

FACTS AND FIGURES¹

\$6.7B

Total Equity

\$80.9B

Total Assets

3,524

Employees

56

Offices

BANK DEPOSIT RATINGS: INVESTMENT GRADE

A3/P-1

Moody's Investor Service²

BBB+/F2

Fitch²

A-/K2

Kroll Bond Rating Agency¹

IDC FINANCIAL PUBLISHING



The Standard in Financial Rating Institutions, Rated 228 Superior*

*Report dated 12/31/2024

¹As of December 31, 2024

²As of February 2025

INDUSTRY ACCOLADES

#2 Top-Performing Large Bank with Assets \$50 Billion and Above for 2024
AMERICAN BANKER

#8 Large Bank with Assets \$50 Billion and Above
BANK DIRECTOR'S 2024 RANKINGBANKING STUDY

#1 CEO, CFO, Board and Investor Relations Program
EXTEL (FORMERLY INSTITUTIONAL INVESTOR) 2024 ALL-AMERICA EXECUTIVE TEAM MIDCAP BANKS

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PART I

Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (this “Form 10-K”) are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). Statements that constitute forward-looking statements within the meaning of the Reform Act are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goals,” “guidance,” “intend,” “may,” “opportunity,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “would” or similar statements or variations of such words and other similar expressions. All statements other than statements of historical fact are “forward-looking statements” within the meaning of the Reform Act, including 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. These forward-looking statements 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. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, those described in “Risk Factors” in Item 1A of this Form 10-K. Forward-looking statements speak only as of the date they are made and the Company undertakes no obligation to publicly update or revise any forward-looking statements included in this Form 10-K or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Form 10-K might not occur, and you should not put undue reliance on any forward-looking statements.

GLOSSARY OF ENTITIES AND TERMS

The acronyms and abbreviations identified below are used in various sections of this Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Item 7 and the Consolidated Financial Statements and the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K:

ENTITIES / DIVISIONS:					
ABA	Alliance Bank of Arizona	CSI	CS Insurance Company	WAB or Bank	Western Alliance Bank
AmeriHome	AmeriHome Mortgage Company, LLC	DST	Digital Settlement Technologies LLC	WABT	Western Alliance Business Trust
BON	Bank of Nevada	FIB	First Independent Bank	WAL or Parent	Western Alliance Bancorporation
Bridge Company	Bridge Bank Western Alliance Bancorporation and subsidiaries	TPB	Torrey Pines Bank	WATC	Western Alliance Trust Company, N.A.
WA PWI		WA PWI	Western Alliance Public Welfare Investments, LLC		
TERMS:					
ACL	Allowance for Credit Losses	EBO	Early buyout	LGD	Loss Given Default
AFS	Available-for-Sale	ECR	Earnings credit rates	LIBOR	London Interbank Offered Rate
ALCO	Asset and Liability Management Committee	EGRRCPA	The Economic Growth, Regulatory Relief, and Consumer Protection Act	LIHTC	Low-Income Housing Tax Credit
AML/CFT	Anti-Money Laundering / Countering the Financing of Terrorism	EPS	Earnings per Share	MBS	Mortgage-Backed Securities
AOCI	Accumulated Other Comprehensive Income	ERM	Enterprise Risk Management	MOU	Memorandum of Understanding
ASC	Accounting Standards Codification	ESG	Environmental, Social, and Governance	MSA	Metropolitan Statistical Area
ASU	Accounting Standards Update	EVE	Economic Value of Equity	MSR	Mortgage Servicing Right
Basel Committee	Basel Committee on Banking Supervision	Exchange Act	Securities Exchange Act of 1934, as Amended	NBL	National Business Lines
Basel III	Banking Supervision's December 2010 Final Capital Framework	FASB	Financial Accounting Standards Board	NIST	National Institute of Standards and Technology
BHCA	Bank Holding Company Act of 1956	FCRA	Fair Credit Reporting Act of 1971	NOL	Net Operating Loss
BOD	Board of Directors	FDIA	Federal Deposit Insurance Act	NPV	Net Present Value
BOLI	Bank Owned Life Insurance	FDIC	Federal Deposit Insurance Corporation	NYSE	New York Stock Exchange
BSA	Bank Secrecy Act	FFIEC	Federal Financial Institutions Examination Council	OCC	Office of the Comptroller of the Currency
CAMELS	Capital Adequacy, Assets, Management Capability, Earnings, Liquidity, Sensitivity	FHA	Federal Housing Administration	OCI	Other Comprehensive Income
Capital Rules	The FRB, the OCC, and the FDIC 2013 Approved Final Rules	FHLB	Federal Home Loan Bank	OFAC	Office of Foreign Asset Control
CBDP	Commercial Banking Development Program	FHLMC	Federal Home Loan Mortgage Corporation	OREO	Other Real Estate Owned
CCO	Chief Credit Officer	FICO	Fair Isaac Corporation	ORMC	Operational Risk Management Committee
CDARS	Certificate Deposit Account Registry Service	First Line	First Line of Defense	PCAOB	Public Company Accounting Oversight Board
CECL	Current Expected Credit Loss	FNMA	Federal National Mortgage Association	PCD	Purchased Credit Deteriorated
CEO	Chief Executive Officer	FRA	Federal Reserve Act	PD	Probability of Default
CET1	Common Equity Tier 1	FRB	Federal Reserve Bank	PPNR	Pre-Provision Net Revenue
CFO	Chief Financial Officer	FTC	Federal Trade Commission	ROU	Right of Use
CFPB	Consumer Financial Protection Bureau	FVO	Fair Value Option	SEC	Securities and Exchange Commission
CIO	Chief Information Officer	GAAP	U.S. Generally Accepted Accounting Principles	SERP	Supplemental Executive Retirement Plan
CISO	Chief Information Security Officer	GLBA	Gramm-Leach-Bliley Act	SIEM	Security Information and Event
CLO	Collateralized Loan Obligation	GNMA	Government National Mortgage Association	SLC	Senior Loan Committee
COSO	Committee of Sponsoring Organizations of the Treadway Commission	GSE	Government-Sponsored Enterprise	SMC	Security Monitoring Center
CRA	Community Reinvestment Act	HELOC	Home Equity Line of Credit	SOFR	Secured Overnight Funding Rate
CRE	Commercial Real Estate	HFI	Held for Investment	TEB	Tax Equivalent Basis
CSR	Cyber Security Response	HFS	Held for Sale	TSR	Total Shareholder Return
DEI	Diversity, Equity, and Inclusion	HTM	Held-to-Maturity	UPB	Unpaid Principal Balance
DIF	Deposit Insurance Fund	HUD	U.S. Department of Housing and Urban Development	USDA	United States Department of Agriculture
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010	ICS	Insured Cash Sweep Service	VA	Veterans Affairs
DOJ	U.S. Department of Justice	IRLC	Interest Rate Lock Commitment	VIE	Variable Interest Entity
DTA or DTL	Deferred Tax Asset or Deferred Tax Liability	ISDA	International Swaps and Derivatives Association		
EAD	Exposure at Default	IT	Information Technology		

Item 1. Business.

Organization Structure and Description of Services

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 to business customers 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. 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.

WAL also has eight unconsolidated subsidiaries used as business trusts in connection with issuance of trust-preferred securities as described in "Note 12. Qualifying Debt" in Item 8 of this Form 10-K.

Bank Subsidiary

At December 31, 2024, WAL has the following bank subsidiary:

Bank Name	Headquarters	Location Cities	Total Assets	Net Loans	Deposits
			<i>(in millions)</i>		
Western Alliance Bank	Phoenix, Arizona	Arizona: Chandler, Flagstaff, Gilbert, Mesa, Phoenix, Scottsdale, and Tucson Nevada: Carson City, Fallon, Henderson, Las Vegas, Mesquite, Reno, and Sparks California: Beverly Hills, Carlsbad, Costa Mesa, Irvine, La Mesa, Los Angeles, Oakland, Pleasanton, San Diego, San Francisco, San Jose, and Woodland Hills Other: Atlanta, Georgia; Austin, Houston, and Irving, Texas; Boston, Massachusetts; Chicago, Illinois; Columbus, Ohio; Denver, Colorado; Minneapolis, Minnesota; New York, New York; Seattle, Washington; and Tysons, Virginia	\$ 80,862	\$ 55,588	\$ 66,760

WAB has the following wholly-owned operating subsidiaries:

- WABT holds certain investment securities, municipal and non-profit loans, and leases.
- WA PWI holds interests in certain limited partnerships invested primarily in low income housing tax credits and small business investment corporations.
- BW Real Estate, Inc. operates as a real estate investment trust and holds certain of WAB's real estate loans and related securities.
- Helios Prime, Inc. holds interests in certain limited partnerships invested in renewable energy projects.
- Western Finance Company purchases and originates equipment finance leases and provides mortgage banking services through its wholly-owned subsidiary, AmeriHome.
- DST provides digital payments services for the class action legal industry.

Market Segments

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

- Commercial segment: 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 segment: offers commercial banking services to enterprises in consumer-related sectors, as well as consumer banking services, such as residential mortgage banking.
- Corporate & Other: consists of the Company's investment portfolio, Corporate borrowings and other related items, as well as income and expense items not allocated to other reportable segments and inter-segment eliminations.

Loan and deposit accounts are typically assigned directly to the segments where these products are originated and/or serviced. Equity capital is assigned to each segment based primarily on the risk profile of their assets and liabilities. Any excess 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 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. Net income amounts for each reportable segment are 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. Income taxes are applied to each segment based on the effective tax rate for the geographic location of the segment. Any difference in the corporate tax rate and the aggregate effective tax rates in the segments are reflected in the Corporate & Other segment.

Lending Activities

General

Through WAB and its banking divisions and operating subsidiaries, the Company provides a variety of lending products to customers, including the loan types discussed below.

Commercial and Industrial: Commercial and industrial loans comprise 43% and 38% of the Company's HFI loan portfolio as of December 31, 2024 and 2023, respectively. These loans include working capital lines of credit, loans to technology companies, inventory and accounts receivable lines, mortgage warehouse lines, and other commercial loans. Equipment loans and leases and loans to tax-exempt municipalities and not-for-profit organizations are also categorized as commercial and industrial loans.

Residential: Residential loans comprise 27% and 29% of the Company's loan portfolio as of December 31, 2024 and 2023, respectively. The Company executes flow and bulk residential loan purchases that meet the Company's goals and underwriting criteria through its residential mortgage acquisition program. These loan purchases consist of both conforming and non-conforming loans. Non-conforming loan purchases are generally limited to borrowers with high FICO scores and loans with low loan-to-value ratios.

CRE: Loans to fund the purchase or refinancing of CRE for investors (non-owner occupied) or owner occupants represent 22% and 23% of the Company's loan portfolio as of December 31, 2024 and 2023, respectively. These CRE loans are secured by multi-family residential properties, professional offices, industrial facilities, retail centers, hotels, and other commercial properties. Approximately \$2.3 billion, or 4.4%, of total loans HFI consisted of CRE non-owner occupied office loans as of December 31, 2024, compared to \$2.4 billion, or 4.7%, as of December 31, 2023. 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 with central business district and midtown exposure of less than 1% and 11% of office loans, 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. In addition to adhering to conservative underwriting standards, asset-specific credit risk is mitigated through continued sponsor support of projects by re-appraisal rights by the Company, re-margining requirements and ongoing debt service, and debt yield covenants. 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.

Substantially all of the Company's remaining CRE loans are secured by first liens with an initial loan-to-value ratio of generally not more than 75%. As of December 31, 2024 and 2023, 16% of the Company's CRE loans were owner occupied. Owner occupied CRE loans are loans secured by owner occupied non-farm nonresidential properties for which the primary source of repayment (more than 50%) is the cash flow from the ongoing operations and activities conducted by the borrower who owns the property. Non-owner occupied CRE loans are CRE loans for which the primary source of repayment is rental income generated from the collateral property.

Construction and Land Development: Construction and land development loans comprise 8% and 10% of the Company's loan portfolio as of December 31, 2024 and 2023, respectively. This portfolio includes single family and multi-family residential projects, industrial/warehouse properties, office buildings, retail centers, medical office facilities, and residential lot developments. These loans are primarily originated to experienced local and national developers with whom the Company has a satisfactory lending history. An analysis of each construction project is performed as part of the underwriting process to

determine whether the type of property, location, construction costs, and contingency funds are appropriate and adequate. Loans to finance commercial raw land are primarily to borrowers who plan to initiate active development of the property within two years.

Consumer: Limited types of consumer loans are offered to meet customer demand and to respond to community needs. Examples of these consumer loans include home equity loans and lines of credit, home improvement loans, personal lines of credit, and loans to individuals for investment purposes.

At December 31, 2024, the Company's HFI loan portfolio totaled \$53.7 billion, or approximately 66% of total assets. The following table sets forth the composition of the Company's HFI loan portfolio:

	December 31,			
	2024		2023	
	Amount	Percent	Amount	Percent
	<i>(dollars in millions)</i>			
Commercial and industrial	\$ 23,128	43.1 %	\$ 19,103	38.0 %
Commercial real estate - non-owner occupied	9,868	18.4	9,650	19.2
Commercial real estate - owner occupied	1,825	3.4	1,810	3.6
Construction and land development	4,479	8.3	4,889	9.7
Residential real estate	14,326	26.7	14,778	29.4
Consumer	50	0.1	67	0.1
Loans HFI, net of deferred loan fees and costs	\$ 53,676	100.0 %	\$ 50,297	100.0 %
Allowance for credit losses	(374)		(337)	
Net loans HFI	\$ 53,302		\$ 49,960	

For additional information regarding loans, see "Note 4. Loans, Leases and Allowance for Credit Losses" in Item 8 or "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations and Financial Condition – Loans" in Item 7 of this Form 10-K.

The Company adheres to a specific set of credit standards intended to ensure appropriate management of credit risk. Furthermore, the Bank's senior management team plays an active role in monitoring compliance with such standards.

Loan originations are subject to a process that includes the credit evaluation of borrowers, utilizing established lending limits, collateral analysis, and procedures for continual monitoring and identification of credit deterioration. Loan officers actively monitor their individual credit relationships in order to report suspected risks and potential downgrades as early as possible. The BOD approves all material changes to loan policy, as well as lending limit authorities. The Bank's lending policies generally incorporate consistent underwriting standards across all geographic regions in which the Bank operates, customized as necessary to conform to state law and local market conditions. The Bank's credit culture emphasizes timely identification of troubled credits allowing management to take prompt corrective action, when necessary.

Loan Approval Procedures and Authority

The Company's loan approval procedures are executed through a tiered loan limit authorization process, which is structured as follows:

- *Individual Credit Authorities.* The credit approval levels for individual credit officers are set by policy and certain credit officers' approval authorities are established on a delegated basis.
- *SLC Subcommittees.* Credits in excess of individual credit authorities but less than SLC approval thresholds are submitted to the appropriate subcommittee based on risk segment. The Company's risk segments are defined primarily by product lines organized based on loan type and risk profile. The subcommittees consist of members of the Bank's senior management and senior credit officers.
- *SLC.* Credits in excess of subcommittee approval authority require the approval of the Bank's SLC, which has the highest level of credit approval authority. SLC membership includes the CEO and other senior executives appointed by the CEO and is chaired by the Bank's CCO.

Management and monitoring of credit risk for the Company's overall lending portfolio continues to be a high priority. As elevated focus on the evolving industry dynamics facing the CRE market have emerged over the past year, the Company has been proactive in establishing enhanced monitoring policies and procedures as it relates to its CRE loans and has undertaken actions to limit growth of its CRE portfolio. To this end, and to drive consistency in underwriting, portfolio management, and loan monitoring metrics, in January 2024, the Company aligned its loan committee structures to a product focus, creating new CRE and C&I loan committees, which is a shift away from its former divisional or NBL focused loan committees. The Company has also undertaken efforts during the year to streamline its credit risk monitoring process to enable management to more centrally track and monitor assets. In addition, the Company's credit monitoring strategy continues to be focused on early identification and elevation of potential problem loans. These efforts include increased frequency of meetings with business line owners, early engagement of the Company's special assets group, and inclusion of pass grade loans with a potential for downgrade in asset quality and problem loan meeting discussions.

Loans to One Borrower. In addition to the limits set forth below, subject to certain exceptions, state banking laws generally limit the amount of funds a bank may lend to a single borrower. Under Arizona law, the obligations of one borrower to a bank generally may not exceed 20% of the Bank's capital, plus an additional 10% of its capital if the additional amounts are fully secured by readily marketable collateral. Arizona law does not specifically require aggregation of loans to affiliated entities in determining compliance with the lending limit. As a matter of longstanding practice, the Arizona Department of Insurance and Financial Institutions uses the same aggregation analysis as applied to national banks by the Office of the Comptroller of the Currency.

Concentrations of Credit Risk. The Company's lending policies also establish customer and product concentration limits for its HFI and HFS loan portfolios, which are based on outstanding amounts, to control single customer and product exposures. The Company's lending policies have several different measures to limit concentration exposures. Set forth below are the primary segmentation limits and actual measures based on outstanding amounts as of December 31, 2024:

	Percent of Tier 1 Capital and ACL (1)	
	Policy Limit	Actual
Loans HFI		
CRE	230 %	165 %
Commercial and industrial	550	327
Construction and land development	85	63
Residential real estate	260	202
Consumer	7	1
Loans HFS		
Residential real estate	60	32

(1) ACL refers to the allowance for credit losses on funded loans.

Asset Quality

General

To measure asset quality, the Company has instituted a loan grading system consisting of nine different categories. The first five are considered satisfactory "pass" ratings. The other four "non-pass" grades range from a "Special mention" category to a "Loss" category and are consistent with the grading systems used by federal banking regulators. All loans are assigned a credit risk grade at the time they are made and formally reviewed on a quarterly basis as part of the Company's loan grade certification process to identify loans that may be exhibiting early-warning signs of credit stress and determine whether a change in the credit risk grade is warranted. In addition, the grading of the Company's loan portfolio is reviewed on a regular basis by its internal loan review department.

Collection Procedure

Bank personnel are responsible for monitoring activity that may indicate an increased risk rating, including, but not limited to, past-dues, overdrafts, and loan agreement covenant defaults related to its commercial borrowers. If a commercial borrower fails to make a scheduled payment on a loan, Bank personnel attempt to remedy the deficiency by contacting the borrower and seeking payment. Contact is generally made within 15 business days after the payment becomes past due. The Bank also maintains a special assets department, which generally services and collects loans rated Substandard or worse. Loans deemed uncollectible are charged-off.

Nonperforming Assets

Nonperforming assets include loans past due 90 days or more and still accruing interest (that are not government guaranteed), non-accrual and accruing restructured loans, and repossessed assets, including OREO. In general, loans are placed on non-accrual status when the Company determines ultimate collection of principal and interest is in doubt due to the borrower's financial condition, collateral value, and collection efforts. In addition, the Company considers all loans rated Substandard or worse to be experiencing financial difficulty. A restructured loan is a loan modification for a borrower experiencing financial difficulty. Other repossessed assets result from loans where the Company has received title or physical possession of the borrower's assets. The Company generally re-appraises OREO and collateral dependent non-residential loans with balances greater than \$0.5 million every 12 months. Total net gains and losses on sales and reappraisals of repossessed and other assets was not significant during each of the years ended December 31, 2024, 2023, and 2022. However, losses may be experienced in future periods.

Criticized Assets

Federal bank regulators require banks to classify their assets on a regular basis. In addition, in connection with their examinations of the Bank, examiners have authority to identify problem assets and, if appropriate, re-classify them. A loan grade of "Special Mention" from the Company's internal loan grading system is utilized to identify potential problem assets and loan grades of "Substandard," "Doubtful," and "Loss" are utilized to identify actual problem assets.

The following describes the potential and actual problem assets using the Company's internal loan grading system definitions:

- *"Special Mention" (Grade 6):* Generally these are assets that possess potential weaknesses that warrant management's close attention. These loans may involve borrowers with adverse financial trends, higher debt to equity ratios, or weaker liquidity positions, but not to the degree of being considered a "problem loan" where risk of loss may be apparent. Loans in this category are usually performing as agreed, although there may be non-compliance with financial covenants.
- *"Substandard" (Grade 7):* These assets are characterized by well-defined credit weaknesses and carry the distinct possibility the Company will sustain some loss if such weakness or deficiency is not corrected. All loans 90 days or more past due and all loans on non-accrual status are considered at least "Substandard," unless extraordinary circumstances would suggest otherwise.
- *"Doubtful" (Grade 8):* These assets have all the weaknesses inherent in those classified as "Substandard" with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable, but because of certain known factors which may work to the advantage and strengthening of the asset (for example, capital injection, perfecting liens on additional collateral and refinancing plans), classification as an estimated loss is deferred until a more precise status may be determined.
- *"Loss" (Grade 9):* These assets are considered uncollectible and having such little recoverable value that it is not practical to defer writing off the asset. This classification does not mean the loan has absolutely no recovery or salvage value, but rather it is not practicable or desirable to defer writing off the asset, even though partial recovery may be achieved in the future.

Allowance 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 as well as off-balance sheet credit exposures. Charge-offs are recorded as a reduction to the ACL and subsequent recoveries of previously charged-off amounts are credited to the ACL. The ACL on funded loans and investment securities are presented as a reduction to the respective asset balance on the Consolidated Balance Sheet. The ACL on unfunded loan commitments is classified in Other liabilities on the Consolidated Balance Sheet. For a detailed discussion of the Company's methodology see "Management's Discussion and Analysis and Financial Condition – Critical Accounting Estimates – Allowance for Credit Losses" in Item 7 of this Form 10-K.

Investment Activities

The Company has an investment policy, which is approved by the BOD on an annual basis. This policy dictates that investment decisions be made based on the safety of the investment, liquidity requirements of the Bank and holding company, potential returns, cash flow targets, and consistency with the Company's interest rate risk management. The Bank's ALCO is responsible for making securities portfolio decisions in accordance with established policies. The CFO and Treasurer have the authority to purchase and sell securities within specified guidelines. All investment transactions for the Bank and for the holding company during the year ended December 31, 2024 were reviewed by the ALCO and BOD.

The Company's investment policy limits new securities purchases to certain eligible investment types and, in the aggregate, are further subject to the following quantitative limits of the Bank, which are calculated as a percent of CET1, as of December 31, 2024:

Securities Category	Policy Limit	Actual
<i>Held-to-maturity</i>		
Tax-exempt low income housing development bonds	35.0 %	19.9 %
<i>Available-for-sale debt and equity securities</i>		
CLO	22.5	8.4
Corporate debt securities	10.0	6.0
High quality liquid assets:		
Non-GNMA	70.0	36.4
GNMA	92.5	61.7
Private label residential MBS	25.0	16.9
Municipal securities and tax-exempt low income housing development bonds	20.0	13.9
U.S. Treasury securities & agency notes with maturities greater than 1 year (1)	50.0	—
CRA	5.0	1.0
Preferred stock	5.0	1.4

(1) There is no investment policy limit for purchases of U.S. Treasury securities with maturities less than 1 year.

The Company's policies also govern the use of derivatives, and provide that the Company prudently use derivatives in accordance with applicable regulations as a risk management tool to reduce the overall exposure to interest rate risk, and not for speculative purposes.

The Company's investment securities portfolio includes debt and equity securities. Debt securities are classified as AFS or HTM pursuant to ASC Topic 320, *Investments* and ASC Topic 825, *Financial Instruments*. Equity securities are reported at fair value in accordance with ASC Topic 321, *Equity Securities*. For further discussion of significant accounting policies related to the Company's investment securities portfolio refer to "Note 1. Summary of Significant Accounting Policies" in Item 8 of this Form 10-K.

As of December 31, 2024, the Company's investment securities portfolio totaled \$15.1 billion, representing approximately 19% of the Company's total assets, with a significant portion of the portfolio invested in AAA/AA+ rated securities. The average duration, which is a measure of the interest rate sensitivity of the Company's debt securities portfolio, is 3.4 years as of December 31, 2024.

