. Vecchione
 President and Chief Executive Officer
 Western Alliance Bancorporation

Date: August 1, 2025

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dale Gibbons, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Alliance Bancorporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dale Gibbons

Dale Gibbons

Vice Chairman and Chief Financial Officer
Western Alliance Bancorporation

Date: August 1, 2025

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is given by the undersigned Chief Executive Officer and Chief Financial Officer of Western Alliance Bancorporation (the "Registrant") pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Each of the undersigned hereby certifies, with respect to the Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that, to each of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 1, 2025

/s/ Kenneth A. Vecchione

President and Chief Executive Officer
Western Alliance Bancorporation

Date: August 1, 2025

/s/ Dale Gibbons

Vice Chairman and Chief Financial Officer
Western Alliance Bancorporation