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

	December 31,			
	2024		2023	
	Amount	Percent	Amount	Percent
	<i>(dollars in millions)</i>			
<i>Debt securities</i>				
Residential MBS issued by GSEs	\$ 5,831	38.6 %	\$ 1,972	15.5 %
U.S. Treasury securities	4,383	29.0	4,853	38.2
Tax-exempt	2,195	14.5	2,101	16.5
Private label residential MBS	1,123	7.4	1,303	10.2
CLO	570	3.8	1,399	11.0
Commercial MBS issued by GSEs	437	2.9	530	4.2
Corporate debt securities	386	2.6	367	2.9
Other	69	0.4	69	0.5
Total debt securities	\$ 14,994	99.2 %	\$ 12,594	99.0 %
<i>Equity securities</i>				
Preferred stock	\$ 91	0.6 %	\$ 100	0.8 %
CRA investments	26	0.2	26	0.2
Total equity securities	\$ 117	0.8 %	\$ 126	1.0 %
Total investment securities	\$ 15,111	100.0 %	\$ 12,720	100.0 %

As of December 31, 2024 and 2023, the Company also held investments in BOLI of \$1.0 billion and \$186 million, respectively. BOLI is used as a tax efficient method to help offset employee benefit costs. The increase in BOLI from December 31, 2023 is attributable to the purchase of a new BOLI policy during the year. The earnings from the new BOLI separate life policy are linked to the performance of a pool of highly rated (AA or better) CLO securities, secured by a stable value wrap that provides a level of stability to the investment performance of the underlying CLO portfolio.

For additional information concerning investments, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations and Financial Condition – Investments” in Item 7 of this Form 10-K.

Deposit Products

The Company offers a variety of deposit products, including demand deposits, checking accounts, savings accounts, money market accounts, and other types of deposit accounts, including fixed-rate, fixed maturity certificates of deposit. The Company has historically focused on growing its lower cost core customer deposits. Recently, the Company has also focused on expanding into new deposit channels, including online consumer focused deposit initiatives. As of December 31, 2024, the deposit portfolio was comprised of 28% non-interest-bearing deposits and 72% interest-bearing deposits.

The competition for deposits in the Company's markets is strong. The Company has historically been successful in attracting and retaining deposits due to several factors, including its:

- knowledgeable and empowered bankers committed to providing personalized and responsive service that translates into long lasting relationships;
- broad selection of cash management services offered; and
- incentives to employees for business development and retention.

Deposit balances are generally influenced by national and local economic conditions, changes in prevailing interest rates, competitiveness of offered rates, perceived stability of financial institutions, and competition. In order to attract and retain deposits, the Company relies on providing quality service and introducing new products and services that meet the needs of its customers.

The Bank's deposit rates are determined through an internal oversight process under the direction of its ALCO. The Bank considers a number of factors when determining deposit rates, including:

- current and projected national and local economic conditions and the outlook for interest rates;
- competition for deposits;
- loan and deposit positions and forecasts, including any concentrations in either; and
- alternative borrowing costs from the FHLB or other sources.

The following table shows the Company's deposit composition:

	December 31,			
	2024		2023	
	Amount	Percent	Amount	Percent
	<i>(in millions)</i>			
Non-interest-bearing demand deposits	\$ 18,846	28.4 %	\$ 14,520	26.2 %
Interest-bearing transaction accounts	15,878	23.9	15,916	28.8
Savings and money market accounts	21,208	32.0	14,791	26.7
Time certificates of deposit (\$250,000 or more)	1,640	2.5	1,478	2.7
Other time deposits (1)	8,769	13.2	8,628	15.6
Total deposits	<u>\$ 66,341</u>	<u>100.0 %</u>	<u>\$ 55,333</u>	<u>100.0 %</u>

(1) Retail brokered time deposits over \$250,000 of \$5.6 billion and \$5.8 billion as of December 31, 2024 and 2023, respectively, are included within Other time deposits as these deposits are generally participated out by brokers in shares below the FDIC insurance limit.

Although the Company does not pay interest to depositors of non-interest-bearing accounts, earnings credits and referral fees are awarded to certain account holders, which offset charges incurred by account holders for other services. Earnings credits and referral fees earned in excess of charges incurred by account holders are recorded in Deposit costs as part of non-interest expense and fluctuate as a result of eligible deposit balances and ECR rates on these deposit balances.

In addition to the Company's deposit base, it has access to other sources of funding, including FHLB and FRB advances, Federal funds purchased, repurchase agreements, and secured and unsecured lines of credit with other financial institutions. Previously, the Company has also accessed the capital markets through trust preferred, credit linked note, subordinated debt, and Senior Note offerings. For additional information concerning the Company's deposits, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Balance Sheet Analysis – Deposits" in Item 7 of this Form 10-K.

Other Financial Products and Services

In addition to traditional commercial banking activities, the Company offers other financial services to its customers, including internet banking, wire transfers, electronic bill payment and presentment, funds transfer and other digital payment offerings, lock box services, courier, and cash management services.

Customer, Product, and Geographic Concentrations

Commercial and industrial loans make up 43% and 38% of the Company's HFI loan portfolio as of December 31, 2024 and 2023, respectively. Residential loans comprise 27% and 29% of the Company's HFI loan portfolio as of December 31, 2024 and 2023, respectively. In addition, 30% and 33% of the Company's HFI loan portfolio at December 31, 2024 and 2023, respectively, was represented by CRE and construction and land development loans. The Company's CRE business is concentrated primarily in the Company's core footprint states: Arizona, California, and Nevada. Consequently, the Company is dependent on the trends of these regional economies.

The Company is not dependent upon any single or limited number of customers, the loss of which would have a material adverse effect on the Company. Neither the Company nor any of its reportable segments have customer relationships that individually account for 10% or more of consolidated or segment revenues. No material portion of the Company's lending business is seasonal. However, seasonality in the Company's mortgage warehouse deposits may impact lending activities.

Competition

The financial services industry is highly competitive and has been significantly impacted by federal and state legislation that makes it easier for non-bank financial institutions to compete with the Company. The Company competes for loans, deposits, and customers with other banks, mortgage companies, insurance companies, finance companies, financial technology firms, and other non-bank financial services providers. This strong competition for deposit and loan products directly affects the interest rates on those products and the terms on which they are offered to customers. In addition, many of the Company's competitors are much larger in total assets and capitalization and are able to offer a broader range of financial services than the Company can offer. Technological innovation and capabilities, including changes in product delivery systems and web-based tools, also continue to contribute to greater competition in domestic and international financial services markets and larger competitors may be able to allocate more resources to these technology initiatives.

Human Capital Resources

The Company's culture is defined by its corporate values of integrity, creativity, teamwork, passion, and excellence. People, Performance, and Possibilities capture the Company's defining values and behaviors that shape our unique culture and how we do business. People are the foundation of the Company and the Company invests in their success by providing expanded opportunities for career growth and advancement. Our people are committed to our clients' success and, by putting clients first, we create strong stockholder returns. This leads to tremendous possibilities to fuel client growth and support the Company's communities.

The Company is deeply committed to giving back to the communities where it does business and strives to help low-to-moderate income geographies become healthier and more sustainable communities. Employees are encouraged to dedicate their time and expertise to charitable and civic organizations they are passionate about. In total, employees volunteered more than 18,000 hours in 2024. The Company is also committed to providing financial support for education, affordable housing, and community development lending and investments.

As of December 31, 2024, the Company employed 3,524 full-time equivalent employees, an increase of 8% from December 31, 2023. The Company's employees are not represented by a union or covered by a collective bargaining agreement.

Human Capital Metrics

The Company is committed to maintaining a dynamic and diverse workforce and provides equal opportunity in all aspects of employment. The Company continually assesses opportunities to attract and retain a diverse population of high performing employees to support the growth of the Company. The Company has built relationships with community and educational institutions to strengthen its pipelines of potential job candidates. The Company maintains an executive-led Opportunity Council, which provides access to leadership, and evaluates organizational practices that build a sense of belonging, enhance the Company's pipeline of talent, engage its people, and create a culture instilled with the Company's corporate values. One aspect of this work is the active support of Business Resource Groups, which are employee-led groups to support the diverse aspects and experiences of our people, such as women, veterans, minority groups, cancer survivors and caretakers, LGBTQIA+ employees, employees with disabilities, and encouraging multigenerational connections. These groups are open to all, provide connection with Bank leadership, and are focused on education, professional development, and community engagement.

The Company employs a diverse workforce that reflects its clients and communities, which is shown in the Company's ethnic and gender diversity metrics presented in the table below:

	December 31,		
	2024	2023	2022
	<i>(as a percentage of total employees)</i>		
Employees belonging to an ethnic minority group	45 %	44 %	43 %
Female employees	50	51	52

As of December 31, 2024, 44% of employees that occupied roles involving supervision and management of other employees were women, compared to 43% in the prior year. In addition, at the leadership level, the Company's female and ethnic employees increased to 48% as of December 31, 2024 from 45% in the prior year.

Recruiting, Retention, and Talent Development

The Company recognizes its success is highly dependent on its ability to attract, retain and develop employees. To foster this development, the Company has created three early talent identification programs, a college internship program, the CBDP, and iLead, with the goal of each program being to enhance management's ability to promote pathways for growth of future leaders. Campus recruitment initiatives and partnerships also help expand the Company's pipeline of talent. Within the internship program, college students and recent graduates are paired with leaders across the Company to create a valuable, immersive experience, with an objective of retaining promising interns and creating a pipeline for the CBDP or other roles. The CBDP is an 18-month, on-the-job development program to train successful credit analysts that offers progressive assignments, mentoring, opportunities to learn the business and various aspects of leadership, with the objective of developing future leaders of the Company. The iLead Program is an 18-month program for recent MBA graduates, designed to accelerate the development of high potential mid-career talent in sales or corporate career paths. Additionally, the Company has expanded its sales training and mentoring efforts to foster internal development within its commercial lending teams.

As a growing company, recruiting new talent to the organization is key to the Company's success and part of that objective includes building a workforce that is representative of the communities the Company exists in and serves. In 2024, 51% of WAB's open positions were filled by external candidates belonging to an ethnic minority group compared to 47% in 2023.

The following table sets forth the amount of loans outstanding by type of loan as of December 31, 2024 that were contractually due in under one year, one through five years, after five through 15 years, and more than 15 years based on remaining scheduled repayments of principal. Lines of credit or other loans having no stated final maturity and no stated schedule of repayments are reported as due in one year or less. The table also presents an analysis of the rate structure for loans within the same maturity time periods. Actual cash flows from these loans may differ materially from contractual maturities due to prepayment, refinancing, or other factors.

	<u>Due Under 1 Year</u>	<u>Due 1 - 5 Years</u>	<u>Due 5 - 15 Years</u>	<u>Due Over 15 Years</u>	<u>Total</u>
	<i>(in millions)</i>				
Warehouse lending					
Variable rate	\$ 3,546	\$ 4,401	\$ —	\$ —	\$ 7,947
Fixed rate	—	260	—	—	260
Municipal & nonprofit					
Variable rate	28	43	333	2	406
Fixed rate	146	75	699	294	1,214
Tech & innovation					
Variable rate	353	2,866	33	—	3,252
Fixed rate	—	131	—	—	131
Equity fund resources					
Variable rate	774	12	9	—	795
Fixed rate	89	—	—	—	89
Other commercial and industrial					
Variable rate	1,331	4,818	1,563	31	7,743
Fixed rate	225	884	323	—	1,432
CRE - owner occupied					
Variable rate	140	360	337	72	909
Fixed rate	108	307	316	35	766
Hotel franchise finance					
Variable rate	356	2,807	20	—	3,183
Fixed rate	116	516	—	—	632
Other CRE - non-owner occupied					
Variable rate	1,791	2,734	342	25	4,892
Fixed rate	375	896	179	—	1,450
Residential					
Variable rate	6	27	2	952	987
Fixed rate	3	2	40	11,929	11,974
Residential - EBO					
Variable rate	—	—	—	—	—
Fixed rate	—	—	1	971	972
Construction and land development					
Variable rate	1,578	2,677	45	2	4,302
Fixed rate	23	131	12	—	166
Other					
Variable rate	94	33	14	2	143
Fixed rate	10	6	15	—	31
Total	<u>\$ 11,092</u>	<u>\$ 23,986</u>	<u>\$ 4,283</u>	<u>\$ 14,315</u>	<u>\$ 53,676</u>

At December 31, 2024, total loans consisted of 64.4% with variable rates and 35.6% with fixed rates, compared to 58.3% with variable rates and 41.7% with fixed rates at December 31, 2023. As of December 31, 2024, approximately \$25.0 billion, or 72.5%, of total variable rate loans were subject to rate floors with a weighted average interest rate of 5.1%. At December 31, 2023, approximately \$22.3 billion, or 76.2%, of total variable rate loans were subject to rate floors with a weighted average interest rate of 4.6%.

Concentrations of Lending Activities

The Company monitors concentrations of lending activities at the product and borrower relationship level. As of December 31, 2024 and 2023, no borrower relationships at both the commitment and funded loan level exceeded 5% of total loans HFI.

Commercial and industrial loans made up 43% and 38% of the Company's HFI loan portfolio as of December 31, 2024 and 2023, respectively.

In addition, the Company's loan portfolio includes significant credit exposure to the CRE market as CRE related loans accounted for approximately 30% and 33% of total loans at December 31, 2024 and 2023 respectively. Non-owner occupied CRE loans are CRE loans for which 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 for which the primary source of repayment (more than 50%) 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:

	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
Other	615	6.2	1.1	50.2
Total CRE - non-owner occupied	\$ 9,868	100.0 %	18.4 %	51.6 %

	December 31, 2023			
	Amount	Percent of CRE-Non OO	Percent of Total HFI Loans	Weighted Average LTV (1)
	<i>(dollars in millions)</i>			
Hotel	\$ 4,235	43.9 %	8.4 %	48.1 %
Office	2,358	24.4	4.7	58.8
Retail	753	7.8	1.5	61.0
Multifamily	566	5.9	1.1	49.7
Industrial	565	5.8	1.1	50.4
Time share	378	3.9	0.8	34.9
Senior care	160	1.7	0.3	41.8
Medical	124	1.3	0.2	51.2
Other	511	5.3	1.0	43.4
Total CRE - non-owner occupied	\$ 9,650	100.0 %	19.2 %	51.1 %

(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 December 31, 2024:

	Origination Year						Total
	2024	2023	2022	2021	2020	Prior	
	<i>(in millions)</i>						
CRE - non-owner occupied	\$ 948	\$ 961	\$ 3,470	\$ 1,727	\$ 583	\$ 2,179	\$ 9,868

The following table presents the scheduled maturities of the Company's CRE non-owner occupied loans as of December 31, 2024:

	<i>(in millions)</i>
2025	2,551
2026	2,503
2027	2,431
2028	970
2029	795
Thereafter	618
Total	\$ 9,868

Approximately \$2.3 billion, or 4.4%, of total loans HFI consisted of CRE non-owner occupied office loans as of December 31, 2024, compared to 2.4 billion, or 4.7%, as of December 31, 2023. Of the non-owner occupied office loan balance as of December 31, 2024, \$1.1 billion is scheduled to mature in 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 December 31, 2024, 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. For additional discussion of the Company's credit risk monitoring practices, see "Business – Lending Activities – Asset Quality" in Item 1 of this Form 10-K.

As of December 31, 2024 and 2023, 16% of the Company's CRE loans, excluding construction and land loans, were owner occupied, 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 by \$194 million at December 31, 2024 to \$604 million from \$410 million at December 31, 2023.

	December 31,	
	2024	2023
	<i>(dollars in millions)</i>	
Total nonaccrual loans (1)	\$ 476	\$ 273
Loans past due 90 days or more on accrual status (2)	—	42
Accruing restructured loans	\$ 128	95
Total nonperforming loans	604	410
Other assets acquired through foreclosure, net	\$ 52	\$ 8
Nonaccrual loans to funded loans HFI	0.89 %	0.54 %
Loans past due 90 days or more on accrual status to funded loans HFI (2)	—	0.08

(1) Includes loan modifications to borrowers experiencing financial difficulty of \$169 million and \$111 million at December 31, 2024 and 2023, respectively.

(2) Excludes government guaranteed residential mortgage loans of \$326 million and \$399 million at December 31, 2024 and 2023, respectively.

Interest income that would have been recorded under the original terms of nonaccrual loans was \$24.5 million, \$12.3 million, and \$4.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

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

	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>

	December 31, 2023		
	Nonaccrual Balance	Percent of Nonaccrual Balance	Percent of Total Loans HFI
	<i>(dollars in millions)</i>		
Municipal & nonprofit	\$ 6	2.2 %	0.01 %
Tech & innovation	33	12.1	0.06
Other commercial and industrial	53	19.4	0.11
CRE - owner occupied	9	3.3	0.02
Other CRE - non-owner occupied	83	30.4	0.16
Residential	70	25.6	0.14
Construction and land development	19	7.0	0.04
Total non-accrual loans	<u>\$ 273</u>	<u>100.0 %</u>	<u>0.54 %</u>

Restructurings for Borrowers Experiencing Financial Difficulty

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

Year Ended	Amortized Cost Basis at December 31, 2024						% of Total Class of Financing Receivable
	Payment Delay and Term Extension	Term Extension	Interest Rate Reduction	Payment Delay	Total		
	<i>(dollars in millions)</i>						
Tech & innovation	\$ —	\$ 5	\$ 1	\$ 41	\$ 47	1.4 %	
Other commercial and industrial	—	7	—	86	93	1.0	
Other CRE - non-owner occupied	—	46	—	111	157	2.5	
Total	<u>\$ —</u>	<u>\$ 58</u>	<u>\$ 1</u>	<u>\$ 238</u>	<u>\$ 297</u>	<u>0.6 %</u>	

Year Ended	Amortized Cost Basis at December 31, 2023						% of Total Class of Financing Receivable
	Payment Delay and Term Extension	Term Extension	Interest Rate Reduction	Payment Delay	Total		
	<i>(dollars in millions)</i>						
Tech & innovation	\$ 1	\$ 6	\$ —	\$ 8	\$ 15	0.5 %	
Other commercial and industrial	—	23	—	8	31	0.4	
CRE - owner occupied	—	3	—	—	3	0.2	
Hotel franchise finance	—	37	—	—	37	1.0	
Other CRE - non-owner occupied	—	119	—	—	119	2.0	
Residential	—	—	—	1	1	0.0	
Total	<u>\$ 1</u>	<u>\$ 188</u>	<u>\$ —</u>	<u>\$ 17</u>	<u>\$ 206</u>	<u>0.4 %</u>	

The performance of these modified loans is monitored for 12 months following the modification. As of December 31, 2024, modified loans of \$128 million were current with contractual payments and \$169 million were on nonaccrual status. As of December 31, 2023, modified loans of \$95 million were current with contractual payments and \$111 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 repled or resold when loans are brought current either through the borrower's reperformance or completion of a loan modification. During the years ended December 31, 2024 and 2023, the Company completed modifications of EBO loans with an amortized cost of \$366 million and \$225 million, respectively. These modifications were largely payment delays and term extensions. Certain of these loans were repled or resold after modification and are no longer included in the pool of loan modifications being monitored for future performance. 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. As of December 31, 2023, modified EBO loans consisted of \$26 million in loans that were current to 89 days delinquent and \$12 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:

	December 31, 2024			December 31, 2023		
	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	\$ 6.4	1.7 %	15.3 %	\$ 5.8	1.7 %	13.2 %
Municipal & nonprofit	14.7	3.9	3.0	14.7	4.4	3.1
Tech & innovation	55.9	15.0	6.3	42.1	12.5	5.6
Equity fund resources	1.6	0.4	1.7	1.3	0.4	1.7
Other commercial and industrial	77.8	20.8	17.1	81.4	24.2	14.8
CRE - owner occupied	3.4	0.9	3.1	6.0	1.8	3.3
Hotel franchise finance	35.3	9.4	7.1	33.4	9.9	7.6
Other CRE - non-owner occupied	134.4	36.0	11.8	96.0	28.5	11.9
Residential	19.7	5.3	24.1	23.1	6.9	26.4
Residential - EBO	—	—	1.8	—	—	2.4
Construction and land development	21.3	5.7	8.4	30.4	9.0	9.6
Other	3.3	0.9	0.3	2.5	0.7	0.4
Total	\$ 373.8	100.0 %	100.0 %	\$ 336.7	100.0 %	100.0 %

During the years ended December 31, 2024 and 2023, net loan charge-offs to average loans outstanding were 0.18% and 0.06%, 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 \$39.5 million and \$31.6 million at December 31, 2024 and 2023, respectively, and is included in Other liabilities on the Consolidated Balance Sheet. The increase in the ACL related to off-balance sheet credit exposures is due to higher unfunded loan commitments at December 31, 2024 compared to December 31, 2023.

Problem Loans

The Company classifies loans consistent with federal banking regulations using a nine category grading system. These loan grades are described in further detail in "Item 1. Business" of this Form 10-K. 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:

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	<u>319</u>	<u>\$ 489</u>	<u>100.0 %</u>	<u>0.91 %</u>

December 31, 2023				
Number of Loans	Problem Loan Balance	Percent of Problem Loan Balance	Percent of Total Loans HFI	
<i>(dollars in millions)</i>				
Warehouse lending	1	\$ 26	3.6 %	0.05 %
Municipal & nonprofit	2	18	2.5	0.04
Tech & innovation	14	49	6.8	0.10
Other commercial and industrial	50	95	13.2	0.19
CRE - owner occupied	9	3	0.4	0.01
Hotel franchise finance	9	203	28.3	0.40
Other CRE - non-owner occupied	15	251	35.0	0.50
Residential	143	72	10.0	0.14
Construction and land development	1	1	0.1	0.00
Other	20	1	0.1	0.00
Total	<u>264</u>	<u>\$ 719</u>	<u>100.0 %</u>	<u>1.43 %</u>

Mortgage Servicing Rights

The fair value of the Company's MSRs related to residential mortgage loans totaled \$1.1 billion as of December 31, 2024 and 2023.

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

	December 31,	
	2024	2023
<i>(in millions)</i>		
FNMA and FHLMC	\$ 42,908	\$ 46,840
GNMA	14,980	19,848
Non-agency	3,201	1,959
Total unpaid principal balance of loans	<u>\$ 61,089</u>	<u>\$ 68,647</u>

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 December 31, 2024 and 2023, totaled \$52 million and \$8 million, respectively, net of a valuation allowance of \$5 million and \$4 million, respectively. The increase in other assets acquired through foreclosure compared to 2023 was due to the Company taking possession of an office property.

The majority of the repossessed asset balance at December 31, 2024 related to a single office property. The Company held five properties at December 31, 2024 and 2023.

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 \$659 million and \$669 million as of December 31, 2024 and 2023, respectively.

The Company performs its annual goodwill and intangibles 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 year ended December 31, 2024, there were no events or circumstances that indicated an interim impairment test of goodwill or other intangible assets was necessary. During the year ended December 31, 2023, due to the industry disruption from the bank failures in early 2023, the Company performed an interim Step 0 goodwill impairment assessment as of each interim quarter end date, and it was determined that it was more likely than not the fair value of the Company and its reporting units exceeded their respective carrying values.

For the Company's annual goodwill impairment test as of October 1, 2024 and 2023, the Company elected to perform a Step 1 goodwill impairment test for all reporting units. Based on the analyses performed, the Company determined the fair value of the Company and its reporting units exceeded their respective carrying values and therefore, no goodwill impairment was recorded during the years ended December 31, 2024 and 2023.

The following is a summary of acquired intangible assets:

	December 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in millions)					
Subject to amortization						
Core deposits	\$ 14	\$ 13	\$ 1	\$ 14	\$ 12	\$ 2
Correspondent customer relationships	76	14	62	76	10	66
Customer relationships	18	9	9	18	6	12
Developed technology	4	2	2	4	2	2
Operating licenses	56	6	50	56	4	52
Trade names	10	2	8	10	2	8
	<u>\$ 178</u>	<u>\$ 46</u>	<u>\$ 132</u>	<u>\$ 178</u>	<u>\$ 36</u>	<u>\$ 142</u>

Deferred Tax Assets

As of December 31, 2024, the net DTA balance totaled \$281 million, a decrease from \$287 million as of December 31, 2023. The Company had no deferred tax valuation allowance as of December 31, 2024 and 2023.

Bank Owned Life Insurance

The carrying value of BOLI totaled \$1.0 billion as of December 31, 2024, an increase of \$825 million from \$186 million as of December 31, 2023. BOLI is used as a tax efficient method to help offset employee benefit costs. The increase in BOLI from December 31, 2023 is attributable to the purchase of a new BOLI policy during the year. The earnings from the new BOLI policy are linked to the performance of a pool of highly rated (AA or better) CLO securities, secured by a stable value wrap that provides a level of stability to the investment performance of the underlying CLO portfolio.

Deposits

Deposits are the primary source for funding the Company's asset growth. Total deposits increased to \$66.3 billion at December 31, 2024 from \$55.3 billion at December 31, 2023, an increase of \$11.0 billion, or 19.9%. By deposit type, the increase in deposits is attributable to increases in savings and money market accounts of \$6.4 billion and non-interest-bearing demand deposits of \$4.3 billion.

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 December 31, 2024, the Company had \$14.0 billion of these reciprocal deposits, compared to \$13.3 billion at December 31, 2023. At December 31, 2024 and 2023, the Company also had wholesale brokered deposits of \$6.9 billion and \$6.6 billion, respectively.

In addition, deposits for which the Company provides account holders with earnings credits or referral fees totaled \$20.7 billion and \$17.8 billion at December 31, 2024 and 2023, respectively. Costs related to these deposits are primarily reported as Deposit

costs in non-interest expense. Deposit costs included \$668.7 million and \$422.5 million in deposit related costs on these deposits during the years ended December 31, 2024 and 2023, respectively. The increase in these costs from the prior year is due to an increase in earnings credit rates as well as an increase in average deposit balances eligible for earnings credits or referral fees.

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

	Year Ended December 31,					
	2024		2023		2022	
	Average Balance	Rate	Average Balance	Rate	Average Balance	Rate
	<i>(dollars in millions)</i>					
Interest bearing demand accounts	\$ 16,155	2.98 %	\$ 12,422	2.83 %	\$ 8,331	0.95 %
Savings and money market accounts	17,462	3.49	14,903	2.87	18,518	0.86
Certificates of deposit	10,085	5.05	7,945	4.56	2,772	1.40
Total interest bearing deposits	43,702	3.66	35,270	3.24	29,621	0.93
Non-interest bearing deposits	22,017	—	18,293	—	24,133	—
Total deposits	\$ 65,719	2.43 %	\$ 53,563	2.13 %	\$ 53,754	0.51 %

At December 31, 2024 and 2023, the Company had total uninsured deposits of \$17.6 billion and \$15.2 billion, respectively. Total U.S. time deposits in excess of the FDIC insurance limit were \$1.2 billion and \$1.0 billion at December 31, 2024 and 2023, respectively.

Uninsured deposit information is estimated using the same methodologies utilized for regulatory reporting, where applicable. Specific to uninsured time deposits, the Company made certain assumptions to estimate uninsured amounts by maturity. At the account level, deposit insurance was assumed to apply first to non-time deposits, then any remaining insurance amounts were applied to maturity groupings on a pro-rata basis, based on the depositor's total amount of time deposits.

The table below discloses the remaining maturity for estimated uninsured time deposits as of December 31, 2024:

	<i>(in millions)</i>
3 months or less	\$ 619
3 to 6 months	517
6 to 12 months	427
Over 12 months	16
Total	\$ 1,579

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, 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 by \$3.6 billion to \$3.2 billion at December 31, 2024 from \$6.8 billion at December 31, 2023. The decrease was driven by decreases in short-term FHLB advances of \$3.1 billion, repurchase agreements of \$368 million, and federal funds purchased of \$175 million.

Long-Term Borrowings

The Company's long-term borrowings consist of long-term FHLB borrowings and credit linked notes, inclusive of issuance costs. At December 31, 2024, the carrying value of long-term borrowings totaled \$2.4 billion, compared to \$446 million at December 31, 2023. The increase in long-term borrowings of \$2.0 billion was driven by long-term FHLB advances entered into during 2024.

Qualifying Debt

Qualifying debt consists of subordinated debt and junior subordinated debt, inclusive of issuance costs and fair market value adjustments. At December 31, 2024, the carrying value of qualifying debt was \$899 million, compared to \$895 million at December 31, 2023.

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 18. Commitments and Contingencies" in Item 8 of this Form 10-K) 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 ending December 31, 2024. Accordingly, capital ratios and amounts in 2024 include a 25% capital benefit that resulted from the increased ACL related to the adoption of ASC 326, compared to a 50% capital benefit for 2023.

As of December 31, 2024 and 2023, 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>								
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
December 31, 2023								
WAL	\$ 7,201	\$ 6,035	\$ 52,517	\$ 70,295	13.7 %	11.5 %	8.6 %	10.8 %
WAB	6,802	6,229	52,508	70,347	13.0	11.9	8.9	11.9
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 it is in compliance with these requirements as of December 31, 2024.

Critical Accounting Estimates

The Notes to the Consolidated Financial Statements contain a discussion of the Company's significant accounting policies, including information regarding recently issued accounting pronouncements, adoption of such policies, and the related impact of their adoption. The Company believes certain of these policies, along with various estimates it is required to make in recording its financial transactions, are important to have a complete understanding of the Company's financial position. In addition, these estimates require management to make complex and subjective judgments, many of which include matters with a high degree of uncertainty. The following is a summary of these critical accounting policies and significant estimates.

Allowance for credit losses

The ACL guidance requires an organization to measure all expected credit losses for financial assets held at the reporting date, including off-balance sheet credit exposures, based on historical experience, current conditions, and reasonable and supportable forecasts. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In future periods, evaluations of the overall loan portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the ACL and credit loss expense in those future periods. The allowance level is influenced by loan volumes and mix, average remaining maturities, loan performance metrics, asset quality characteristics, delinquency status, historical credit loss experience, and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. During the year ended December 31, 2024, the allowance level was most impacted by the level of net charge-offs and CRE market conditions, which resulted in recognition of a provision for credit losses of \$145.9 million. Changes to the assumptions in the model in future periods could have a material impact on the Company's Consolidated Financial Statements. See "Note 1. Summary of Significant Accounting Policies" in Item 8 of this Form 10-K for a detailed discussion of the Company's methodologies for estimating expected credit losses.

Fair value of financial instruments

The Company uses fair value measurements to recognize certain financial instruments at fair value. The Company holds financial instruments that are recorded at fair value and require management to make significant judgments in estimating the fair value of these financial instruments. The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market inputs. For financial instruments that are actively traded and have quoted market prices or observable market inputs, there is minimal subjectivity involved in measuring fair value. However, when quoted market prices or observable market inputs are not fully available, significant management judgment may be necessary to estimate the fair value of these financial instruments. The fair value of MSRs is determined using a discounted cash flow model based on certain unobservable inputs. Assumptions used to value the Company's MSRs represent management's best estimate of assumptions market participants would use to value this asset and may require significant judgment. The primary risk of material changes to the value of the MSRs resides in the potential volatility and judgment in the assumptions used, specifically prepayment speeds and option adjusted spreads. Hypothetical changes in the value of MSRs based on assumed immediate changes in certain inputs are disclosed in "Note 5. Mortgage Servicing Rights" in Item 8 of this Form 10-K.

Income taxes

The Company's income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best estimate of current and future taxes to be paid. The Company is subject to federal and state income taxes in the United States. Significant judgments and estimates are required in the determination of the consolidated income tax expense.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. In evaluating the Company's ability to recover its DTAs in the jurisdictions from which they arise, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, tax planning strategies, projected future taxable income, and recent operating results. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates used to manage the underlying business.

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 warehouse borrowing lines of credit. The borrowing capacity, outstanding borrowings, and available credit as of December 31, 2024 are presented in the following table:

	<i>(in millions)</i>
FHLB:	
Borrowing capacity	\$ 14,542
Outstanding borrowings	5,100
Letters of credit	718
Total available credit	<u>\$ 8,724</u>
FRB:	
Borrowing capacity	\$ 12,375
Outstanding borrowings	—
Total available credit	<u>\$ 12,375</u>
Warehouse borrowings:	
Borrowing capacity	\$ 2,250
Outstanding borrowings	—
Total available credit	<u>\$ 2,250</u>

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 December 31, 2024:

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

The Company also plans for potential funding needs related to operating expenses, which in some cases involve contracts that contain penalties for early termination. Further, the Company has entered into certain letters of credit or other commitments to extend credit to customers of the Bank.

The following table sets forth the Company's significant contractual obligations as of December 31, 2024:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
	<i>(in millions)</i>				
Time deposit maturities	\$ 10,409	\$ 9,861	\$ 545	\$ 3	\$ —
Qualifying debt	907	—	—	—	907
Other borrowings	5,585	3,178	2,051	47	309
Operating lease obligations	175	32	58	52	33
Total	<u>\$ 17,076</u>	<u>\$ 13,071</u>	<u>\$ 2,654</u>	<u>\$ 102</u>	<u>\$ 1,249</u>

Off-balance sheet commitments associated with outstanding letters of credit, commitments to extend credit, and credit card guarantees as of December 31, 2024 are summarized below. Since commitments associated with letters of credit and commitments to extend credit may expire unused, the amounts shown do not necessarily reflect the actual future cash funding requirements.

	Amount of Commitment Expiration per Period				
	Total Amounts Committed	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
	<i>(in millions)</i>				
Commitments to extend credit	\$ 13,546	\$ 3,298	\$ 5,465	\$ 2,279	\$ 2,504
Credit card commitments and financial guarantees	585	585	—	—	—
Letters of credit	437	179	29	137	92
Total	\$ 14,568	\$ 4,062	\$ 5,494	\$ 2,416	\$ 2,596

The following table sets forth certain information regarding short-term borrowings:

	December 31,		
	2024	2023	2022
	<i>(dollars in millions)</i>		
Repurchase Agreements:			
Maximum month-end balance	\$ 205	\$ 2,614	\$ 523
Balance at end of year	14	6	27
Average balance	15	1,076	76
Federal Funds Purchased			
Maximum month-end balance	210	745	1,860
Balance at end of year	—	175	640
Average balance	17	127	568
FHLB Advances:			
Maximum month-end balance	6,300	11,000	6,000
Balance at end of year	3,100	6,200	4,300
Average balance	3,375	3,732	2,526
FRB Advances:			
Maximum month-end balance	—	1,300	—
Balance at end of year	—	—	—
Average balance	—	1,962	—
Warehouse borrowings:			
Maximum month-end balance	416	2,101	160
Balance at end of year	—	376	—
Average balance	372	855	201
Total Short-Term Borrowed Funds	<u>\$ 3,114</u>	<u>\$ 6,757</u>	<u>\$ 4,967</u>
Weighted average interest rate at end of year	4.75 %	5.72 %	4.64 %
Weighted average interest rate during year	5.60	5.58	2.28

The Company has also committed to irrevocably and unconditionally guarantee the payments or distributions with respect to the holders of preferred securities of the Company's eight statutory business trusts to the extent the trusts have not made such payments or distributions, including: 1) accrued and unpaid distributions; 2) the redemption price; and 3) upon a dissolution or termination of the trust, the lesser of the liquidation amount and all accrued and unpaid distributions and the amount of assets of the trust remaining available for distribution. The Company does not believe these off-balance sheet arrangements have or are reasonably likely to have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources. However, there can be no assurance such arrangements will not have a future effect.

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 December 31, 2024, the Company held \$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 December 31, 2024, 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 used in 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 years ended December 31, 2024, 2023, and 2022, net cash (used in) provided by operating activities totaled \$(2.7) billion, \$(329) million, and \$2.2 billion, respectively. The change in operating activities in 2024 was primarily driven by increased AmeriHome mortgage activity.

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 year ended December 31, 2024, the Company's cash balance decreased by \$3.8 billion as a result of a net increase in loans, compared to an increase in cash of \$1.1 billion during the year ended December 31, 2023 primarily from a net decrease in loans. The increase in 2024 was mostly driven by increases in C&I loans as the Company grew its loan portfolio. A net increase in investment securities of \$2.0 billion and \$3.7 billion for the years ended December 31, 2024 and 2023, respectively, reduced the Company's cash balances during the years ended December 31, 2024 and 2023.

Net cash provided by financing activities has been impacted significantly by deposit levels. During the years ended December 31, 2024, 2023, and 2022, net deposits increased \$11.0 billion, \$1.7 billion, and \$6.0 billion, respectively. The increase was primarily driven by increases in savings and money market and non-interest-bearing deposits.

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 mitigate the uninsured deposit risk, the Company participates in the CDARS and ICS programs, 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 December 31, 2024, the Company had \$1.7 billion of CDARS and \$10.1 billion of ICS deposits.

As of December 31, 2024, the Company had \$6.9 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 that 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 year ended December 31, 2024, WAB paid dividends to the Parent of \$240.0 million. Subsequent to December 31, 2024, WAB paid dividends to the Parent of \$60.0 million.

Recent accounting pronouncements

See "Note 1. Summary of Significant Accounting Policies," in Item 8 of this Form 10-K for information on recent and recently adopted accounting pronouncements and their expected impact, if any, on the Company's Consolidated Financial Statements.

SUPERVISION AND REGULATION

WAL, WAB, and certain of its non-depository subsidiaries are subject to comprehensive regulation under federal and state laws. The regulatory framework applicable to bank holding companies and their subsidiary banks is intended to protect depositors, the DIF, and the U.S. banking system as a whole. This system is not designed to protect equity investors in bank holding companies such as WAL.

Set forth below is a summary of the significant laws and regulations applicable to WAL and its subsidiaries. The description that follows is qualified in its entirety by reference to the full text of the statutes, regulations, and policies that are described. Such statutes, regulations, and policies are subject to ongoing review by Congress and state legislatures and federal and state regulatory agencies, and we expect that the new presidential administration will seek to implement a regulatory reform agenda that is significantly different than the former administration, impacting the rulemaking, supervision, examination and enforcement priorities of the federal banking agencies. For example, on January 20, 2025, President Trump issued a presidential memorandum titled "Regulatory Freeze Pending Review" that directs federal agencies to (1) not propose or issue any rules until they are reviewed and approved by a department or agency head appointed by President Trump, (2) immediately withdraw any unpublished rules to allow for the review by a department or agency head as described above, and (3) consider postponing for 60 days from the date of the executive order the effective date for any rules that have been published in the Federal Register, or any rules that have been issued but have not taken effect, to allow for review of any questions of fact, law or policy. A change in any of the statutes, regulations, or regulatory policies applicable to WAL and its subsidiaries could have a material effect on the results of the Company.

Overview

WAL is a separate and distinct legal entity from WAB and its other subsidiaries. As a registered bank holding company, WAL is subject to inspection, examination, and supervision by the FRB, and is regulated under the BHCA. WAL is also under the jurisdiction of the SEC and is subject to the disclosure and other regulatory requirements of the Securities Act of 1933, as amended, and the Exchange Act, as administered by the SEC. The Company's common stock is listed on the NYSE under the trading symbol "WAL" and the Company is subject to the rules of the NYSE for listed companies. The Company is a financial institution holding company within the meaning of Arizona law. WAL provides a full spectrum of deposit, lending, treasury management, and online banking products and services through WAB, its wholly-owned banking subsidiary. WAB is an Arizona chartered bank and a member of the Federal Reserve System. WAB operates the following full-service banking divisions: ABA, BON, Bridge, FIB, and TPB. WAB is subject to the supervision of, and to regular examination by, the Arizona Department of Financial Institutions, the FRB as its primary federal regulator, and the FDIC as its deposit insurer. WAB's deposits are insured by the FDIC up to the applicable deposit insurance limits in accordance with FDIC laws and regulations. The Company also serves business customers through a national platform of specialized financial services.

WAL and WAB are also supervised by the CFPB for compliance with federal consumer financial protection laws. The Company's non-depository subsidiaries are subject to federal and state laws and regulations, including regulations of the FRB and with respect to WATC, the OCC.

Supervision, Regulation and Licensing of AmeriHome

AmeriHome is a residential mortgage producer and servicer that operates in a heavily regulated industry. In addition to supervision by the federal banking agencies with primary jurisdiction over WAL and WAB, AmeriHome is subject to the rules, regulations and oversight of certain federal, state and local governmental authorities, including the CFPB, HUD, and GNMA, and government-sponsored enterprises in the mortgage industry such as FHLMC and FNMA.

Further, AmeriHome must comply with a large number of federal consumer protection laws and regulations including, among others:

- the Real Estate Settlement Procedures Act and Regulation X, which require lenders, mortgage brokers, or servicers to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the settlement process and prohibit specific practices related thereto;
- the Truth in Lending Act and Regulation Z, which require disclosures and timely information on the nature and costs of the residential mortgages and the real estate settlement process;

- the Secure and Fair Enforcement for Mortgage Licensing Act, which applies to businesses and individuals engaging in the residential mortgage loan business;
- the Dodd-Frank Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, and the rules and regulations of the FTC and CFPB that prohibit unfair, abusive or deceptive acts or practices;
- the Fair Credit Reporting Act (as amended by the Fair and Accurate Credit Transactions Act) and Regulation V, which address the accuracy, fairness, and privacy of information in the files of consumer reporting agencies; and
- the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Homeowners Protection Act, and the Home Mortgage Disclosure Act and Regulation C, which generally disallow discrimination on a prohibited basis, provide applicants and borrowers rights with respect to credit decisioning and the residential mortgage process, and require disclosures and impose obligations on financial businesses conducting residential lending and mortgage servicing.

The CFPB as well as the FTC have rulemaking authority with respect to many of the federal consumer protection laws applicable to mortgage lenders and servicers, and their rulemaking and regulatory agendas relating to the residential mortgage industry continues to evolve. In particular, as part of its enforcement authority, the CFPB can order, among other things, rescission or reformation of contracts, the refund of moneys or the return of real property, restitution, disgorgement or compensation for unjust enrichment, the payment of damages or other monetary relief, public notifications regarding violations, remediation of practices, external compliance monitoring and civil money penalties.

AmeriHome is also subject to state and local laws, rules and regulations and oversight by various state agencies that license and oversee consumer protection, loan servicing, origination and collection activities of mortgage industry participants. Despite the fact that AmeriHome is the operating subsidiary of a depository institution, it must comply with regulatory and licensing requirements in certain states in order to conduct its business, and does (and will continue to) incur significant costs to comply with these requirements. These laws, rules and regulations may change as statutes and regulations are enacted, promulgated, amended, interpreted and enforced.

Supervision and Regulation of WATC

WATC is an OCC-chartered, non-depository national trust bank. WATC offers levered loan facility administration, loan administration, and securities custody products. As a national trust bank, the ability of WATC to engage in fiduciary activities is governed by federal law at 12 U.S.C. § 92a and the OCC regulations at 12 C.F.R. Part 9, as well as certain state laws to the extent not preempted by federal law and regulation. WATC may engage in any of the enumerated activities or roles permitted for national trust banks listed in federal statutes and regulations as well as any other capacity that the OCC authorizes pursuant to federal law. As a non-depository national trust bank, WATC may not accept deposits and does not maintain FDIC deposit insurance.

The OCC has primary supervisory and regulatory authority over the operations of WATC. As part of this authority, WATC is required to file periodic reports with the OCC and is subject to supervision and periodic examination by the OCC. To support its supervisory function, the OCC has the authority to assess and charge fees on all national banks, including non-depository national trust banks like WATC.

Bank Holding Company Regulation

WAL is a bank holding company as defined under the BHCA. The BHCA generally limits the business of bank holding companies to banking, managing or controlling banks, and other activities that the FRB has determined to be so closely related to banking as to be a proper incident thereto. Business activities that have been determined to be related to banking and are therefore appropriate for bank holding companies and their affiliates to engage in, include securities brokerage services, investment advisory services, fiduciary services, and certain management advisory and data processing services, among others. Bank holding companies that have elected to become financial holding companies may engage in any activity, or acquire and retain the shares of a company engaged in any activity that is either: (i) financial in nature or incidental to such financial activity (as determined by the FRB in consultation with the Secretary of the Treasury) or (ii) complementary to a financial activity, and that does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally (as solely determined by the FRB). Activities that are financial in nature include securities underwriting and dealing, insurance underwriting, and making merchant banking investments.

Mergers and Acquisitions

The BHCA, the Bank Merger Act, and other federal and state statutes regulate the direct and indirect acquisition of depository institutions. The BHCA requires prior FRB approval for a bank holding company to acquire, directly or indirectly, 5% or more of any class of voting securities of a commercial bank or its parent holding company and for a company, other than a bank

holding company, to acquire 25% or more of any class of voting securities of a bank or bank holding company. In April 2020, the Federal Reserve adopted a final rule codifying the presumptions used in determinations of whether a company has the ability to exercise a controlling influence over another company for purposes of the BHCA, and providing greater transparency on the types of relationships the Federal Reserve generally views as supporting a determination of control. Under the Change in Bank Control Act, any person, including a company, may not acquire, directly or indirectly, control of a bank without providing 60 days' prior notice and receiving a non-objection from the appropriate federal banking agency.

Under the Bank Merger Act, the prior approval of the appropriate federal banking agency is required for insured depository institutions to merge or enter into purchase and assumption transactions. In reviewing applications seeking approval of merger and purchase and assumption transactions, the federal banking agencies will consider, among other things, the competitive effects and public benefits of the transactions, the capital position of the combined banking organization, the applicant's performance record under the CRA, and the effectiveness of the subject organizations in combating money laundering activities. For further information relating to the CRA, see the section titled "Community Reinvestment Act and Fair Lending Laws." In September 2024, the OCC and the FDIC finalized a new Policy Statement Regarding Statutory Factors Under the Bank Merger Act and a new FDIC Statement of Policy on Bank Merger Transactions, respectively. These new policy statements outline factors that the OCC and the FDIC will consider when evaluating a proposed bank merger transaction. The FRB did not release a new merger policy statement. Also in September 2024, the DOJ withdrew its 1995 Bank Merger Guidelines and announced that it will instead evaluate the competitive impact of bank mergers using its 2023 Merger Guidelines that apply across all industries. Compared to the 1995 Bank Merger Guidelines, the 2023 Merger Guidelines set forth more stringent market concentration limits and add several largely qualitative bases on which the DOJ may challenge a merger.

Under Section 6-142 of the Arizona Revised Statutes, no person may acquire control of a company that controls an Arizona bank without the prior approval of the Arizona Superintendent of Financial Institutions, or Arizona Superintendent. A person who has the power to vote 15% or more of the voting stock of a controlling company is presumed to control the company.

Enhanced Prudential Standards

Section 165 of the Dodd-Frank Act imposes enhanced prudential standards on larger banking organizations, with certain of these standards applicable to banking organizations over \$10 billion, including WAL and WAB.

As a result of passage of the EGRRCPA, bank holding companies with less than \$100 billion in assets are exempt from the enhanced prudential standards imposed under Section 165 of the Dodd-Frank Act (including, but not limited to, the resolution planning and enhanced liquidity and risk management requirements therein). Notwithstanding these changes, the capital planning and risk management practices of WAL and WAB will continue to be reviewed through the regular supervisory processes of the FRB. Further, in connection with the FRB's rules implementing the enhanced prudential standards required by Dodd-Frank (and as subsequently modified by application of the EGRRCPA's higher consolidated asset thresholds for bank holding companies), the Company has established a risk committee of the BOD to manage enterprise-wide risk and has retained its separate risk committee of independent directors.

Volcker Rule

Section 619 of the Dodd-Frank Act, commonly known as the Volcker Rule, restricts the ability of banking entities, such as WAL and WAB, from: (i) engaging in "proprietary trading" and (ii) investing in or sponsoring certain covered funds, subject to certain limited exceptions. Under the Volcker Rule, the term "covered funds" is defined as any issuer that would be an investment company under the Investment Company Act but for the exemption in Section 3(c)(1) or 3(c)(7) of that Act, which includes CLO and collateralized debt obligation securities. There are also several exemptions from the definition of covered fund, including, among other things, loan securitizations, joint ventures, certain types of foreign funds, entities issuing asset-backed commercial paper, and registered investment companies. Further, the final rules permit banking entities, subject to certain conditions and limitations, to invest in or sponsor a covered fund in connection with: (1) organizing and offering the covered fund; (2) certain risk-mitigating hedging activities; and (3) de minimis investments in covered funds.

The EGRRCPA and subsequent promulgation of inter-agency final rules have aimed at simplifying and tailoring requirements related to the Volcker Rule, including by eliminating collection of certain metrics and reducing the compliance burdens associated with other metrics for banks with less than \$20 billion in average trading assets and liabilities. In June 2020, the Federal Reserve and other regulatory agencies issued a final rule modifying the Volcker Rule's prohibition on banking entities investing in or sponsoring covered funds by: (1) streamlining the covered funds portion of the rule; (2) addressing the extraterritorial treatment of certain foreign funds; and (3) permitting banking entities to offer financial services and engage in other activities that do not raise concerns the Volcker Rule was intended to address. The Company believes it is fully compliant with the Volcker Rule, including as modified by the EGRRCPA rule.

Dividends

The Company has paid regular quarterly dividends since the third quarter of 2019. Whether the Company continues to pay quarterly dividends and the amount of any such dividends will be at the discretion of WAL's BOD and will depend on the Company's earnings, financial condition, results of operations, business prospects, capital requirements, regulatory restrictions, contractual restrictions, and other factors the BOD may deem relevant.

The Company's ability to pay dividends is subject to the regulatory authority of the FRB. The supervisory concern of the FRB focuses on a bank holding company's capital position, its ability to meet its financial obligations as they come due, and its capacity to act as a source of financial strength to its insured depository institution subsidiaries. In addition, FRB policy discourages the payment of dividends by a bank holding company that is not supported by current operating earnings.

As a Delaware corporation, the Company is also subject to limitations under Delaware law on the payment of dividends. Under the Delaware General Corporation Law, dividends may only be paid out of surplus or out of net profits for the year in which the dividend is declared or the preceding year, and no dividends may be paid on common stock at any time during which the capital of outstanding preferred stock or preference stock exceeds the Company's net assets.

From time to time, the Company may become a party to financing agreements and other contractual obligations that have the effect of limiting or prohibiting the declaration or payment of dividends under certain circumstances. Holding company expenses and obligations with respect to its outstanding preferred stock, trust preferred securities and subordinated debt also may limit or impair the Company's ability to declare and pay dividends.

Since the Company has no significant assets other than the voting stock of its subsidiaries, it currently depends on dividends from WAB and, to a lesser extent, its non-bank subsidiaries, for a substantial portion of its revenue and as the primary sources of its cash flow. The ability of a state member bank, such as WAB, to pay cash dividends is subject to restrictions by the FRB and the State of Arizona. The FRB's Regulation H states that a member bank may not declare or pay a dividend if the total of all dividends declared during that calendar year exceed the bank's net income during that calendar year and the retained net income of the prior two years. Further, without receiving prior approval from both the FRB and two-thirds of its stockholders, a bank cannot declare or pay a dividend that would exceed its undivided profits or withdraw any portion of its permanent capital.

Under Section 6-187 of the Arizona Revised Statutes, WAB may pay dividends on the same basis as any other Arizona corporation, except that cash dividends paid out of capital surplus require the prior approval of the Arizona Superintendent. Under Section 10-640 of the Arizona Revised Statutes, a corporation may not make a distribution to stockholders if to do so would render the corporation insolvent or unable to pay its debts as they become due.

Federal Reserve System

As a member of the Federal Reserve System, WAB has historically been required by law to maintain reserves against its transaction deposits, which were to be held in cash or with the FRB. Since March 26, 2020, the reserve requirement ratios have been zero percent.

Source of Strength Doctrine

FRB policy requires bank holding companies to act as a source of financial and managerial strength to their subsidiary banks. Section 616 of the Dodd-Frank Act codified the requirement that bank holding companies act as a source of financial strength. As a result, the Company is expected to commit resources to support WAB, including at times when the Company may not be in a financial position to provide such resources. Any capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary banks. The U.S. Bankruptcy Code provides that, in the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal banking agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Capital Adequacy

The Capital Rules established a comprehensive capital framework for U.S. banking organizations. The Capital Rules generally implement the Basel Committee's Basel III final capital framework for strengthening international capital standards.

The Capital Rules: (i) include CET1 and the related regulatory capital ratio of CET1 to risk-weighted assets; (ii) specify that Tier 1 capital consists of CET1 and “Additional Tier 1 capital” instruments meeting certain revised requirements; (iii) mandate that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital; and (iv) set forth deductions from and adjustments to capital. Under the Capital Rules, for most banking organizations, the most common form of Additional Tier 1 capital is non-cumulative perpetual preferred stock, and the most common forms of Tier 2 capital are subordinated notes and a portion of the allocation for loan and lease losses, in each case, subject to the Capital Rules’ specific requirements.

Pursuant to the Capital Rules, the minimum capital ratios are as follows:

- 4.5% CET1 to risk-weighted assets;
- 6.0% Tier 1 capital (that is, CET1 plus Additional Tier 1 capital) to risk-weighted assets;
- 8.0% Total capital (that is, Tier 1 capital plus Tier 2 capital) to risk-weighted assets; and
- 4.0% Tier 1 capital to average consolidated assets as reported on consolidated financial statements (called “leverage ratio”).

The Capital Rules also include a capital conservation buffer which is designed to absorb losses during periods of economic stress. Banking institutions are required to maintain a 2.5% capital conservation buffer in addition to each of the minimum risk-based capital ratios to avoid constraints on dividends, equity repurchases, and discretionary bonus payments. To calculate the capital conservation buffer, each minimum capital ratio is subtracted from the corresponding current quarter capital ratio and the lowest of these three measures represents the capital conservation buffer. As of December 31, 2024, the Company’s capital ratios exceeded the 2.5% minimum capital conservation buffer and therefore the Company is not subject to any limitations.

The Capital Rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing assets, DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 25% of CET1 capital. The Capital Rules further prescribe that the effects of accumulated other comprehensive income or loss items reported as a component of stockholders’ equity be included in CET1 capital; however, non-advanced approaches banking organizations may make a one-time permanent election to exclude these items. The Company, as a non-advanced approaches institution, has made this one-time election.

The Capital Rules also preclude certain hybrid securities, such as trust preferred securities, issued on or after May 19, 2010 from inclusion in bank holding companies’ Tier 1 capital. The Company has used trust preferred securities in the past as a tool for raising additional Tier 1 capital and otherwise improving its regulatory capital ratios. Although the Company may continue to include its existing trust preferred securities as Tier 1 capital, the prohibition on the use of these securities as Tier 1 capital going forward may limit the Company’s ability to raise capital in the future.

The risk-weighting categories in the Capital Rules are standardized and include a risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities, to 600% for certain equity exposures, and up to 1,250% risk weights for a variety of higher risk asset classes.

In July 2023, the FRB and FDIC proposed rules to implement the final components of the Basel III agreement, often known as the “Basel III endgame.” These proposed rules contain provisions that would apply to banks with \$100 billion or more in assets. In September 2024, the FRB announced a re-proposal of the Basel III endgame that would cover all major areas of the rule: credit risk, operational risk and market risk. Under the re-proposal, banks with assets between \$100 and \$250 billion would not be subject to the Basel III endgame changes, other than the requirement to recognize unrealized gains and losses of their securities in regulatory capital. These re-proposed rules do not apply to holding companies or banks with less than \$250 billion in assets, such as the Company and the Bank, but the final impacts of these rules cannot yet be predicted, as the agencies have not made final decisions on any aspect of the re-proposals.

On August 26, 2020, the federal bank regulatory agencies issued a final rule that allowed institutions that adopted the CECL accounting standard in 2020 to mitigate CECL’s estimated effects on regulatory capital for two years, followed by a three-year transition period. The Company has elected this capital relief option.

Prompt Corrective Action and Safety and Soundness

Pursuant to Section 38 of the FDIA, federal banking agencies are required to take “prompt corrective action” should a depository institution fail to meet certain capital adequacy standards. At each successive lower capital category, an insured depository institution is subject to more restrictions and prohibitions, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits. Furthermore, if an insured depository institution is classified in one of the undercapitalized categories, it is required to submit a capital restoration plan to the appropriate federal banking agency, and the holding company must guarantee the performance of that plan. Based upon its capital levels, a bank that is classified as well-capitalized, adequately capitalized, or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice, warrants such treatment.

For purposes of prompt corrective action, to be: (i) well-capitalized, a bank must have a total risk based capital ratio of at least 10%, a Tier 1 risk based capital ratio of at least 8%, a CET1 risk based capital ratio of at least 6.5%, and a Tier 1 leverage ratio of at least 5%; (ii) adequately capitalized, a bank must have a total risk based capital ratio of at least 8%, a Tier 1 risk based capital ratio of at least 6%, a CET1 risk based capital ratio of at least 4.5%, and a Tier 1 leverage ratio of at least 4%; (iii) undercapitalized, a bank would have a total risk based capital ratio of less than 8%, a Tier 1 risk based capital ratio of less than 6%, a CET1 risk based capital ratio of less than 4.5%, and a Tier 1 leverage ratio of less than 4%; (iv) significantly undercapitalized, a bank would have a total risk based capital ratio of less than 6%, a Tier 1 risk based capital ratio of less than 4%, a CET1 risk based capital ratio of less than 3%, and a Tier 1 leverage ratio of less than 3%; (v) critically undercapitalized, a bank would have a ratio of tangible equity to total assets that is less than or equal to 2%.

Bank holding companies and insured banks also may be subject to potential enforcement actions of varying levels of severity by the federal banking agencies for unsafe or unsound practices in conducting their business, or for violation of any law, rule, regulation, condition imposed in writing by the agency or term of a written agreement with the agency. In more serious cases, enforcement actions may include: (i) the issuance of directives to increase capital; (ii) the issuance of formal and informal agreements; (iii) the imposition of civil monetary penalties; (iv) the issuance of a cease and desist order that can be judicially enforced; (v) the issuance of removal and prohibition orders against officers, directors, and other institution-affiliated parties; (vi) the termination of the bank’s deposit insurance; (vii) the appointment of a conservator or receiver for the bank; and (viii) the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the agency would be harmed if such equitable relief was not granted.

Transactions with Affiliates and Insiders

Under federal law, transactions between insured depository institutions and their affiliates are governed by Sections 23A and 23B of the FRA and Regulation W. In a bank holding company context, at a minimum, the parent holding company of a bank, and any companies which are controlled by such parent holding company, are affiliates of the bank. Generally, Sections 23A and 23B of the FRA are intended to protect insured depository institutions from losses arising from transactions with non-insured affiliates by limiting the extent to which a bank or its subsidiaries may engage in covered transactions with any one affiliate and with all affiliates of the bank in the aggregate, and requiring such transactions be on terms consistent with safe and sound banking practices.

Further, Section 22(h) of the FRA and its implementing Regulation O restricts loans to directors, executive officers, and principal stockholders (“insiders”). Under Section 22(h), loans to insiders and their related interests may not exceed, together with all other outstanding loans to such persons and affiliated entities, the institution's total capital and surplus. Loans to insiders above specified amounts must receive the prior approval of the BOD. Further, under Section 22(h) of the FRA, loans to directors, executive officers, and principal stockholders must be made on terms substantially the same as offered in comparable transactions to other persons, except that such insiders may receive preferential loans made under a benefit or compensation program that is widely available to the bank's employees and does not give preference to the insider over the employees. Section 22(g) of the FRA places additional limitations on loans to executive officers.

Lending Limits

In addition to the requirements set forth above, state banking law generally limits the amount of funds that a state-chartered bank may lend to a single borrower. Under Section 6-352 of the Arizona Revised Statutes, the obligations of one borrower to a bank may not exceed 20% of the bank’s capital, plus an additional 10% of its capital if the additional amounts are fully secured by readily marketable collateral.

Brokered Deposits

Section 29 of the FDIA and FDIC regulations generally limit the ability of any bank to accept, renew or roll over any brokered deposit unless it is “well capitalized” or, with the FDIC’s approval, “adequately capitalized.” On December 15, 2020, the FDIC issued rules to revise brokered deposit regulations in light of modern deposit-taking methods. The rules established a new framework for certain provisions of the “deposit broker” definition and amended the FDIC’s interest rate methodology calculating rates and rate caps. The rules became effective on April 1, 2021 and, to date, there has been no material impact to either the Company or the Bank from the rules.

Consumer Protection and CFPB Supervision

The Dodd-Frank Act centralized responsibility for consumer financial protection by creating the CFPB, an independent agency charged with responsibility for implementing, enforcing, and examining compliance with federal consumer financial protection laws. The Company is subject to a number of federal and state laws designed to protect borrowers and promote lending to various sectors of the economy and population. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Procedures Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Practices Act, various state law counterparts, and the Consumer Financial Protection Act of 2010, which is part of the Dodd-Frank Act. CFPB employees have been directed not to issue any proposed or formal rules, stop pending investigations and not open new investigations, halt all stakeholder engagements and abstain from issuing public communications, among other things. Significant layoffs of CFPB employees have also been anticipated. We cannot currently predict the nature and timing of future developments that may impact the CFPB, including its rules and proposals, strategies, priorities or approaches to regulation and enforcement. The Dodd-Frank Act does not prevent states from adopting stricter consumer protection standards. State regulation of financial products and potential enforcement actions could also adversely affect the Company’s business, financial condition, or operations.

Depositor Preference

The FDIA provides that, in the event of the “liquidation or other resolution” of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including the parent bank holding company, with respect to any extensions of credit they have made to such insured depository institution.

Federal Deposit Insurance

Substantially all of the deposits of WAB are insured up to applicable limits by the FDIC’s DIF. The basic limit on FDIC deposit insurance is \$250,000 per depositor. WAB is subject to deposit insurance assessments to maintain the DIF.

The FDIC uses a risk-based assessment system that imposes insurance premiums based upon a risk matrix that takes into account a bank’s CAMELS rating. The risk matrix utilizes different risk categories distinguished by capital levels and supervisory ratings. As a result of the Dodd-Frank Act, the base for insurance assessments is now consolidated average assets less average tangible equity. Assessment rates are calculated using formulas that take into account the risk of the institution being assessed. WAB is classified as, and subject to the scorecard for, a large and highly complex institution to determine its total base assessment rate.

Under the FDIA, the FDIC may terminate deposit insurance upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. The Company’s management is not aware of any practice, condition, or violation that might lead to the termination of its deposit insurance.

To recover the loss to the DIF arising from the bank failures that occurred early in 2023, the FDIC approved an annual special assessment. The assessment base for the special assessments is equal to an institution’s estimated uninsured deposits as of December 31, 2022, adjusted to exclude the first \$5 billion of estimated uninsured deposits. The special assessments will be collected at an annual rate of approximately 13.4 basis points for an anticipated total of eight quarterly assessment periods, with the first quarterly assessment period beginning on January 1, 2024. While the special assessment will be collected at a quarterly rate of 3.36 basis points for the initial eight-quarter collection period, given the update to the loss estimates and the increase in the aggregate special assessment base resulting from amendments to the reported amount of estimated uninsured deposits related to the bank failures, as of September 2024, the FDIC is projecting that the special assessment will be collected for an additional two quarters beyond the initial eight-quarter collection period, at a lower rate. In connection with the special assessment, the Company recognized a charge of \$8.3 million during the year ended December 31, 2024.

Financial Privacy and Data Security

The Company is subject to federal laws, including the GLBA, and certain state laws containing consumer privacy protection provisions. These provisions limit the ability of banks and other financial institutions to disclose non-public information about consumers to affiliated and non-affiliated third parties and limit the reuse of certain consumer information received from non-affiliated institutions. These provisions require notice of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to affiliates or non-affiliated third parties by means of “opt out” or “opt in” authorizations.

For example, in August 2018, the CFPB published its final rule to update Regulation P pursuant to the amended GLBA. Under this rule, certain qualifying financial institutions are not required to provide annual privacy notices to customers. To qualify, a financial institution must not share nonpublic personal information about customers except as described in certain statutory exceptions that do not trigger a customer’s statutory opt-out right. In addition, the financial institution must not have changed its disclosure policies and practices from those disclosed in its most recent privacy notice. The rule sets forth timing requirements for delivery of annual privacy notices in the event a financial institution that qualified for the annual notice exemption later changes its policies or practices in such a way that it no longer qualifies for the exemption.

The GLBA also requires financial institutions to implement comprehensive written information security programs that include administrative, technical, and physical safeguards to protect consumer information. Further, pursuant to interpretive guidance issued under the GLBA and certain state laws, financial institutions are required to notify customers of security breaches resulting in unauthorized access to their nonpublic personal information.

For example, under California law, every business that owns or licenses personal information about a California resident must maintain reasonable security procedures and policies to protect that information and comply with specific requirements relating to the destruction of records containing personal information and disclosure of breaches to customers, and restrictions on the use of customer information unless the customer "opts in." Other states, including Arizona and Nevada where WAB has branches, may also have applicable laws requiring businesses that retain consumer personal information to develop reasonable security policies and procedures, notify consumers of a security breach, or provide disclosures about the use and sharing of consumer personal information.

The federal banking regulators have adopted guidelines for establishing information security standards and cybersecurity programs for implementing safeguards under the supervision of a financial institution’s board of directors. These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial products and services. The federal banking agencies expect financial institutions to establish lines of defense and ensure that their risk management processes also address the risk posed by compromised customer credentials, and also expect financial institutions to maintain sufficient business continuity planning processes to ensure rapid recovery, resumption and maintenance of the institution’s operations after a cyber-attack. In addition, all federal and state banking regulators continue to increase focus on cybersecurity programs and risks as part of regular supervisory exams.

On November 18, 2021, the federal bank regulatory agencies issued a final rule to improve the sharing of information about cyber incidents that may affect the U.S. banking system. The rule requires a banking organization to notify its primary federal regulator of any significant computer-security incident as soon as possible and no later than 36 hours after the banking organization determines a cyber incident has occurred. Notification is required for incidents that have materially affected—or are reasonably likely to materially affect—the viability of a banking organization’s operations, its ability to deliver banking products and services, or the stability of the financial sector. In addition, the rule requires a bank service provider to notify affected banking organization customers as soon as possible when the provider determines that it has experienced a computer-security incident that has materially affected or is reasonably likely to materially affect banking organization customers for four or more hours. The rule became effective May 1, 2022.

Community Reinvestment Act and Fair Lending Laws

WAB has a responsibility under the CRA to help meet the credit needs of its communities, including low and moderate income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services it believes are best suited to its particular community, consistent with the CRA.

On October 24, 2023, the federal bank regulatory agencies jointly issued a final rule to modernize CRA regulations consistent with the following key goals: (1) to encourage banks to expand access to credit, investment, and banking services in low to moderate income communities; (2) to adapt to changes in the banking industry, including internet and mobile banking and the growth of non-branch delivery systems; (3) to provide greater clarity and consistency in the application of the CRA regulations,

including adoption of a new metrics-based approach to evaluating bank retail lending and community development financing; and (4) to tailor CRA evaluations and data collection to bank size and type, recognizing differences in bank size and business models may impact CRA evaluations and qualifying activities. As currently written, most of the final CRA rule's requirements will be applicable beginning January 1, 2026, with certain requirements, including the data reporting requirements to become applicable as of January 1, 2027. However, the legality of the final rule is being challenged and a preliminary injunction against enforcing new rules implementing the new CRA regulations has been granted. Additionally, the final CRA rules may be impacted by the presidential memorandum entitled "Regulatory Freeze Pending Review" described above. WAB is currently evaluating the impact of the modified CRA regulations, but does not anticipate any resulting material impact to its operations or compliance objectives.

In addition, the Equal Credit Opportunity Act and the Fair Housing Act prohibit discrimination in lending practices on the basis of characteristics specified in those statutes. WAB's failure to comply with the provisions of the CRA could, at a minimum, result in regulatory restrictions on its activities and the activities of the Company. WAB's failure to comply with the Equal Credit Opportunity Act and the Fair Housing Act could result in enforcement actions. WAB received a rating of "Satisfactory" in its most recent CRA examination, in April 2022.

Federal Home Loan Bank of San Francisco

WAB is a member of the FHLB of San Francisco, which is one of 12 regional FHLBs that provide funding to their members to support residential lending, as well as affordable housing and community development loans. Each FHLB serves as a reserve, or central bank, for the members within its assigned region. Each FHLB makes loans to its members in accordance with policies and procedures established by the board of directors of the FHLB. As a member, WAB must purchase and maintain stock in the FHLB of San Francisco. At December 31, 2024, WAB's total investment in FHLB stock was \$138 million.

Incentive Compensation

The Dodd-Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines prohibiting incentive-based payment arrangements at specified regulated entities with at least \$1 billion in total consolidated assets, including the Company and WAB, that encourage inappropriate risks by providing an executive officer, employee, director, or principal stockholder with excessive compensation, fees, or benefits that could lead to material financial loss to the entity. The federal banking agencies and the SEC proposed such regulations in 2016, but the regulations have not yet been finalized. In mid- 2024, the OCC, FDIC, Federal Housing Finance Agency and National Credit Union Administration re-proposed the regulatory text of the 2016 proposed rule and requested comment on specific alternatives, given the passage of time since the 2016 proposed rule was issued, as well as additional supervisory experience, changes in industry practice and other developments. The SEC and FRB did not join in this re-proposal. If the regulations are adopted in the form initially proposed, they will restrict the manner in which executive compensation is structured.

Preventing Suspicious Activity

Under Title III of the USA PATRIOT Act, all financial institutions are required to take certain measures to identify their customers, prevent money laundering, monitor customer transactions, and report suspicious activity to U.S. law enforcement agencies. Financial institutions are also required to respond to requests for information from federal banking agencies and law enforcement agencies. Information sharing among financial institutions for the above purposes is encouraged by an exemption granted to complying financial institutions from the privacy provisions of the GLBA and other privacy laws. Financial institutions that hold correspondent accounts for foreign banks or provide private banking services to foreign individuals are required to take measures to avoid dealing with certain foreign individuals or entities, including foreign banks with profiles that raise money laundering concerns, and are prohibited from dealing with foreign "shell banks" and persons from jurisdictions of particular concern. The primary federal banking agencies and the Secretary of the Treasury have adopted regulations to implement several of these provisions. All financial institutions are also required to establish internal anti-money laundering programs. The effectiveness of a financial institution in combating money laundering activities is a factor to be considered in any application submitted by the financial institution under the Bank Merger Act. In July 2024, the FRB, FDIC, OCC and National Credit Union Administration proposed updates to their requirements for supervised institutions to establish, implement and maintain effective, risk-based and reasonably designed anti-money laundering and countering the financing of terrorism programs. The proposed amendments would require supervised institutions to identify, evaluate and document the regulated institution's money laundering, terrorist financing and other illicit finance activity risks, as well as consider, as appropriate the U.S. Department of Treasury's Financial Crimes Enforcement Network, or FinCEN's, published national AML/CFT priorities. The proposed amendment would also mandate that the duty to establish, maintain and enforce the AML/CFT program remain the responsibility of, and be performed by, persons in the United States who are accessible to, and subject to the oversight and supervision by, the relevant agency. The Company has a Bank Secrecy Act and USA PATRIOT Act BOD-approved compliance program and engages in relatively few transactions with foreign financial institutions or foreign persons.

The FCRA's Red Flags Rule requires financial institutions with covered accounts (e.g., consumer bank accounts and loans) to develop, implement, and administer an identity theft prevention program. This program must include reasonable policies and procedures to detect suspicious patterns or practices that indicate the possibility of identity theft, such as inconsistencies in personal information or changes in account activity.

Office of Foreign Assets Control Regulation

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals, and others. These are typically known as the OFAC rules based on their administration by the OFAC. The OFAC-administered sanctions targeting countries take many different forms. Generally, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on "U.S. persons" engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (property and bank deposits) cannot be paid out, withdrawn, set off, or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal and reputational consequences.

Future Legislative Initiatives

Federal and state legislatures may introduce legislation that will impact the financial services industry. In addition, federal banking agencies may introduce regulatory initiatives that are likely to impact the financial services industry, generally. However it is not clear whether such changes will be enacted or, if enacted, what their effect on the Company will be. New legislation could change banking statutes and the operating environment of the Company in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities, or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. The Company cannot predict whether any such legislation will be enacted, and, if enacted, the effect it or any implementing regulations would have on the financial condition or results of operations of the Company. A change in statutes, regulations, or regulatory policies applicable to WAL or any of its subsidiaries could have a material effect on the business of the Company.

Item 7A. 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 year ended December 31, 2024, there have been no changes to the Company's exposure limits.

Net Interest Income Simulation. To measure interest rate risk at December 31, 2024, 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 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 re-set 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 46% to 92%, depending on product, with an average interest bearing deposit beta of 57%.

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	(8.6)%	(4.7)%	5.4 %	10.9 %
Gradual Ramp Scenario	(5.8)	(3.0)	3.1	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 December 31, 2024, deposits eligible for ECRs re-price with a beta assumption of 76% to underlying market rate changes, and total non-maturity deposits, inclusive of ECRs, re-price with a weighted average beta assumption of 64%. 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 December 31, 2024, 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 guidelines.

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 EVE and earnings simulations reported as of December 31, 2024 incorporate model enhancements that support optionality for callable securities and improve cash flow projections for structured securities. These model enhancements decreased the Company's asset duration and improved EVE sensitivity to changes in 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 December 31, 2024:

Economic Value of Equity

	Interest Rate Scenario			
	Down 200	Down 100	Up 100	Up 200
	<i>(change in basis points from Base)</i>			
% Change	3.6 %	2.9 %	(3.3)%	(6.4)%

At December 31, 2024, the Company's EVE exposure related to these hypothetical changes in market interest rates was within the Company's current guidelines.

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 15. Derivatives and Hedging Activities" in Item 8 of this Form 10-K.

Item 8. Financial Statements and Supplementary Data.

The Company's Consolidated Financial Statements and Supplementary Data included in this Annual Report is immediately following the Index to Consolidated Financial Statements page to this Annual Report.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Western Alliance Bancorporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Western Alliance Bancorporation and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report, dated February 25, 2025, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements, and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses – Loans Held for Investment

As described in Notes 1 and 4 to the financial statements, the Company's allowance for credit losses for loans held for investment and unfunded loan commitments totaled \$373.8 million and \$39.5 million as of December 31, 2024, respectively. The allowance for credit losses on loans held for investment and unfunded loan commitments is calculated under the expected credit loss model and is an estimate of life-of-loan losses for the Company's loans held for investment and unfunded loan commitments.

The allowance for credit losses for loans held for investment consists of an asset-specific component for estimating credit losses for individual loans that do not share risk characteristics with other loans and a pooled component for estimating credit losses for pools of loans that share similar risk characteristics. The allowance for credit losses on unfunded loan commitments consists of a pooled component for estimating credit losses for pools of unfunded loan commitments that share similar risk characteristics and includes consideration of the likelihood that estimated funding levels will occur. The allowance for the pooled component for the allowance for credit losses on loans held for investment and the allowance for credit losses on

unfunded loan commitments is derived from an estimate of expected credit losses primarily using an expected loss methodology that incorporates risk parameters (probability of default, loss given default and exposure at default) which are derived from various vendor models, internally developed statistical models or nonstatistical estimation approaches.

The quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments derived from the probability of default, loss given default and exposure at default are adjusted by management to incorporate consideration of different probability weighted economic scenarios, current trends and conditions that are not captured in the quantitative credit loss estimates through the use of qualitative and/or environmental factors, which requires management to apply a significant amount of judgment and involves a high degree of estimation.

We identified management's adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions as a critical audit matter because auditing management's judgments involved a high degree of complexity and auditor judgment given the high degree of subjectivity exercised by management in developing the adjustments.

Our audit procedures related to management's adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions included the following, among others:

- We obtained an understanding of the relevant controls related to management's adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions and tested such controls for design and operating effectiveness.
- We evaluated the appropriateness of management's adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions by performing the following procedures:
 - We tested the completeness and accuracy of the data used by management to determine management's adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions.
 - We evaluated management's considerations of data utilized as a basis for management's adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions.
 - We evaluated management's support of adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions.
 - We agreed management's adjustments to quantitative estimates of expected credit losses on loans held for investment and unfunded loan commitments related to the incorporation of different probability weighted economic scenarios, current trends and conditions to the allowance for credit losses on loans held for investment and unfunded loan commitments calculations.

Valuation of Mortgage Servicing Rights

As described in Notes 1 and 5 to the financial statements, the Company's mortgage servicing rights totaled \$1,127 million as of December 31, 2024. When the Company sells mortgage loans in the secondary market and retains the right to service these loans, a servicing right asset is capitalized at the time of sale when the benefits of servicing are deemed to be greater than adequate compensation for performing the servicing activities. Mortgage servicing rights represent the then-current fair value of future net cash flows expected to be realized from performing servicing activities. The Company has elected to subsequently measure mortgage servicing rights at fair value. The Company estimates the fair value of mortgage servicing rights using a discounted cash flow model that incorporates assumptions that market participants would use in estimating the fair value of servicing rights, including, but not limited to, option adjusted spread, conditional prepayment rate and cost to service.

We identified the option adjusted spread and conditional prepayment rate assumptions used in the valuation of mortgage servicing rights as a critical audit matter due to the significant judgement required by management in determining these assumptions. Auditing these assumptions involved a high degree of auditor judgement and increased audit effort as there was

limited observable market information and the calculated fair value of the mortgage servicing rights is sensitive to changes in these key assumptions.

Our audit procedures related to the valuation of mortgage servicing rights as of December 31, 2024 included, among others, testing management's process for determining the fair value, including:

- We obtained an understanding of the relevant controls related to the establishment of the option adjusted spread and conditional prepayment assumptions used in the valuation of mortgage servicing rights and tested such controls for design and operating effectiveness.
- We evaluated the appropriateness of the valuation model and methodology.
- We tested the completeness and accuracy of the data used in the model.
- We utilized internal valuation specialists to assist with evaluating the reasonableness of the option adjusted spread and conditional prepayment rate assumptions by considering the consistency with available external market and industry data.

/s/ RSM US LLP

We have served as the Company's auditor since 1994.

Austin, Texas
February 25, 2025

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2024	2023
	<i>(in millions, except shares and per share amounts)</i>	
Assets:		
Cash and due from banks	\$ 320	\$ 276
Interest bearing deposits in other financial institutions	3,776	1,300
Cash and cash equivalents	4,096	1,576
Investment securities - AFS, at fair value; amortized cost of \$14,178 and \$11,849 at December 31, 2024 and 2023, respectively (ACL of \$0.4 and \$1.4 at December 31, 2024 and 2023, respectively)	13,468	11,165
Investment securities - HTM, at amortized cost and net of allowance for credit losses of \$16.4 and \$7.8 (fair value of \$1,309 and \$1,251) at December 31, 2024 and 2023, respectively	1,510	1,421
Investment securities - equity	117	126
Investments in restricted stock, at cost	232	281
Loans HFS	2,286	1,402
Loans HFI, net of deferred fees and costs	53,676	50,297
Less: allowance for credit losses	(374)	(337)
Net loans held for investment	53,302	49,960
Mortgage servicing rights	1,127	1,124
Premises and equipment, net	361	339
Operating lease right of use asset	128	145
Bank owned life insurance	1,011	186
Goodwill and intangible assets, net	659	669
Deferred tax assets, net	281	287
Investments in LIHTC and renewable energy	606	573
Other assets	1,750	1,608
Total assets	<u>\$ 80,934</u>	<u>\$ 70,862</u>
Liabilities:		
Deposits:		
Non-interest bearing	\$ 18,846	\$ 14,520
Interest bearing	47,495	40,813
Total deposits	66,341	55,333
Other borrowings	5,573	7,230
Qualifying debt	899	895
Operating lease liability	159	179
Other liabilities	1,255	1,147
Total liabilities	74,227	64,784
Commitments and contingencies (Note 18)		
Stockholders' 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 December 31, 2024 and 2023)	295	295
Common stock (par value \$0.0001; 200,000,000 authorized; 112,897,807 and 112,169,523 shares issued at December 31, 2024 and 2023, respectively) and additional paid in capital	2,245	2,197
Treasury stock, at cost (2,845,201 and 2,703,218 shares at December 31, 2024 and 2023, respectively)	(125)	(116)
Accumulated other comprehensive loss	(534)	(513)
Retained earnings	4,826	4,215
Total stockholders' equity	6,707	6,078
Total liabilities and stockholders' equity	<u>\$ 80,934</u>	<u>\$ 70,862</u>

See accompanying Notes to Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES

NOTES TO 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 accounting and reporting policies of the Company are in accordance with GAAP and conform to practices within the financial services industry. The accounts of the Company and its consolidated subsidiaries are included in the Consolidated Financial Statements.

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. The Company is currently evaluating the impact these amendments will have on its Consolidated Financial Statements.

transactions are highly effective (as defined in the guidance) in offsetting changes in the fair value of the hedged item. Retrospective effectiveness is assessed, as well as the continued expectation the hedge will remain effective prospectively. After the initial quantitative assessment is performed, on a quarterly basis, the Company performs ongoing qualitative or quantitative hedge effectiveness assessments, as determined at hedge inception. A qualitative assessment takes into consideration any adverse developments related to the counterparty's risk of default and any negative events or circumstances that affect the factors that originally enabled the Company to assess that it could reasonably support an expectation the hedging relationship was and will continue to be highly effective. The Company discontinues hedge accounting prospectively when it is determined a hedge is no longer highly effective. When hedge accounting is discontinued on a fair value hedge that no longer qualifies as an effective hedge, the derivative instrument continues to be reported at fair value on the Consolidated Balance Sheet, but the carrying amount of the hedged item is no longer adjusted for future changes in fair value. The adjustment to the carrying amount of the hedged item that existed at the date hedge accounting is discontinued is amortized over the remaining life of the hedged item into earnings.

The Company uses interest rate contracts to mitigate interest-rate risk associated with changes to the fair value of certain fixed-rate financial instruments (fair value hedges). Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge, along with changes in the fair value of the hedged asset or liability attributable to the hedged risk, are recorded in the same line item as the offsetting loss or gain on the related interest rate contracts during the period of change. For loans, the gain or loss on the hedged item is included in interest income.

Derivative instruments not designated as hedges, referred to as economic hedges, are reported on the Consolidated Balance Sheet at fair value and the changes in fair value are recognized in earnings as non-interest income during the period of change. The Company enters into commitments to purchase mortgage loans that will be held for sale. These loan commitments, described as IRLCs, qualify as derivative instruments, except those that are originated rather than purchased, and intended for HFI classification. Changes in fair value associated with changes in interest rates are economically hedged by utilizing forward sale commitments, interest rate futures, and interest rate swaps. These hedging instruments are typically entered into contemporaneously with IRLCs. Loans that have been or will be purchased or originated may be used to satisfy the Company's forward sale commitments. In addition, derivative financial instruments are also used to economically hedge the Company's MSR portfolio. Changes in the fair value of derivative financial instruments that hedge IRLCs and loans HFS are included in Net gain on loan origination and sale activities in the Consolidated Income Statement. Changes in the fair value of derivative financial instruments that hedge MSRs are included in Net loan servicing revenue in the Consolidated Income Statement.

The Company may in the normal course of business purchase a financial instrument or originate a loan that contains an embedded derivative instrument. Upon purchasing the instrument or originating the loan, the Company assesses whether the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the remaining component of the financial instrument (i.e., the host contract) and whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When it is determined the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract and carried at fair value. However, in cases where the host contract is measured at fair value, with changes in fair value reported in current earnings, or the Company is unable to reliably identify and measure an embedded derivative for separation from its host contract, the entire contract is carried on the Consolidated Balance Sheet at fair value and is not designated as a hedging instrument.

Off-balance sheet

In the ordinary course of business, the Company enters into off-balance sheet financial instrument arrangements consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded on the balance sheet when funded. These off-balance sheet financial instruments impact, to varying degrees, elements of credit risk in excess of amounts recognized on the Consolidated Balance Sheet. Losses could be experienced when the Company is contractually obligated to make a payment under these instruments and must seek repayment from the borrower, which may not be as financially sound in the current period as they were when the commitment was originally made. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract and, in certain instances, may be unconditionally cancellable. 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 also has off-balance sheet arrangements related to its derivative instruments. Derivative instruments are recognized on the Consolidated Balance Sheet at fair value and their notional values are carried off-balance sheet. See "Note 15. Derivatives and Hedging Activities" of these Notes to Consolidated Financial Statements for further discussion.

Fair values of financial instruments

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities. ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value and a three-level valuation hierarchy for disclosure of fair value measurement, and also sets forth disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The Company uses various valuation approaches, including market, income, and/or cost approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring observable inputs be used when available. Observable inputs are inputs market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would consider in pricing the asset or liability and are developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs, as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, prepayment speeds, volatilities, etc.) or model-based valuation techniques where all significant assumptions are observable, either directly or indirectly, in the market.
- Level 3 - Valuation is generated from model-based techniques where one or more significant inputs are not observable, either directly or indirectly, in the market. These unobservable assumptions reflect the Company's own estimates of assumptions market participants would use in pricing the asset or liability. Valuation techniques may include use of matrix pricing, discounted cash flow models, and similar techniques.

The availability of observable inputs varies based on the nature of the specific financial instrument. To the extent valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the lowest level input that is significant to the fair value measurement determines the level in the fair value hierarchy within which the fair value measurement falls in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant who may purchase the asset or assume the liability, rather than an entity-specific measure. When market assumptions are available, ASC 820 requires the Company to consider the assumptions market participants would use to estimate the fair value of the financial instrument at the measurement date.

ASC 825, *Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized on the balance sheet, for which it is practicable to estimate value.

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction at December 31, 2024 and 2023. The estimated fair value amounts for December 31, 2024 and 2023 have been measured as of period-end and have not been re-evaluated or updated for purposes of these Consolidated Financial Statements subsequent to those dates. As such, the estimated fair values of these financial instruments subsequent to the reporting date may be different than the amounts reported at period-end.

The information in "Note 19. Fair Value Accounting" of these Notes to Consolidated Financial Statements should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only required for a limited portion of the Company's assets and liabilities.

Due to the wide range of valuation techniques and the degree of subjectivity used in making the estimate, comparisons between the Company's disclosures and those of other companies or banks may not be meaningful.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash, cash equivalents, and restricted cash

The carrying amounts reported on the Consolidated Balance Sheet for cash and due from banks approximate their fair value.

Investment securities

The fair values of U.S. Treasury and certain other debt securities as well as publicly traded CRA investments and exchange-listed common and preferred stock are based on quoted market prices and are categorized as Level 1 in the fair value hierarchy.

The fair values of debt securities not classified as Level 1 are primarily determined based on matrix pricing. Matrix pricing is a mathematical technique that utilizes observable market inputs including, yield curves, credit ratings, and prepayment speeds. Fair values determined using matrix pricing are generally categorized as Level 2 in the fair value hierarchy. In addition to matrix pricing, the Company uses other pricing sources, including observed prices on publicly traded securities and dealer quotes, to estimate the fair value of debt securities, which are also categorized as Level 2 in the fair value hierarchy.

Loans HFS

Government-insured or guaranteed, agency-conforming, and certain non-agency loans HFS are salable into active markets. Accordingly, the fair value of these loans is based on quoted market or contracted selling prices or a market price equivalent, which are categorized as Level 2 in the fair value hierarchy.

The fair value of certain non-agency loans HFS as well as other loans that become nonsalable into active markets due to the identification of a defect is determined based on valuation techniques that utilize Level 3 inputs.

Loans HFI

The fair value of loans HFI is estimated based on a discounted cash flow methodology using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality and adjustments the Company believes a market participant would consider in determining fair value based on a third-party independent valuation. As a result, the fair value for loans HFI is categorized as Level 3 in the fair value hierarchy.

Mortgage servicing rights

The fair value of MSR is estimated using a discounted cash flow model that incorporates assumptions a market participant would use in estimating the fair value of servicing rights, including, but not limited to, option adjusted spread, conditional prepayment rate, servicing fee rate, and cost to service. As a result, the fair value for MSR is categorized as Level 3 in the fair value hierarchy.

Accrued interest receivable and payable

The carrying amounts reported on the Consolidated Balance Sheet for accrued interest receivable and payable approximate their fair values.

Derivative financial instruments

All derivatives are recognized on the Consolidated Balance Sheet at fair value. The valuation methodologies used to estimate the fair value of derivative instruments varies by type. Interest rate contracts, foreign currency contracts, and forward purchase and sales contracts are measured based on valuation techniques using Level 2 inputs, such as quoted market price, contracted selling price, or a market price equivalent. 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 the pull-through rate. The pull-through rate and servicing fee multiple are unobservable inputs based on historical experience.

Deposits

The fair value for demand and savings deposits is by definition equal to the amount payable on demand at the reporting date (that is, their carrying amount), as these deposits do not have a contractual term. The carrying amount for variable rate deposit accounts approximates their fair value. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flow calculation that applies both market interest rates and rates currently being offered on certificates to a schedule of

aggregated expected monthly maturities on these deposits. The fair value measurement of deposit liabilities is categorized as Level 2 in the fair value hierarchy.

FHLB advances and repurchase agreements

The fair values of the Company's borrowings are estimated using discounted cash flow analyses, based on the market rates for similar types of borrowing arrangements. The carrying value of FHLB advances and repurchase agreements approximate their fair values due to their floating rates and short durations or recent execution and have been categorized as Level 2 in the fair value hierarchy.

Credit linked notes

The fair value of credit linked notes is based on observable inputs, when available, and as such, credit linked notes are categorized as Level 2 liabilities.

Subordinated debt

The fair value of subordinated debt is based on the market rate for the respective subordinated debt security. Subordinated debt has been categorized as Level 2 in the fair value hierarchy.

Junior subordinated debt

Junior subordinated debt is valued based on a discounted cash flow model which uses the Treasury Bond rates and the 'BB' rated financial indexes as inputs. Junior subordinated debt has been categorized as Level 3 in the fair value hierarchy.

Income taxes

The Company is subject to income taxes in the United States and files a consolidated federal income tax return with all of its subsidiaries, with the exception of BW Real Estate, Inc. Deferred income taxes are recorded to reflect the effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and their income tax bases using enacted tax rates expected to be in effect when the taxes are actually paid or recovered. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Net DTAs are recorded to the extent these assets will more-likely-than-not be realized. In making these determinations, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, tax planning strategies, projected future taxable income, and recent operating results. If it is determined that deferred income tax assets to be realized in the future are in excess of their net recorded amount, an adjustment to the valuation allowance will be recorded, which will reduce the Company's provision for income taxes.

A tax benefit from an unrecognized tax benefit may be recognized when it is more-likely-than-not the position will be sustained upon examination, including related appeals or litigation, based on technical merits. Income tax benefits must meet a more-likely-than-not recognition threshold at the effective date to be recognized.

Interest and penalties on income taxes are recognized as part of interest income or expense and non-interest expense, respectively, in the Consolidated Income Statement. See "Note 17. Income Taxes" of these Notes to Consolidated Financial Statements for further discussion on income taxes.

Non-interest income

Non-interest income includes revenue associated with mortgage banking and commercial banking activities, investment securities, equity investments, and BOLI. These non-interest income streams are primarily generated by different types of financial instruments held by the Company for which there is specific accounting guidance and therefore, are not within the scope of ASC 606, *Revenue from Contracts with Customers*.

Non-interest income amounts within the scope of ASC 606 include certain service charges and fees, debit and credit card interchange fees, and legal settlement services fees. Service charges and fees consist of fees earned from performance of account analysis, general account services, and other deposit account services. These fees are recognized as the related services are provided. Card income includes fees earned from customer use of debit and credit cards, interchange income from merchants, and international charges. Card income is generally within the scope of ASC 310, *Receivables*; however, certain processing transactions for merchants, such as interchange fees, are within the scope of ASC 606. The Company generally receives payment for its services during the period or at the time services are provided and, therefore, does not have material contract asset or liability balances at period end. Legal settlement service fees relate to payment services provided for the distribution of funds from legal settlements and are recognized upon transfer of funds to a claimant.

2. INVESTMENT SECURITIES

The carrying amounts and fair values of investment securities at December 31, 2024 and 2023 are summarized as follows:

	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	<i>(in millions)</i>			
<i>Held-to-maturity</i>				
Tax-exempt	\$ 1,350	\$ 1	\$ (180)	\$ 1,171
Private label residential MBS	176	—	(38)	138
Total HTM securities	\$ 1,526	\$ 1	\$ (218)	\$ 1,309
<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	\$ 14,178	\$ 19	\$ (729)	\$ 13,468
	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	<i>(in millions)</i>			
<i>Held-to-maturity</i>				
Tax-exempt	\$ 1,243	\$ 1	\$ (140)	\$ 1,104
Private label residential MBS	186	—	(39)	147
Total HTM securities	\$ 1,429	\$ 1	\$ (179)	\$ 1,251
<i>Available-for-sale debt securities</i>				
U.S. Treasury securities	\$ 4,853	\$ 1	\$ (1)	\$ 4,853
Residential MBS issued by GSEs and GNMA	2,328	3	(359)	1,972
CLO	1,407	1	(9)	1,399
Private label residential MBS	1,320	1	(204)	1,117
Tax-exempt	925	—	(67)	858
Commercial MBS issued by GSEs and GNMA	531	8	(9)	530
Corporate debt securities	411	—	(44)	367
Other	74	4	(9)	69
Total AFS debt securities	\$ 11,849	\$ 18	\$ (702)	\$ 11,165

In addition, the Company held equity securities, which primarily consisted of preferred stock and CRA investments, with a fair value of \$117 million and \$126 million at December 31, 2024 and 2023, respectively. Unrealized gains (losses) on equity securities of \$5.1 million and \$(1.3) million for the years ended December 31, 2024 and 2023, respectively, were recognized in earnings as a component of Fair value gain (loss) adjustments, net.

Securities with carrying amounts of approximately \$4.0 billion and \$7.7 billion at December 31, 2024 and 2023, respectively, were pledged for various purposes as required or permitted by law.

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:

	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
	(in millions)					
<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	<u>\$ 34</u>	<u>\$ 4,262</u>	<u>\$ 695</u>	<u>\$ 3,637</u>	<u>\$ 729</u>	<u>\$ 7,899</u>

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

	December 31, 2023					
	Less Than Twelve Months		More Than Twelve Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(in millions)					
<i>Available-for-sale debt securities</i>						
U.S. Treasury securities	\$ 1	\$ 2,208	\$ —	\$ —	\$ 1	\$ 2,208
Residential MBS issued by GSEs and GNMA	3	174	356	1,551	359	1,725
Private label residential MBS	—	—	204	1,020	204	1,020
CLO	—	—	9	845	9	845
Tax-exempt	3	67	64	773	67	840
Corporate debt securities (1)	—	—	44	359	44	359
Commercial MBS issued by GSEs and GNMA	—	—	9	53	9	53
Other	—	—	9	54	9	54
Total AFS securities	<u>\$ 7</u>	<u>\$ 2,449</u>	<u>\$ 695</u>	<u>\$ 4,655</u>	<u>\$ 702</u>	<u>\$ 7,104</u>

(1) Includes securities with an ACL that have a fair value of \$54 million and unrealized losses of \$8 million.

The total number of AFS debt securities in an unrealized loss position at December 31, 2024 is 796, compared to 708 at December 31, 2023.

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.

The Company performed a targeted impairment analysis on its AFS debt securities issued by regional banks held in its corporate debt securities portfolio. The Company considered the issuers' credit ratings, probability of default, and other factors. As a result of the analysis, a \$1.0 million recovery of credit losses was recognized during the year ended December 31, 2024, compared to an \$18.5 million provision of credit losses during the year ended December 31, 2023. The provision for credit losses for the year ended December 31, 2023 included recognition of a \$17.1 million charge-off for one debt security issued by a regional bank that was sold. The Company does not intend to sell and it is more likely than not the Company will not be required to sell the remainder of these regional bank debt securities prior to their anticipated recovery, therefore, no additional credit losses on the Company's remaining portfolio have been recognized during the year ended December 31, 2024.

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 following tables present a rollforward by major security type of the ACL on the Company's AFS debt securities:

	Year Ended December 31, 2024				Balance, December 31, 2024
	Balance, December 31, 2023	Recovery of Credit Losses	Charge-offs	Recoveries	
	<i>(in millions)</i>				
<i>Available-for-sale securities</i>					
Corporate debt securities	\$ 1.4	\$ (1.0)	\$ —	\$ —	\$ 0.4

	Year Ended December 31, 2023				Balance December 31, 2023
	Balance, December 31, 2022	Provision for Credit Losses	Charge-offs	Recoveries	
	<i>(in millions)</i>				
<i>Available-for-sale securities</i>					
Corporate debt securities	\$ —	\$ 18.5	\$ (17.1)	\$ —	\$ 1.4

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 tables present a rollforward by major security type of the ACL on the Company's HTM debt securities:

	Year Ended December 31, 2024				
	Balance, December 31, 2023	Provision for Credit Losses	Charge-offs	Recoveries	Balance, December 31, 2024
	<i>(in millions)</i>				
Held-to-maturity debt securities					
Tax-exempt	\$ 7.8	\$ 8.6	\$ —	\$ —	\$ 16.4

	Year Ended December 31, 2023				
	Balance, December 31, 2022	Provision for Credit Losses	Charge-offs	Recoveries	Balance December 31, 2023
	<i>(in millions)</i>				
Held-to-maturity debt securities					
Tax-exempt	\$ 5.2	\$ 2.6	\$ —	\$ —	\$ 7.8

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.

Accrued interest receivable on HTM securities totaled \$5 million at December 31, 2024 and 2023, and is excluded from the estimate of expected credit losses.

The following tables summarize the carrying amount of the Company's investment ratings position as of December 31, 2024 and 2023, which are updated quarterly and used to monitor the credit quality of the Company's securities:

	December 31, 2024							Totals
	AAA	Split-rated AAA/AA+	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Unrated	
	<i>(in millions)</i>							
Held-to-maturity								
Tax-exempt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,350	\$ 1,350
Private label residential MBS	—	—	—	—	—	—	176	176
Total HTM securities (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,526	\$ 1,526
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	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)	\$ 980	\$ 10,671	\$ 847	\$ 510	\$ 266	\$ 83	\$ 111	\$ 13,468
Equity securities								
Preferred stock	\$ —	\$ —	\$ —	\$ —	\$ 50	\$ 29	\$ 12	\$ 91
CRA investments	—	26	—	—	—	—	—	26
Total equity securities (1)	\$ —	\$ 26	\$ —	\$ —	\$ 50	\$ 29	\$ 12	\$ 117

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

December 31, 2023

	AAA	Split-rated AAA/AA+	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Unrated	Totals
<i>(in millions)</i>								
<i>Held-to-maturity</i>								
Tax-exempt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,243	\$ 1,243
Private label residential MBS	—	—	—	—	—	—	186	186
Total HTM securities (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,429	\$ 1,429
<i>Available-for-sale debt securities</i>								
U.S. Treasury securities	\$ —	\$ 4,853	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,853
Residential MBS issued by GSEs and GNMA	—	1,972	—	—	—	—	—	1,972
CLO	79	—	1,265	55	—	—	—	1,399
Private label residential MBS	1,090	—	26	—	—	1	—	1,117
Tax-exempt	9	16	361	386	—	—	86	858
Commercial MBS issued by GSEs and GNMA	—	530	—	—	—	—	—	530
Corporate debt securities	—	—	—	76	211	80	—	367
Other	—	—	9	11	28	4	17	69
Total AFS securities (1)	\$ 1,178	\$ 7,371	\$ 1,661	\$ 528	\$ 239	\$ 85	\$ 103	\$ 11,165
<i>Equity securities</i>								
Preferred stock	\$ —	\$ —	\$ —	\$ —	\$ 54	\$ 35	\$ 11	\$ 100
CRA investments	—	26	—	—	—	—	—	26
Total equity securities (1)	\$ —	\$ 26	\$ —	\$ —	\$ 54	\$ 35	\$ 11	\$ 126

(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 December 31, 2024, 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 December 31, 2024, by contractual maturities, are shown below. MBS are shown separately as individual MBS are comprised of pools of loans with varying maturities. Therefore, these securities are listed separately in the maturity summary.

	December 31, 2024	
	Amortized Cost	Estimated Fair Value
<i>(in millions)</i>		
<i>Held-to-maturity</i>		
Due in one year or less	\$ 35	\$ 35
After one year through five years	9	9
After five years through ten years	117	105
After ten years	1,189	1,022
Mortgage-backed securities	176	138
Total HTM securities	\$ 1,526	\$ 1,309
<i>Available-for-sale</i>		
Due in one year or less	\$ 4,404	\$ 4,402
After one year through five years	172	167
After five years through ten years	548	531
After ten years	1,234	1,153
Mortgage-backed securities	7,820	7,215
Total AFS securities	\$ 14,178	\$ 13,468

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

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
<i>Available-for-sale securities</i>			
Gross gains	\$ 19.6	\$ 4.0	\$ 7.5
Gross losses	(2.2)	(44.4)	(0.2)
Net gain (loss) on AFS securities	<u>\$ 17.4</u>	<u>\$ (40.4)</u>	<u>\$ 7.3</u>
<i>Equity securities</i>			
Gross gains	\$ —	\$ —	\$ —
Gross losses	—	(0.4)	(0.5)
Net loss on equity securities	<u>\$ —</u>	<u>\$ (0.4)</u>	<u>\$ (0.5)</u>

During the years ended December 31, 2024, 2023, and 2022, the Company sold AFS securities with a carrying value of \$4.5 billion, \$1.6 billion and \$170 million, respectively, and recognized a net gain (loss) of \$17.4 million, \$(40.4) million, and \$7.3 million, respectively. During the year ended December 31, 2024, U.S. Treasury securities and MBS were sold to secure gains, while CLOs were sold as part of the Company's efforts to shift the investment portfolio mix toward high quality liquid assets. During the year ended December 31, 2023, losses on AFS securities sales related primarily to sales of CLO securities that were executed as part of the Company's balance sheet repositioning strategy. Lastly, during the year ended December 31, 2022, AFS securities sales were largely related to the Company's interest rate management actions to secure gains on tax-exempt municipal securities that were purchased at a discount at the onset of the pandemic.

3. LOANS HELD FOR SALE

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

The following is a summary of loans HFS by type:

	December 31,	
	2024	2023
	<i>(in millions)</i>	
Government-insured or guaranteed:		
EBO (1)	\$ —	\$ 2
Non-EBO	764	498
Total government-insured or guaranteed	764	500
Agency-conforming	1,502	899
Non-agency	20	3
Total loans HFS	<u>\$ 2,286</u>	<u>\$ 1,402</u>

- (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:

	Year Ended December 31,	
	2024	2023
	<i>(in millions)</i>	
Mortgage servicing rights capitalized upon sale of loans	\$ 922.8	\$ 864.5
Net proceeds from sale of loans (1)	(820.0)	(785.6)
Provision for and change in estimate of liability for losses under representations and warranties, net	5.0	5.2
Change in fair value	(17.0)	15.0
Change in fair value of derivatives:		
Unrealized gain (loss) on derivatives	61.4	(18.4)
Realized (loss) gain on derivatives	(3.3)	55.4
Total change in fair value of derivatives	58.1	37.0
Net gain on residential mortgage loans HFS	<u>\$ 148.9</u>	<u>\$ 136.1</u>
Loan acquisition and origination fees	57.4	57.4
Net gain on loan origination and sale activities	<u>\$ 206.3</u>	<u>\$ 193.5</u>

- (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:

	December 31,	
	2024	2023
	<i>(in millions)</i>	
Warehouse lending	\$ 8,207	\$ 6,618
Municipal & nonprofit	1,620	1,554
Tech & innovation	3,383	2,808
Equity fund resources	884	845
Other commercial and industrial	9,175	7,452
CRE - owner occupied	1,675	1,658
Hotel franchise finance	3,815	3,855
Other CRE - non-owner occupied	6,342	5,974
Residential	12,961	13,287
Residential - EBO	972	1,223
Construction and land development	4,468	4,862
Other	174	161
Total loans HFI	53,676	50,297
Allowance for credit losses	(374)	(337)
Total loans HFI, net of allowance	\$ 53,302	\$ 49,960

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 \$106 million and \$108 million reduced the carrying value of loans as of December 31, 2024 and 2023, respectively. Net unamortized purchase premiums on acquired and purchased loans of \$175 million and \$177 million increased the carrying value of loans as of December 31, 2024 and 2023, respectively.

Nonaccrual and Past Due Loans

Loans are placed on nonaccrual status when management determines 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:

	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.

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

December 31, 2023

	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	\$ —	\$ 6	\$ 6	\$ —
Tech & innovation	23	10	33	—
Other commercial and industrial	19	34	53	—
CRE - owner occupied	8	1	9	—
Other CRE - non-owner occupied	82	1	83	—
Residential	—	70	70	—
Residential - EBO	—	—	—	399
Construction and land development	19	—	19	42
Total	\$ 151	\$ 122	\$ 273	\$ 441

Loans contractually delinquent by 90 days or more and still accruing totaled \$441 million at December 31, 2023 and consisted of government guaranteed EBO residential loans and construction and land development loans.

The reduction in interest income associated with loans on nonaccrual status was approximately \$24.5 million, \$12.3 million, and \$4.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The following tables present an aging analysis of past due loans by loan portfolio segment:

	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
	<i>(in millions)</i>						
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

December 31, 2023

	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	\$ 6,618	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,618
Municipal & nonprofit	1,548	—	—	—	—	6	1,554
Tech & innovation	2,775	—	—	—	—	33	2,808
Equity fund resources	845	—	—	—	—	—	845
Other commercial and industrial	7,386	13	—	—	13	53	7,452
CRE - owner occupied	1,618	—	31	—	31	9	1,658
Hotel franchise finance	3,824	15	16	—	31	—	3,855
Other CRE - non-owner occupied	5,891	—	—	—	—	83	5,974
Residential	13,129	68	20	—	88	70	13,287
Residential - EBO	545	173	106	399	678	—	1,223
Construction and land development	4,801	—	—	42	42	19	4,862
Other	160	1	—	—	1	—	161
Total loans	\$ 49,140	\$ 270	\$ 173	\$ 441	\$ 884	\$ 273	\$ 50,297

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. This analysis is performed on a quarterly basis. The risk rating categories are described in "Note 1. Summary of Significant Accounting Policies" of these Notes to Consolidated Financial Statements. 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 year ended December 31, 2024	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior		
	<i>(in millions)</i>							
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	\$ 1.2	\$ 1.5	\$ 19.1	\$ —	\$ 3.6	\$ —	\$ 3.2	\$ 28.6
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	\$ —	\$ 0.2	\$ 1.0	\$ 4.7	\$ —	\$ 0.3	\$ 1.1	\$ 7.3
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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.3	\$ —	\$ 0.3
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

As of and for the year ended December 31, 2024	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior		
	<i>(in millions)</i>							
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	\$ —	\$ 21.8	\$ 9.5	\$ 22.7	\$ —	\$ —	\$ —	\$ 54.0
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	\$ —	\$ —	\$ 1.5	\$ —	\$ —	\$ —	\$ —	\$ 1.5
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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.6	\$ 0.1	\$ 0.7
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	\$ 1.2	\$ 23.5	\$ 31.1	\$ 28.8	\$ 3.6	\$ 2.7	\$ 4.4	\$ 95.3

As of and for the year ended December 31, 2023	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	2020	2019	Prior		
	<i>(in millions)</i>							
Warehouse lending								
Pass	\$ 582	\$ 323	\$ 7	\$ 289	\$ —	\$ —	\$ 5,391	\$ 6,592
Special mention	—	—	—	—	—	—	26	26
Classified	—	—	—	—	—	—	—	—
Total	<u>\$ 582</u>	<u>\$ 323</u>	<u>\$ 7</u>	<u>\$ 289</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,417</u>	<u>\$ 6,618</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Municipal & nonprofit								
Pass	\$ 102	\$ 167	\$ 176	\$ 169	\$ 68	\$ 848	\$ —	\$ 1,530
Special mention	—	7	—	11	—	—	—	18
Classified	—	—	—	—	6	—	—	6
Total	<u>\$ 102</u>	<u>\$ 174</u>	<u>\$ 176</u>	<u>\$ 180</u>	<u>\$ 74</u>	<u>\$ 848</u>	<u>\$ —</u>	<u>\$ 1,554</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Tech & innovation								
Pass	\$ 758	\$ 774	\$ 206	\$ 22	\$ 66	\$ 38	\$ 816	\$ 2,680
Special mention	5	30	12	—	—	—	1	48
Classified	15	52	1	5	—	—	7	80
Total	<u>\$ 778</u>	<u>\$ 856</u>	<u>\$ 219</u>	<u>\$ 27</u>	<u>\$ 66</u>	<u>\$ 38</u>	<u>\$ 824</u>	<u>\$ 2,808</u>
Current period gross charge-offs	\$ 1.7	\$ 1.1	\$ 0.6	\$ 3.5	\$ —	\$ —	\$ —	\$ 6.9
Equity fund resources								
Pass	\$ 154	\$ 62	\$ 21	\$ 3	\$ 1	\$ —	\$ 604	\$ 845
Special mention	—	—	—	—	—	—	—	—
Classified	—	—	—	—	—	—	—	—
Total	<u>\$ 154</u>	<u>\$ 62</u>	<u>\$ 21</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 604</u>	<u>\$ 845</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other commercial and industrial								
Pass	\$ 1,610	\$ 1,454	\$ 559	\$ 185	\$ 77	\$ 196	\$ 3,186	\$ 7,267
Special mention	90	1	1	—	—	—	1	93
Classified	1	25	59	2	4	—	1	92
Total	<u>\$ 1,701</u>	<u>\$ 1,480</u>	<u>\$ 619</u>	<u>\$ 187</u>	<u>\$ 81</u>	<u>\$ 196</u>	<u>\$ 3,188</u>	<u>\$ 7,452</u>
Current period gross charge-offs	\$ 0.8	\$ 3.4	\$ 13.2	\$ 3.9	\$ 0.3	\$ 0.2	\$ 0.9	\$ 22.7
CRE - owner occupied								
Pass	\$ 165	\$ 344	\$ 322	\$ 163	\$ 132	\$ 444	\$ 40	\$ 1,610
Special mention	—	—	—	—	—	1	—	1
Classified	2	1	4	1	1	38	—	47
Total	<u>\$ 167</u>	<u>\$ 345</u>	<u>\$ 326</u>	<u>\$ 164</u>	<u>\$ 133</u>	<u>\$ 483</u>	<u>\$ 40</u>	<u>\$ 1,658</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Hotel franchise finance								
Pass	\$ 593	\$ 1,535	\$ 566	\$ 95	\$ 419	\$ 165	\$ 132	\$ 3,505
Special mention	34	—	66	—	35	68	—	203
Classified	24	8	48	—	43	24	—	147
Total	<u>\$ 651</u>	<u>\$ 1,543</u>	<u>\$ 680</u>	<u>\$ 95</u>	<u>\$ 497</u>	<u>\$ 257</u>	<u>\$ 132</u>	<u>\$ 3,855</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other CRE - non-owner occupied								
Pass	\$ 1,832	\$ 1,784	\$ 754	\$ 457	\$ 166	\$ 206	\$ 387	\$ 5,586
Special mention	164	—	16	43	28	—	—	251
Classified	28	—	93	1	14	1	—	137
Total	<u>\$ 2,024</u>	<u>\$ 1,784</u>	<u>\$ 863</u>	<u>\$ 501</u>	<u>\$ 208</u>	<u>\$ 207</u>	<u>\$ 387</u>	<u>\$ 5,974</u>
Current period gross charge-offs	\$ —	\$ —	\$ 5.1	\$ —	\$ —	\$ 0.1	\$ —	\$ 5.2

As of and for the year ended December 31, 2023	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	2020	2019	Prior		
	<i>(in millions)</i>							
Residential								
Pass	\$ 324	\$ 3,573	\$ 7,985	\$ 819	\$ 270	\$ 207	\$ 20	\$ 13,198
Special mention	—	—	—	—	—	—	—	—
Classified	1	26	33	4	4	2	—	70
Cumulative fair value hedging adjustment	—	—	—	—	—	—	—	19
Total	\$ 325	\$ 3,599	\$ 8,018	\$ 823	\$ 274	\$ 209	\$ 20	\$ 13,287
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Residential - EBO								
Pass	\$ 2	\$ 8	\$ 227	\$ 534	\$ 231	\$ 221	\$ —	\$ 1,223
Special mention	—	—	—	—	—	—	—	—
Classified	—	—	—	—	—	—	—	—
Total	\$ 2	\$ 8	\$ 227	\$ 534	\$ 231	\$ 221	\$ —	\$ 1,223
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction and land development								
Pass	\$ 1,013	\$ 2,231	\$ 385	\$ 10	\$ —	\$ —	\$ 1,151	\$ 4,790
Special mention	—	—	—	—	—	—	—	—
Classified	1	19	—	52	—	—	—	72
Total	\$ 1,014	\$ 2,250	\$ 385	\$ 62	\$ —	\$ —	\$ 1,151	\$ 4,862
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other								
Pass	\$ 4	\$ 10	\$ 3	\$ 11	\$ 3	\$ 62	\$ 66	\$ 159
Special mention	—	—	—	—	—	1	—	1
Classified	—	—	—	—	—	1	—	1
Total	\$ 4	\$ 10	\$ 3	\$ 11	\$ 3	\$ 64	\$ 66	\$ 161
Current period gross charge-offs	\$ —	\$ 0.2	\$ —	\$ —	\$ —	\$ 0.2	\$ —	\$ 0.4
Total by Risk Category								
Pass	\$ 7,139	\$ 12,265	\$ 11,211	\$ 2,757	\$ 1,433	\$ 2,387	\$ 11,793	\$ 48,985
Special mention	293	38	95	54	63	70	28	641
Classified	72	131	238	65	72	66	8	652
Cumulative fair value hedging adjustment	—	—	—	—	—	—	—	19
Total	\$ 7,504	\$ 12,434	\$ 11,544	\$ 2,876	\$ 1,568	\$ 2,523	\$ 11,829	\$ 50,297
Current period gross charge-offs	\$ 2.5	\$ 4.7	\$ 18.9	\$ 7.4	\$ 0.3	\$ 0.5	\$ 0.9	\$ 35.2

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 December 31, 2024							
Year Ended	Payment Delay and Term Extension	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable	
<i>(dollars in millions)</i>							
Tech & innovation	\$ —	\$ 5	\$ 1	\$ 41	\$ 47	1.4 %	
Other commercial and industrial	—	7	—	86	93	1.0	
Other CRE - non-owner occupied	—	46	—	111	157	2.5	
Total	\$ —	\$ 58	\$ 1	\$ 238	\$ 297	0.6 %	

Amortized Cost Basis at December 31, 2023							
Year Ended	Payment Delay and Term Extension	Term Extension	Interest Rate Reduction	Payment Delay	Total	% of Total Class of Financing Receivable	
<i>(dollars in millions)</i>							
Tech & innovation	\$ 1	\$ 6	\$ —	\$ 8	\$ 15	0.5 %	
Other commercial and industrial	—	23	—	8	31	0.4	
CRE - owner occupied	—	3	—	—	3	0.2	
Hotel franchise finance	—	37	—	—	37	1.0	
Other CRE - non-owner occupied	—	119	—	—	119	2.0	
Residential	—	—	—	1	1	0.0	
Total	\$ 1	\$ 188	\$ —	\$ 17	\$ 206	0.4 %	

The performance of these modified loans is monitored for 12 months following the modification. As of December 31, 2024, modified loans of \$128 million were current with contractual payments and \$169 million were on nonaccrual status. As of December 31, 2023, modified loans of \$95 million were current with contractual payments and \$111 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 years ended December 31, 2024 and 2023, the Company completed modifications of EBO loans with an amortized cost of \$366 million and \$225 million, respectively. These modifications were largely payment delays and term extensions. 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 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. As of December 31, 2023, modified EBO loans consisted of \$26 million in loans that were current to 89 days delinquent and \$12 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:

	December 31,					
	2024			2023		
	Real Estate Collateral	Other Collateral	Total	Real Estate Collateral	Other Collateral	Total
<i>(in millions)</i>						
Municipal & nonprofit	\$ —	\$ 5	\$ 5	\$ —	\$ 6	\$ 6
Tech & innovation	—	5	5	—	—	—
Other commercial and industrial	—	11	11	—	29	29
CRE - owner occupied	16	—	16	43	—	43
Hotel franchise finance	29	—	29	104	—	104
Other CRE - non-owner occupied	474	—	474	136	—	136
Construction and land development	67	—	67	71	—	71
Total	\$ 586	\$ 21	\$ 607	\$ 354	\$ 35	\$ 389

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 year ended December 31, 2024.

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 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 December 31, 2024.

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

Year Ended December 31, 2024					
	Balance, December 31, 2023	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, December 31, 2024
<i>(in millions)</i>					
Warehouse lending	\$ 5.8	\$ 0.6	\$ —	\$ —	\$ 6.4
Municipal & nonprofit	14.7	—	—	—	14.7
Tech & innovation	42.1	42.3	28.6	(0.1)	55.9
Equity fund resources	1.3	0.3	—	—	1.6
Other commercial and industrial	81.4	2.7	7.3	(1.0)	77.8
CRE - owner occupied	6.0	(2.4)	0.3	(0.1)	3.4
Hotel franchise finance	33.4	4.1	2.9	(0.7)	35.3
Other CRE - non-owner occupied	96.0	92.4	54.0	—	134.4
Residential	23.1	(3.4)	—	—	19.7
Residential - EBO	—	—	—	—	—
Construction and land development	30.4	(7.6)	1.5	—	21.3
Other	2.5	1.4	0.7	(0.1)	3.3
Total	\$ 336.7	\$ 130.4	\$ 95.3	\$ (2.0)	\$ 373.8

Year Ended December 31, 2023					
	Balance, December 31, 2022	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, December 31, 2023
<i>(in millions)</i>					
Warehouse lending	\$ 8.4	\$ (2.6)	\$ —	\$ —	\$ 5.8
Municipal & nonprofit	15.9	(1.2)	—	—	14.7
Tech & innovation	30.8	18.2	6.9	—	42.1
Equity fund resources	6.4	(5.1)	—	—	1.3
Other commercial and industrial	85.9	13.2	22.7	(5.0)	81.4
CRE - owner occupied	7.1	(1.1)	—	—	6.0
Hotel franchise finance	46.9	(13.5)	—	—	33.4
Other CRE - non-owner occupied	47.4	53.8	5.2	—	96.0
Residential	30.4	(7.4)	—	(0.1)	23.1
Residential - EBO	—	—	—	—	—
Construction and land development	27.4	3.0	—	—	30.4
Other	3.1	(0.4)	0.4	(0.2)	2.5
Total	\$ 309.7	\$ 56.9	\$ 35.2	\$ (5.3)	\$ 336.7

Accrued interest receivable of \$272 million and \$281 million at December 31, 2024 and 2023, respectively, was excluded from the estimate of credit losses. Whereas, 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 million and \$4 million as of December 31, 2024 and 2023, 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:

	Year Ended December 31,	
	2024	2023
	<i>(in millions)</i>	
Balance, beginning of period	\$ 31.6	\$ 47.0
Provision for (recovery of) credit losses	7.9	(15.4)
Balance, end of period	<u>\$ 39.5</u>	<u>\$ 31.6</u>

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

	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>

	December 31, 2023					
	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	\$ 6,618	\$ —	\$ 6,618	\$ 5.8	\$ —	\$ 5.8
Municipal & nonprofit	1,548	6	1,554	13.7	1.0	14.7
Tech & innovation	2,729	79	2,808	38.3	3.8	42.1
Equity fund resources	845	—	845	1.3	—	1.3
Other commercial and industrial	7,362	90	7,452	64.6	16.8	81.4
CRE - owner occupied	1,613	45	1,658	6.0	—	6.0
Hotel franchise finance	3,708	147	3,855	33.4	—	33.4
Other CRE - non-owner occupied	5,838	136	5,974	96.0	—	96.0
Residential	13,287	—	13,287	23.1	—	23.1
Residential EBO	1,223	—	1,223	—	—	—
Construction and land development	4,791	71	4,862	30.4	—	30.4
Other	161	—	161	2.5	—	2.5
Total	<u>\$ 49,723</u>	<u>\$ 574</u>	<u>\$ 50,297</u>	<u>\$ 315.1</u>	<u>\$ 21.6</u>	<u>\$ 336.7</u>

Loan Purchases and Sales

Loan purchases during the years ended December 31, 2024 and 2023 totaled \$1.7 billion and \$1.6 billion, respectively, which primarily consisted of commercial and industrial and residential loan purchases. There were no loans purchased with more-than-insignificant deterioration in credit quality during the years ended December 31, 2024 and 2023.

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 \$385 million of such EBO loans during the year ended December 31, 2024. 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 year ended December 31, 2024, the Company sold loans with a carrying value of approximately \$729 million. The Company recognized charge-offs totaling \$3.4 million and a net loss of \$6.6 million on these loan sales. As part of the Company's balance sheet repositioning efforts, during the year ended December 31, 2023, loans with a carrying value of approximately \$7.9 billion were transferred to HFS. A net loss of \$123.4 million was recognized related to these transfers and any subsequent loan sales. Of the loans transferred to HFS, \$4.9 billion were disposed of and approximately \$2.4 billion were returned to HFI.

5. MORTGAGE SERVICING RIGHTS

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

	Year Ended December 31,	
	2024	2023
	<i>(in millions)</i>	
Balance, beginning of period	\$ 1,124	\$ 1,148
Additions from loans sold with servicing rights retained	923	865
Carrying value of MSR's sold	(905)	(800)
Change in fair value	144	11
Mark to market adjustments	—	4
Realization of cash flows	(159)	(104)
Balance, end of period	<u>\$ 1,127</u>	<u>\$ 1,124</u>
Unpaid principal balance of mortgage loans serviced for others	\$ 61,089	\$ 68,647

Changes in the fair value of MSR's are recorded as Net loan servicing revenue in the Consolidated Income Statement. Due to the regulatory capital impact of MSR's on capital ratios, the Company sells certain MSR's 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 year ended December 31, 2024, the Company recognized a net gain of \$8.5 million on MSR sales. The UPB of loans underlying these sales totaled \$56.2 billion for the year ended December 31, 2024. During the year ended December 31, 2023, the Company recognized a net loss of \$9.1 million on MSR sales. The UPB of loans underlying these sales totaled \$60.1 billion for the year ended December 31, 2023. As of December 31, 2024 and 2023, the Company had a remaining receivable balance of \$37 million and \$41 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 \$254.2 million and \$233.7 million for the years ended December 31, 2024 and 2023, respectively, which 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 December 31, 2024 and 2023, net servicing advances totaled \$84 million and \$87 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 MSR's caused by assumed immediate changes in the below inputs that are used to determine fair value:

	December 31, 2024
	<i>(in millions)</i>
Fair value of mortgage servicing rights	\$ 1,127
Increase (decrease) in fair value resulting from:	
Interest rate change of 50 basis points	
Adverse change	(64)
Favorable change	49
Option adjusted spread change of 50 basis points	
Increase	(25)
Decrease	26
Conditional prepayment rate change of 1%	
Increase	(30)
Decrease	33
Cost to service change of 10%	
Increase	(13)
Decrease	13

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. PREMISES AND EQUIPMENT

The following is a summary of the major categories of premises and equipment:

	December 31,	
	2024	2023
	<i>(in millions)</i>	
Bank premises	\$ 96	\$ 96
Construction in progress	62	82
Furniture, fixtures, and equipment	125	108
Land and improvements	32	32
Leasehold improvements	98	85
Software	225	142
Total	<u>638</u>	<u>545</u>
Accumulated depreciation and amortization	(277)	(206)
Premises and equipment, net	<u>\$ 361</u>	<u>\$ 339</u>

Depreciation and amortization expense totaled \$71.0 million, \$49.5 million, and \$31.8 million for the years ended December 31, 2024, 2023, and 2022, respectively.

7. 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 December 31, 2024 and 2023, the Company had a repossessed asset balance of \$52 million and \$8 million, respectively, net of a valuation allowance of \$5 million and \$4 million, respectively.

The majority of the repossessed asset balance at December 31, 2024 related to a single office property. The Company held five properties at December 31, 2024 and 2023.

8. LEASES

The Company has operating leases under which it leases its branch offices, corporate headquarters, and other offices. As of December 31, 2024, and 2023, the Company's operating lease ROU asset totaled \$128 million and \$145 million, respectively, and operating lease liability totaled \$159 million and \$179 million, respectively. A weighted average discount rate of 3.08%, 2.96%, and 2.81% was used in the measurement of the ROU asset and lease liability as of December 31, 2024, 2023, and 2022 respectively.

The Company's leases have remaining lease terms of one to nine years, with a weighted average lease term of 5.9 years, 6.6 years, and 7.4 years at December 31, 2024, 2023, and 2022, respectively. Some leases include multiple five-year renewal options. The Company's decision to exercise these renewal options is based on an assessment of its current business needs and market factors at the time of the renewal. The Company has no leases for which the option to renew is reasonably certain and therefore, options to renew were not factored into the calculation of its ROU asset and lease liability as of December 31, 2024.

The following is a schedule of the Company's operating lease liabilities by contractual maturity as of December 31, 2024:

	<i>(in millions)</i>
2025	\$ 32
2026	30
2027	28
2028	27
2029	25
Thereafter	33
Total lease payments	\$ 175
Less: imputed interest	16
Total present value of lease liabilities	<u>\$ 159</u>

The Company has no additional operating leases that will commence within the next 12 months.

Total operating lease costs of \$28.8 million and other lease costs of \$6.0 million, which include common area maintenance, parking, and taxes during the year ended December 31, 2024, were included as part of Occupancy expense in the Consolidated Income Statement. For the year ended December 31, 2023, operating lease costs and other lease costs totaled \$28.8 million and \$4.9 million, respectively, and for the year ended December 31, 2022, totaled \$25.4 million and \$4.0 million, respectively. Short-term lease costs were not material for the years ended December 31, 2024, 2023, and 2022.

The below table shows the supplemental cash flow information related to the Company's operating leases:

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 31.6	\$ 19.3	\$ 15.1
Right-of-use assets obtained in exchange for new operating lease liabilities	6.4	6.3	51.6

9. 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 performs its annual goodwill and intangibles 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 years ended December 31, 2024 and 2022, there were no events or circumstances that indicated an interim impairment test of goodwill or other intangible assets was necessary. During the year ended December 31, 2023, due to the industry disruption from the bank failures in early 2023, the Company performed an interim Step 0 goodwill impairment assessment as of each interim quarter end date. The Step 0 assessment included assessing the financial performance of the Company and analyzing qualitative factors applicable to the Company. As of each interim assessment date, management concluded that the long-term financial performance of the Company was not significantly altered as a result of these events or circumstances. Accordingly, it was determined that it was more likely than not the fair value of the Company and its reporting units exceeded their respective carrying values as of each interim assessment date.

For the Company's annual goodwill impairment assessment as of October 1, 2024 and 2023, the Company elected to perform a Step 1 assessment. The Step 1 assessment employed income and a market approaches in determining the fair value of the Company's reporting units. The income approach utilized the reporting unit's forecasted cash flows (including a terminal value approach to estimate cash flows beyond the final year of the forecast) and the reporting unit's estimated cost of equity as the discount rate to estimate value. Forecasted cash flows included estimates of earnings projections, growth, and credit loss expectations. The market approach relied upon valuation multiples derived from stock prices and enterprise values of publicly traded companies and also incorporated a control premium to develop an estimate of value. As of October 1, 2022, the Company performed a qualitative goodwill impairment assessment. Based on the analyses performed, the Company determined the fair value of the Company and its reporting units exceeded their respective carrying values and therefore, goodwill impairment charges were not recorded during the years ended December 31, 2024, 2023 and 2022.

In addition, the Company's annual intangibles impairment assessment as of October 1, 2024, 2023 and 2022 indicated intangible assets were not impaired. Therefore, no impairment charges related to the Company's intangible assets were recorded during the years ended December 31, 2024, 2023 and 2022.

Below is a summary of the Company's goodwill by reporting unit:

	December 31,	
	2024	2023
	<i>(in millions)</i>	
Commercial banking (1)	\$ 290	\$ 290
Mortgage banking (2)	200	200
Legal banking (3)	37	37
Total	<u>\$ 527</u>	<u>\$ 527</u>

- (1) This reporting unit offers a standard suite of commercial banking products and services through its traditional branch network, working together with the Company's national platform to provide specialized financial services, and is included within the Company's Commercial reportable segment.
- (2) This reporting unit offers mortgage lending products and services and is included within the Company's Consumer Related reportable segment.
- (3) This reporting unit provides specialized banking services to law firms and claims administrators, including settlement payment solutions, and is included within the Company's Consumer Related reportable segment.

The following is a summary of the Company's acquired intangible assets:

	December 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	<i>(in millions)</i>					
Subject to amortization						
Core deposits	\$ 14	\$ 13	\$ 1	\$ 14	\$ 12	\$ 2
Correspondent customer relationships	76	14	62	76	10	66
Customer relationships	18	9	9	18	6	12
Developed technology	4	2	2	4	2	2
Operating licenses	56	6	50	56	4	52
Trade names	10	2	8	10	2	8
Total intangible assets subject to amortization	<u>\$ 178</u>	<u>\$ 46</u>	<u>\$ 132</u>	<u>\$ 178</u>	<u>\$ 36</u>	<u>\$ 142</u>

As of December 31, 2024, the Company's intangible assets had a weighted average estimated useful life of 23.2 years. Amortization expense recognized on amortizable intangibles totaled \$10.5 million, \$10.5 million, and \$10.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Below is a summary of future estimated aggregate amortization expense as of December 31, 2024:

	<i>(in millions)</i>	
2025	\$	10
2026		9
2027		8
2028		8
2029		6
Thereafter		91
Total	<u>\$</u>	<u>132</u>

10. DEPOSITS

The table below summarizes deposits by type:

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<i>(in millions)</i>	
Non-interest bearing deposits	\$ 18,846	\$ 14,520
Interest Bearing:		
Demand accounts	15,878	15,916
Savings and money market accounts	21,208	14,791
Time certificates of deposit (\$250,000 or more)	1,640	1,478
Other time deposits (1)	8,769	8,628
Total deposits	<u>\$ 66,341</u>	<u>\$ 55,333</u>

- (1) Retail brokered time deposits over \$250,000 of \$5.6 billion and \$5.8 billion as of December 31, 2024 and 2023, respectively, are included within Other time deposits as these deposits are generally participated out by brokers in shares below the FDIC insurance limit.

The summary of the contractual maturities for all time deposits as of December 31, 2024 is as follows:

	<i>(in millions)</i>	
2025	\$	9,861
2026		535
2027		10
2028		1
Thereafter		2
Total	<u>\$</u>	<u>10,409</u>

Brokered deposits provide an additional source of deposits and are placed with the Bank through third-party brokers. At December 31, 2024 and 2023, the Company held wholesale brokered deposits of \$6.9 billion and \$6.6 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 December 31, 2024, the Company had \$14.0 billion of reciprocal deposits, compared to \$13.3 billion at December 31, 2023.

In addition, deposits for which the Company provides account holders with earnings credits or referral fees totaled \$20.7 billion and \$17.8 billion at December 31, 2024 and 2023, respectively. Costs related to these deposits are primarily reported as Deposit costs in non-interest expense. Deposit costs included \$668.7 million, \$422.5 million, and \$162.8 million in deposit related costs on these deposits for the years ended December 31, 2024, 2023, and 2022, respectively.

11. OTHER BORROWINGS

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

	December 31,	
	2024	2023
<i>(in millions)</i>		
Short-Term:		
Federal funds purchased	\$ —	\$ 175
FHLB advances	3,100	6,200
Repurchase agreements	14	382
Secured borrowings	37	27
Total short-term borrowings	<u>\$ 3,151</u>	<u>\$ 6,784</u>
Long-Term:		
FHLB advances	2,000	—
Credit linked notes, net	422	446
Total long-term borrowings	<u>\$ 2,422</u>	<u>\$ 446</u>
Total other borrowings	<u>\$ 5,573</u>	<u>\$ 7,230</u>

Short-Term Borrowings

Federal Funds Lines of Credit

The Company maintains 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 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 December 31, 2024 and 2023, the Company had additional available credit with the FHLB of approximately \$8.7 billion and \$6.1 billion, respectively. The weighted average rate on FHLB advances was 4.77% and 5.67% as of December 31, 2024 and 2023, respectively.

Total available credit with the FRB was \$12.4 billion and \$16.7 billion as of December 31, 2024 and 2023, respectively, of which no amounts were drawn.

In March 2023, the FRB established the Bank Term Funding Program which offered loans of up to one year in length to banks, savings associations, credit unions, and other eligible depository institutions pledging U.S. Treasuries, agency debt and mortgage-backed securities, and other qualifying assets as collateral valued at par. The Company had no outstanding borrowings under this program as of December 31, 2024 and 2023.

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 December 31, 2024, the Company had access to approximately \$2.3 billion in uncommitted warehouse funding, of which no amounts were drawn. As of December 31, 2023, there were \$376 million warehouse borrowings outstanding at a weighted average borrowing rate of 6.72%.

Other repurchase facilities included overnight customer repurchase agreements, which had a total carrying value of \$14 million and \$6 million as of December 31, 2024 and 2023, 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 6.30% and 6.10% as of December 31, 2024 and 2023, respectively.

Long-Term Borrowings

FHLB Advances

During the year ended December 31, 2024, the Company entered into long-term advances with the FHLB totaling \$2.0 billion, with a 15-month term. The interest rates on these advances are tied to the daily SOFR rate plus a fixed spread. The Company may redeem the advances at par plus accrued and unpaid interest and, after three months from the inception date of the advances, will not be subject to a prepayment penalty. The agreements include 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 advances. The weighted average rate on these long-term FHLB advances was 4.85% as of December 31, 2024.

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.

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

December 31, 2024					
Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
<i>(in millions)</i>					
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				<u>\$ 434</u>	<u>\$ 7</u>

December 31, 2023					
Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
<i>(in millions)</i>					
Residential mortgage loans (1)	December 12, 2022	October 25, 2052	SOFR + 7.80%	\$ 90	\$ 2
Residential mortgage loans (2)	June 30, 2022	April 25, 2052	SOFR + 6.00%	179	3
Residential mortgage loans (3)	December 29, 2021	July 25, 2059	SOFR + 4.67%	191	3
Total				<u>\$ 460</u>	<u>\$ 8</u>

- (1) There are multiple classes of these notes, each with an interest rate of 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 \$1.7 billion and \$1.8 billion as of December 31, 2024 and 2023, respectively.
- (2) There are multiple classes of these notes, each with an interest rate of 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 \$3.4 billion and \$3.6 billion as of December 31, 2024 and 2023, respectively.
- (3) There are six classes of these notes, each with an interest rate of 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 \$3.5 billion and \$3.8 billion as of December 31, 2024 and 2023, respectively.

The Company also had credit linked notes that effectively transferred the risk of first losses on certain pools of the Company's warehouse and equity fund resource loans to the purchasers of these notes. During the year ended December 31, 2023, the Company recognized a gain on extinguishment of debt of \$13.4 million related to the payoff of these credit linked notes.

AmeriHome Senior Notes

Prior to the Company's acquisition of AmeriHome, in October 2020, AmeriHome issued senior notes with an aggregate principal amount of \$300 million, maturing on October 26, 2028. The Company paid off these notes during the year ended December 31, 2023 and recognized a gain on extinguishment of debt of \$39.3 million related to the payoff.

12. QUALIFYING DEBT

Subordinated Debt

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

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				<u>\$ 825</u>	<u>\$ 5</u>

December 31, 2023					
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	\$ 6
WAB fixed-to-variable-rate (2)	May 2020	June 1, 2030	5.25 %	225	1
Total				<u>\$ 825</u>	<u>\$ 7</u>

- (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.

The carrying value of all subordinated debt issuances totaled \$820 million and \$818 million at December 31, 2024 and 2023, 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 \$79 million and \$77 million as of December 31, 2024 and 2023, respectively, with maturity dates ranging from 2033 through 2037. The weighted average interest rate of all junior subordinated debt as of December 31, 2024 and 2023 was 6.90% and 7.93%, 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.

13. STOCKHOLDERS' EQUITY

Stock-Based Compensation

Restricted Stock Awards

The Incentive Plan, as amended, gives the BOD the authority to grant up to 14.6 million in stock awards consisting of unrestricted stock, stock units, dividend equivalent rights, stock options (incentive and non-qualified), stock appreciation rights, restricted stock, and performance and annual incentive awards. The Incentive Plan limits the maximum number of shares of common stock that may be awarded to any person eligible for an award to 300,000 per calendar year and also limits the total compensation (cash and stock) that can be awarded to a non-employee director to \$600,000 in any calendar year. Stock awards available for grant at December 31, 2024 totaled 4.3 million.

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. 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 year ended December 31, 2024, the Company recognized \$40.2 million in stock-based compensation expense related to these stock grants, compared to \$32.7 million and \$28.7 million for the years ended December 31, 2023 and 2022, respectively.

A summary of the status of the Company's unvested shares of restricted stock and changes during the years then ended is presented below:

	December 31,			
	2024		2023	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
	<i>(in millions, except per share amounts)</i>			
Balance, beginning of period	1.1	\$ 83.19	0.9	\$ 84.16
Granted	0.8	62.03	0.6	72.32
Vested	(0.3)	87.97	(0.3)	65.59
Forfeited	(0.2)	71.09	(0.1)	82.46
Balance, end of period	1.4	\$ 71.95	1.1	\$ 83.19

The total weighted average grant date fair value of all restricted stock awards granted during the years ended December 31, 2024, 2023, and 2022 was \$47.2 million, \$45.5 million, and \$42.8 million, respectively. The total fair value of restricted stock that vested during the years ended December 31, 2024, 2023, and 2022 was \$19.9 million, \$22.9 million, and \$35.8 million, respectively.

As of December 31, 2024, there was \$36.4 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Incentive Plan. That cost is expected to be recognized over a weighted average period of 1.8 years.

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 2024 award, 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 and 2022 awards, 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. For the year ended December 31, 2024, the Company recognized \$4.2 million in stock-based compensation expense related to these performance stock units, compared to \$1.6 million and \$11.1 million during the years ended December 31, 2023 and 2022, respectively.

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.

The three-year performance period for the 2020 grant ended on December 31, 2022, and based on the Company's cumulative EPS and TSR performance measure for the performance period, these shares vested at 180% of the target award under the terms of the grant. As a result, 157,784 shares became fully vested and were distributed to executive management in the first quarter of 2023.

Cash Settled Restricted Stock Units

During the year ended December 31, 2024, the Company began granting 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 year ended December 31, 2024, the Company recognized compensation expense of \$1.3 million related to these awards. There were no such units outstanding during the years ended December 31, 2023 and 2022.

Deferred Stock Units

During the year ended December 31, 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 year ended December 31, 2024 totaled \$5.7 million. Stock compensation expense related to these deferred stock units is included in Salaries and employee benefits in the Consolidated Income Statement. For the year ended December 31, 2024, the Company recognized \$3.3 million in stock-based compensation expense related to these stock grants. There were no such units outstanding during the years ended December 31, 2023 and 2022.

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% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Shares, Series A, 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). During each of the years ended December 31, 2024, 2023, and 2022, the Company declared and paid a quarterly cash dividend of \$0.27 per depositary share, for a total dividend payment to preferred stockholders of \$12.8 million.

Common Stock Issuances

Pursuant to ATM Distribution Agreement

The Company had a distribution agency agreement, under which the Company sold shares of its common stock on the NYSE. The common stock was sold at prevailing market prices at the time of the sale or at negotiated prices. There were no sales under the ATM program during the years ended December 31, 2024 and 2023. During the year ended December 31, 2022, the Company sold 1.9 million shares under the ATM program for gross proceeds of \$158.7 million (weighted-average selling price of \$83.89 per share) and related offering costs of \$1.0 million.

Cash Dividend on Common Shares

During the year ended December 31, 2024, the Company declared and paid quarterly cash dividends of \$0.37 per share for the first three quarters of the year and increased the quarterly cash dividend to \$0.38 per share in the fourth quarter, for a total dividend payment to stockholders of \$164.0 million. During the year ended December 31, 2023, the Company declared and paid a quarterly cash dividend of \$0.36 per share for the first three quarters of the year and increased the quarterly cash dividend to \$0.37 per share in the fourth quarter, for a total dividend payment to stockholders of \$158.7 million. During the year ended December 31, 2022, the Company declared and paid a quarterly cash dividend of \$0.35 per share for the first two quarters of the year and increased the quarterly cash dividend to \$0.36 per share for the last two quarters of the year, for a total dividend payment to stockholders of \$153.4 million.

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 year ended December 31, 2024, the Company purchased treasury shares of 141,983 at a weighted average price of \$61.40 per share, compared to 152,452 shares at a weighted average price per share of \$72.27 in 2023, and 200,745 shares at a weighted average price per share of \$92.21 in 2022.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	Unrealized holding gains (losses) on AFS securities	Unrealized holding losses on SERP	Unrealized holding gains (losses) on junior subordinated debt	Impairment loss on securities	Total
	<i>(in millions)</i>				
Balance, December 31, 2021	\$ 16.7	\$ (0.3)	\$ (0.7)	\$ —	\$ 15.7
Other comprehensive (loss) income before reclassifications	(674.9)	—	3.7	—	(671.2)
Amounts reclassified from AOCI	(5.5)	—	—	—	(5.5)
Net current-period other comprehensive (loss) income	(680.4)	—	3.7	—	(676.7)
Balance, December 31, 2022	\$ (663.7)	\$ (0.3)	\$ 3.0	\$ —	\$ (661.0)
Other comprehensive income (loss) before reclassifications	116.9	—	(0.2)	1.2	117.9
Amounts reclassified from AOCI	30.2	—	—	—	30.2
Net current-period other comprehensive income (loss)	147.1	—	(0.2)	1.2	148.1
Balance, December 31, 2023	\$ (516.6)	\$ (0.3)	\$ 2.8	\$ 1.2	\$ (512.9)
Other comprehensive loss before reclassifications	(5.1)	(0.1)	(1.4)	(1.2)	(7.8)
Amounts reclassified from AOCI	(13.0)	—	—	—	(13.0)
Net current-period other comprehensive loss	(18.1)	(0.1)	(1.4)	(1.2)	(20.8)
Balance, December 31, 2024	\$ (534.7)	\$ (0.4)	\$ 1.4	\$ —	\$ (533.7)

The following table presents reclassifications out of AOCI:

Income Statement Classification	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Gain (loss) on sales of AFS debt securities, net	\$ 17.4	\$ (40.4)	\$ 7.4
Income tax (expense) benefit	(4.4)	10.2	(1.9)
Gain (loss), net of tax	\$ 13.0	\$ (30.2)	\$ 5.5

15. 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 December 31, 2024, 2023, and 2022, 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. 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 were based on LIBOR and were converted to SOFR plus a spread adjustment upon the discontinuation of LIBOR in June 2023.

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. 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 at 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, and 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.

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.

Risk participation agreements are entered into with lead banks in certain loan syndications to share in the risk of default on interest rate swaps on the participated loan. Equity warrants represent the right to buy shares in a company at a specified price and are acquired by the Company primarily in connection with negotiating credit facilities and certain other services to private, venture-backed companies in the technology industry.

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Fair Value Hedges

As of December 31, 2024 and 2023, the following amounts are reflected on the Consolidated Balance Sheet related to cumulative basis adjustments for outstanding fair value hedges:

	December 31, 2024		December 31, 2023	
	Carrying Value of Hedged Assets	Cumulative Fair Value Hedging Adjustment (1)	Carrying Value of Hedged Assets	Cumulative Fair Value Hedging Adjustment (1)
	<i>(in millions)</i>			
Loans HFI, net of deferred loan fees and costs (2)	\$ 4,320	\$ (96)	\$ 3,875	\$ 6

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

(2) Included portfolio layer method derivative instruments with \$4.0 billion and \$3.5 billion designated as the hedged amount (from a closed portfolio of prepayable fixed rate loans with a carrying value of \$8.7 billion and \$6.7 billion) as of December 31, 2024 and 2023, respectively. The cumulative basis adjustment included in the carrying value of these hedged items totaled \$78 million and \$19 million as of December 31, 2024 and 2023, 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, the gain or loss on the hedged item is included in interest income, as shown in the table below.

Income Statement Classification	Year Ended December 31,					
	2024		2023		2022	
	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item
	<i>(in millions)</i>					
Interest income	\$ 99.7	\$ (100.3)	\$ (22.8)	\$ 23.8	\$ 71.7	\$ (71.6)

In addition to the gains and losses on the Company's outstanding fair value hedges presented in the above table, the Company recognized \$11.8 million in interest income related to the amortization of the cumulative basis adjustment on its discontinued last-of-layer hedges during the year ended December 31, 2023. The discontinued last-of-layer hedges were fully amortized as of December 31, 2024 with interest income recognized during the year totaling \$8.9 million.

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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 December 31, 2024, 2023, and 2022. The change in the notional amounts of these derivatives from December 31, 2022 to December 31, 2024 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.

	December 31, 2024			December 31, 2023			December 31, 2022		
	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	\$ 4,344	\$ 97	\$ —	\$ 3,895	\$ 19	\$ 24	\$ 476	\$ 18	\$ —
Total	<u>\$ 4,344</u>	<u>\$ 97</u>	<u>\$ —</u>	<u>\$ 3,895</u>	<u>\$ 19</u>	<u>\$ 24</u>	<u>\$ 476</u>	<u>\$ 18</u>	<u>\$ —</u>
Derivatives not designated as hedging instruments:									
Foreign currency contracts	\$ 69	\$ 1	\$ 1	\$ 135	\$ 1	\$ 1	\$ 250	\$ 1	\$ 9
Forward contracts	21,731	81	48	13,170	27	55	7,694	17	21
Futures contracts (1)	13,200	—	—	11,030	—	—	8,706	—	—
Interest rate lock commitments	2,396	5	7	1,822	18	—	1,459	5	3
Interest rate contracts	6,336	19	20	3,628	19	20	1,538	6	6
Risk participation agreements	99	—	—	72	—	—	48	—	—
Equity warrants	59	30	—	55	4	—	—	—	—
Total	<u>\$ 43,890</u>	<u>\$ 136</u>	<u>\$ 76</u>	<u>\$ 29,912</u>	<u>\$ 69</u>	<u>\$ 76</u>	<u>\$ 19,695</u>	<u>\$ 29</u>	<u>\$ 39</u>
Margin	—	72	3	—	202	(9)	—	4	1
Total, including margin	<u>\$ 43,890</u>	<u>\$ 208</u>	<u>\$ 79</u>	<u>\$ 29,912</u>	<u>\$ 271</u>	<u>\$ 67</u>	<u>\$ 19,695</u>	<u>\$ 33</u>	<u>\$ 40</u>

- (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:

	December 31, 2024			December 31, 2023			December 31, 2022		
	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	81	—	81	27	—	27	14	—	14
Interest rate contracts	106	—	106	31	—	31	18	—	18
Margin	72	—	72	202	—	202	4	—	4
Netting	—	(52)	(52)	—	(67)	(67)	—	(17)	(17)
	<u>\$ 260</u>	<u>\$ (52)</u>	<u>\$ 208</u>	<u>\$ 260</u>	<u>\$ (67)</u>	<u>\$ 193</u>	<u>\$ 36</u>	<u>\$ (17)</u>	<u>\$ 19</u>
Liabilities									
Foreign currency contracts	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (1)	\$ —	\$ —	\$ —
Forward contracts	(47)	—	(47)	(55)	—	(55)	(20)	—	(20)
Interest rate contracts	(6)	—	(6)	(31)	—	(31)	—	—	—
Margin	(3)	—	(3)	9	—	9	(1)	—	(1)
Netting	—	52	52	—	67	67	—	17	17
	<u>\$ (56)</u>	<u>\$ 52</u>	<u>\$ (4)</u>	<u>\$ (78)</u>	<u>\$ 67</u>	<u>\$ (11)</u>	<u>\$ (21)</u>	<u>\$ 17</u>	<u>\$ (4)</u>
Derivatives not subject to master netting arrangements:									
Assets									
Foreign currency contracts	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1	\$ 1	\$ —	\$ 1
Forward contracts	—	—	—	—	—	—	3	—	3
Interest rate lock commitments	5	—	5	18	—	18	5	—	5
Interest rate contracts	10	—	10	7	—	7	6	—	6
Equity warrants	30	—	30	4	—	4	—	—	—
	<u>\$ 45</u>	<u>\$ —</u>	<u>\$ 45</u>	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ 30</u>	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ 15</u>
Liabilities									
Foreign currency contracts	\$ (1)	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ (9)	\$ —	\$ (9)
Forward contracts	(1)	—	(1)	—	—	—	(1)	—	(1)
Interest rate lock commitments	(7)	—	(7)	—	—	—	(3)	—	(3)
Interest rate contracts	(14)	—	(14)	(13)	—	(13)	(6)	—	(6)
	<u>\$ (23)</u>	<u>\$ —</u>	<u>\$ (23)</u>	<u>\$ (13)</u>	<u>\$ —</u>	<u>\$ (13)</u>	<u>\$ (19)</u>	<u>\$ —</u>	<u>\$ (19)</u>
Total derivatives and margin									
Assets	\$ 305	\$ (52)	\$ 253	\$ 290	\$ (67)	\$ 223	\$ 51	\$ (17)	\$ 34
Liabilities	(79)	52	(27)	(91)	67	(24)	(40)	17	(23)

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

	Year Ended December 31,	
	2024	2023
	<i>(in millions)</i>	
Net gain (loss) on loan origination and sale activities:		
Forward contracts	\$ 84.8	\$ 29.0
Interest rate lock commitments	(20.0)	15.9
Interest rate contracts	(6.3)	(8.9)
Other contracts	(0.4)	1.0
Net gain on derivatives	\$ 58.1	\$ 37.0
Net loan servicing revenue:		
Interest rate swaps	\$ (72.3)	\$ (32.4)
Forward contracts	(43.9)	(15.4)
Futures contracts	5.9	4.5
Net loss on derivatives	\$ (110.3)	\$ (43.3)

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 December 31, 2024, and 2023 collateral pledged by the Company to counterparties for its derivatives totaled \$117 million and \$216 million, respectively.

16. 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:

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions, except per share amounts)</i>		
Weighted average shares - basic	108.6	108.3	107.2
Dilutive effect of stock awards	0.7	0.2	0.4
Weighted average shares - diluted	109.3	108.5	107.6
Net income available to common stockholders	\$ 774.9	\$ 709.6	\$ 1,044.5
Earnings per common share:			
Basic	\$ 7.14	\$ 6.55	\$ 9.74
Diluted	7.09	6.54	9.70

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17. INCOME TAXES

The provision for income tax expense consists of the following components:

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Current	\$ 191.1	\$ 236.1	\$ 327.4
Deferred	12.4	(24.9)	(68.6)
Total tax expense	<u>\$ 203.5</u>	<u>\$ 211.2</u>	<u>\$ 258.8</u>

The following table presents a reconciliation between the statutory federal income tax rate and the Company's effective tax rate:

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Income tax at statutory rate	\$ 208.2	\$ 196.1	\$ 276.4
Increase (decrease) resulting from:			
Non-deductible insurance premiums	31.1	24.1	5.2
State income taxes, net of federal benefits	18.3	35.0	45.4
Tax-exempt income	(31.3)	(28.3)	(26.0)
Investment tax credits	(19.7)	(13.2)	(32.1)
Other, net	(3.1)	(2.5)	(10.1)
Total tax expense	<u>\$ 203.5</u>	<u>\$ 211.2</u>	<u>\$ 258.8</u>
Effective tax rate	<u>20.5 %</u>	<u>22.6 %</u>	<u>19.7 %</u>

The decrease in the effective tax rate for the year ended December 31, 2024 compared to the same period in 2023 was primarily due to increases in investment tax credit benefits and tax-exempt income. The increase in the effective tax rate for the year ended December 31, 2023 compared to the same period in 2022 was primarily due to decreases in pre-tax book income and investment tax credit benefits, as well as an increase in nondeductible insurance premium expenses.

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The cumulative tax effects of the temporary differences are shown in the following table:

	December 31,	
	2024	2023
	<i>(in millions)</i>	
Deferred tax assets:		
Unrealized loss on AFS securities	\$ 175	\$ 170
Allowance for credit losses	109	96
Research and experimentation costs	41	32
Lease liability	41	46
Net operating loss carryovers	17	7
FDIC special assessment	13	17
Other	52	51
Total gross deferred tax assets	448	419
Deferred tax asset valuation allowance	—	—
Total deferred tax assets	448	419
Deferred tax liabilities:		
Right of use asset	(33)	(37)
Mortgage servicing rights	(31)	(11)
Premises and equipment	(30)	(19)
Unearned premiums	(15)	(15)
Goodwill	(13)	(9)
Deferred loan costs	(12)	(11)
Leasing basis differences	(9)	(11)
Other	(24)	(19)
Total deferred tax liabilities	(167)	(132)
Deferred tax assets, net	\$ 281	\$ 287

At December 31, 2024, the net DTA balance totaled \$281 million, a decrease from \$287 million at December 31, 2023. Although realization is not assured, the Company believes the realization of the recognized net DTA of \$281 million at December 31, 2024 is more-likely-than-not based on expectations as to future taxable income and based on available tax planning strategies that could be implemented if necessary to prevent a carryover from expiring.

The Company had no deferred tax valuation allowance as of December 31, 2024 and 2023.

As of December 31, 2024, the Company's gross federal NOL carryovers, all of which are subject to limitations under Section 382 of the IRC, totaled \$36 million, for which a DTA of \$3 million has been recorded, which reflects the expected benefit of these federal NOL carryovers after application of the Section 382 limitation. The Company also generated a total of \$355 million of gross NOLs in the states of Arizona, Nebraska, North Carolina, Tennessee, and Virginia as of December 31, 2024, for which a DTA of \$14 million has been recorded. The Company files income tax returns in the U.S. federal jurisdiction and in various states. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2020.

When tax returns are filed, it is highly certain most positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the Consolidated Financial Statements in the period in which, based on all available evidence, management believes it is more-likely-than-not the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits on the accompanying Consolidated Balance Sheet along with any associated interest and penalties payable to the taxing authorities upon examination.

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The total gross activity of unrecognized tax benefits related to the Company's uncertain tax positions are shown in the following table:

	December 31,	
	2024	2023
	<i>(in millions)</i>	
Beginning balance	\$ 7.9	\$ 6.6
Gross increases		
Tax positions in prior periods	—	0.4
Current period tax positions	0.3	0.9
Gross decreases		
Tax positions in prior periods	(0.5)	—
Ending balance	<u>\$ 7.7</u>	<u>\$ 7.9</u>

During the year ended December 31, 2024, the Company added a new position, which resulted in a tax detriment of \$0.3 million. In addition, \$0.5 million related to prior period tax positions were reversed due to lapses in the statute of limitations.

At December 31, 2024 and 2023, unrecognized tax benefits, net of associated deferred tax benefits, totaled \$6.6 million and \$6.9 million, respectively, that, if recognized, would favorably impact the effective tax rate. The Company believes it is reasonably possible that an unrecognized tax benefit will be reduced by \$0.6 million within the next 12 months due to lapse of statute.

During the years ended December 31, 2024, 2023, and 2022, no amounts were recognized for interest and penalties as it relates to uncertain tax positions and as of December 31, 2024 and 2023, there was no accrual for penalties and interest.

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 \$606 million and \$573 million as of December 31, 2024 and 2023, respectively. Unfunded LIHTC and renewable energy obligations are included in Other liabilities on the Consolidated Balance Sheet and totaled \$320 million and \$322 million as of December 31, 2024 and 2023, respectively.

The Company recognized \$77.6 million, \$64.1 million, and \$57.2 million of tax credits related to LIHTC investments for the years ended December 31, 2024, 2023, and 2022, respectively. For the years ended December 31, 2024, 2023, and 2022, \$75.2 million, \$64.3 million, and \$63.2 million of amortization related to LIHTC investments was recognized as a component of income tax expense, respectively.

18. 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.

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

	December 31,	
	2024	2023
	<i>(in millions)</i>	
Commitments to extend credit, including unsecured loan commitments of \$860 and \$989 at December 31, 2024 and 2023, respectively	\$ 13,546	\$ 13,291
Credit card commitments and financial guarantees	585	418
Letters of credit, including unsecured letters of credit of \$2 and \$4 at December 31, 2024 and 2023, respectively	437	222
Total	\$ 14,568	\$ 13,931

The following table represents the contractual commitments for lines and letters of credit by maturity at December 31, 2024:

	Total Amounts Committed	Amount of Commitment Expiration per Period			
		Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
	<i>(in millions)</i>				
Commitments to extend credit	\$ 13,546	\$ 3,298	\$ 5,465	\$ 2,279	\$ 2,504
Credit card commitments and financial guarantees	585	585	—	—	—
Letters of credit	437	179	29	137	92
Total	\$ 14,568	\$ 4,062	\$ 5,494	\$ 2,416	\$ 2,596

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 Consolidated Financial Statements. This loss contingency for unfunded loan commitments and letters of credit was \$40 million and \$32 million as of December 31, 2024 and 2023, respectively. Changes to this liability are adjusted through the provision for credit losses in the Consolidated Income Statement.

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Commitments to Invest in Renewable Energy Projects

The Company has off-balance sheet commitments to invest in renewable energy projects, as described in "Note 17. Income Taxes" of these Consolidated Financial Statements, subject to the underlying project meeting certain milestones. These conditional commitments totaled \$6 million and \$32 million as of December 31, 2024 and 2023, respectively.

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 43% and 38% of the Company's HFI loan portfolio as of December 31, 2024 and 2023, respectively. The Company's loan portfolio includes significant credit exposure to the CRE market. As of December 31, 2024 and 2023, CRE related loans accounted for approximately 30% and 33% of total loans, respectively. Approximately 16% of these CRE loans, excluding construction and land loans, were owner-occupied as of December 31, 2024 and 2023. No borrower relationships at both the commitment and funded loan level exceeded 5% of total loans HFI as of December 31, 2024 and 2023.

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.

19. 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:

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Unrealized (losses) gains	\$ (1.9)	\$ (0.3)	\$ 4.9
Changes included in OCI, net of tax	(1.4)	(0.2)	3.7

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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 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.

Loans HFS: Government-insured or guaranteed and agency-conforming 1-4 family residential loans HFS are salable into active markets. Accordingly, the fair value of these loans 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.

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.

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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:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
	<i>(in millions)</i>			
December 31, 2024				
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	<u>\$ 4,385</u>	<u>\$ 9,083</u>	<u>\$ —</u>	<u>\$ 13,468</u>
Equity securities				
Preferred stock	\$ 91	\$ —	\$ —	\$ 91
CRA investments	26	—	—	26
Total equity securities	<u>\$ 117</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 117</u>
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 15. Derivatives and Hedging Activities." In addition, the carrying value of loans was 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.

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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
<i>(in millions)</i>				
December 31, 2023				
<u>Assets:</u>				
Available-for-sale debt securities				
U.S. Treasury securities	\$ 4,853	\$ —	\$ —	\$ 4,853
Residential MBS issued by GSEs and GNMA	—	1,972	—	1,972
CLO	—	1,399	—	1,399
Private label residential MBS	—	1,117	—	1,117
Tax-exempt	—	858	—	858
Commercial MBS issued by GSEs and GNMA	—	530	—	530
Corporate debt securities	—	367	—	367
Other	28	41	—	69
Total AFS debt securities	<u>\$ 4,881</u>	<u>\$ 6,284</u>	<u>\$ —</u>	<u>\$ 11,165</u>
Equity securities				
Preferred stock	\$ 100	\$ —	\$ —	\$ 100
CRA investments	26	—	—	26
Total equity securities	<u>\$ 126</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 126</u>
Loans - HFS (2)	\$ —	\$ 1,377	\$ 3	\$ 1,380
Mortgage servicing rights	—	—	1,124	1,124
Derivative assets (1)	—	66	22	88
<u>Liabilities:</u>				
Junior subordinated debt (3)	\$ —	\$ —	\$ 63	\$ 63
Derivative liabilities (1)	—	100	—	100

- (1) See "Note 15. Derivatives and Hedging Activities." In addition, the carrying value of loans was increased by \$6 million as of December 31, 2023 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 \$202 million and \$(9) 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		
	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Beginning balance	\$ (62.8)	\$ (62.5)	\$ (67.4)
Change in fair value (1)	(1.9)	(0.3)	4.9
Ending balance	<u>\$ (64.7)</u>	<u>\$ (62.8)</u>	<u>\$ (62.5)</u>

- (1) Unrealized (losses) gains attributable to changes in the fair value of junior subordinated debt are recorded in OCI, net of tax, and totaled \$(1.4) million, \$(0.2) million, and \$3.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

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

	December 31, 2024	Valuation Technique	Significant Unobservable Inputs	Input Value
	<i>(in millions)</i>			
Junior subordinated debt	\$ 65	Discounted cash flow	Implied credit rating of the Company	7.43 %
	<i>(in millions)</i>			
	December 31, 2023	Valuation Technique	Significant Unobservable Inputs	Input Value
Junior subordinated debt	\$ 63	Discounted cash flow	Implied credit rating of the Company	8.92 %

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The significant unobservable inputs used in the fair value measurement of the Company's junior subordinated debt as of December 31, 2024 and 2023 was the implied credit risk for the Company. The implied credit risk spread as of December 31, 2024 and 2023 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 December 31, 2024, the Company estimates the discount rate at 7.43%, which represents an implied credit spread of 3.12% plus three-month SOFR (4.31%). As of December 31, 2023, the Company estimated the discount rate at 8.92%, which was a 3.59% credit spread plus three-month SOFR (5.33%).

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

	Year Ended December 31, 2024			
	2024		2023	
	MSRs	IRLCs (1)	MSRs	IRLCs (1)
	<i>(in millions)</i>			
Balance, beginning of period	\$ 1,124	\$ 18	\$ 1,148	\$ 2
Purchases and additions	923	18,896	865	15,434
Sales and payments	(905)	—	(800)	—
Settlement of IRLCs upon acquisition or origination of loans HFS	—	(18,916)	—	(15,420)
Change in fair value	144	—	11	2
Mark to market adjustments	—	—	4	—
Realization of cash flows	(159)	—	(104)	—
Balance, end of period	\$ 1,127	\$ (2)	\$ 1,124	\$ 18
Changes in unrealized gains (losses) for the period (2)	\$ 71	\$ (2)	\$ 19	\$ (18)

(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	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 %

Asset/liability	Key inputs	December 31, 2023	
		Range	Weighted average
MSRs:	Option adjusted spread (in basis points)	29 - 253	213
	Conditional prepayment rate (1)	9.5% - 23.9%	17.4 %
	Recapture rate	20.0% - 20.0%	20.0 %
	Servicing fee rate (in basis points)	25.0 - 56.5	35.6
	Cost to service	\$93 - \$100	\$95
IRLCs:	Servicing fee multiple	3.2 - 5.4	4.3
	Pull-through rate	68% - 100%	89 %

(1) Lifetime total prepayment speed annualized.

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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:

	December 31,					
	2024			2023		
	Fair value	UPB	Difference	Fair value	UPB	Difference
	<i>(in millions)</i>					
Loans HFS:						
Current through 89 days delinquent	\$ 2,244	\$ 2,195	\$ 49	\$ 1,379	\$ 1,319	\$ 60
90 days or more delinquent	—	—	—	1	2	(1)
Total	\$ 2,244	\$ 2,195	\$ 49	\$ 1,380	\$ 1,321	\$ 59

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			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Active Markets for Similar Assets (Level 2)	Unobservable Inputs (Level 3)
		<i>(in millions)</i>		
As of December 31, 2024				
Loans HFI	\$ 561	\$ —	\$ —	\$ 561
Other assets acquired through foreclosure	52	—	—	52
As of December 31, 2023				
Loans HFI	\$ 379	\$ —	\$ —	\$ 379
Other assets acquired through foreclosure	8	—	—	8

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:

	December 31, 2024	Valuation Technique(s)	Significant Unobservable Inputs	Range	
	<i>(in millions)</i>				
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%
	December 31, 2023	Valuation Technique(s)	Significant Unobservable Inputs	Range	
	<i>(in millions)</i>				
Loans HFI	\$ 379	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	8	Collateral method	Third party appraisal	Costs to sell	4.0% to 10.0%

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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 \$561 million and \$379 million at December 31, 2024 and 2023, respectively, net of a specific ACL of \$46 million and \$10 million at December 31, 2024 and 2023, 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 \$52 million and \$8 million of such assets at December 31, 2024 and 2023, respectively.

Fair Value of Financial Instruments

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

	December 31, 2024				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
		<i>(in millions)</i>			
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.

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December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<i>(in millions)</i>					
Financial assets:					
Investment securities:					
HTM	\$ 1,429	\$ —	\$ 1,251	\$ —	\$ 1,251
AFS	11,165	4,881	6,284	—	11,165
Equity securities	126	126	—	—	126
Derivative assets (1)	84	—	66	22	88
Loans HFS	1,402	—	1,379	23	1,402
Loans HFI, net	49,960	—	—	46,877	46,877
Mortgage servicing rights	1,124	—	—	1,124	1,124
Accrued interest receivable	370	—	370	—	370
Financial liabilities:					
Deposits	\$ 55,333	\$ —	\$ 55,379	\$ —	\$ 55,379
Other borrowings	7,230	—	7,192	—	7,192
Qualifying debt	895	—	734	76	810
Derivative liabilities (1)	100	—	100	—	100
Accrued interest payable	151	—	151	—	151

(1) Derivative assets and liabilities exclude margin of \$202 million and \$(9) 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 December 31, 2024 and 2023 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 December 31, 2024 and 2023.

20. REGULATORY CAPITAL REQUIREMENTS

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 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 ending December 31, 2024. Accordingly, capital ratios and amounts in 2024 include a 25% capital benefit that resulted from the increased ACL related to the adoption of ASC 326, compared to a 50% capital benefit for 2023.

As of December 31, 2024 and 2023, 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>								
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
December 31, 2023								
WAL	\$ 7,201	\$ 6,035	\$ 52,517	\$ 70,295	13.7 %	11.5 %	8.6 %	10.8 %
WAB	6,802	6,229	52,508	70,347	13.0	11.9	8.9	11.9
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 it is in compliance with these requirements as of December 31, 2024.

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21. EMPLOYEE BENEFIT PLANS

The Company has a qualified 401(k) employee benefit plan for all eligible employees. Participants are able to defer between 1% and 75% (up to a maximum of \$23,000 for those under 50 years of age and \$30,500 for those between 50 and 59 years of age) of their annual compensation. The Company may elect to match a discretionary amount each year, which was 100% of the first 5% of the participant's compensation deferred into the plan during the year ended December 31, 2024. The Company's contributions to this plan totaled \$17.8 million, \$17.7 million, and \$15.9 million for the years ended December 31, 2024, 2023, and 2022, respectively.

In addition, the Company has a SERP, which is an unfunded noncontributory defined benefit pension plan. The SERP provides retirement benefits to certain Bridge officers based on years of service and final average salary. The projected benefit obligation was \$15 million and \$14 million as of December 31, 2024 and 2023, respectively, all of which was unfunded. Net periodic benefit cost totaled \$1.2 million for the year ended December 31, 2024 and \$1.0 million for each of the years ended December 31, 2023 and 2022.

22. RELATED PARTY TRANSACTIONS

Principal stockholders, directors, and executive officers of the Company, their immediate family members, and companies they control or own more than a 10% interest in, are considered to be related parties. In the ordinary course of business, the Company engages in various related party transactions, including extending credit and bank service transactions. All related party transactions are subject to review and approval pursuant to the Company's related party transactions policy.

Federal banking regulations require any extensions of credit to insiders and their related interests not be offered on terms more favorable than would be offered to non-related borrowers of similar creditworthiness. The following table summarizes the aggregate activity for such loans:

	Year Ended December 31,	
	2024	2023
	<i>(in millions)</i>	
Balance, beginning	\$ —	\$ 172
New loans	22	—
Advances	—	457
Repayments and other	—	(629)
Balance, ending	<u>\$ 22</u>	<u>\$ —</u>

The increase in the related party loan balance from December 31, 2023 was primarily driven by the execution and funding of a new loan to a single related party. None of these loans were past due, on non-accrual status or have been restructured during the year ended December 31, 2024 to provide a reduction or deferral of interest or principal because of deterioration in the financial position of the borrower. In addition, there were no loans to a related party that were considered classified loans at December 31, 2024 or 2023. For the years ended December 31, 2024, 2023, and 2022, interest income associated with related party loans was approximately \$0.1 million, \$1.6 million and \$2.5 million, respectively. During the year ended December 31, 2024, there were no residential loans purchased by the Company from related parties, compared to \$27 million and \$914 million during the years ended December 31, 2023 and 2022, respectively.

Loan commitments outstanding with related parties totaled \$82 million and \$2 million at December 31, 2024 and 2023, respectively. The increase in related party loan commitments during the year ended December 31, 2024 is primarily due to changes in composition of the Company's BOD and origination of new loans to related parties.

The Company also accepts deposits from related parties, which totaled \$159 million and \$62 million at December 31, 2024 and 2023, respectively, with related interest expense of approximately \$5.8 million during the year ended December 31, 2024 and \$1.1 million and \$0.2 million during the years ended December 31, 2023 and 2022, respectively. The increase in deposits from related parties during the year ended December 31, 2024 is primarily related to changes in composition of the Company's BOD. There were no earnings credits on deposits from related parties for the year ended December 31, 2024, compared to \$2.6 million and \$1.9 million for the years ended December 31, 2023, and 2022, respectively.

There were no loans serviced by related parties at December 31, 2024 and 2023 and \$2.1 billion of residential loans serviced by related parties at December 31, 2022. During the year ended December 31, 2024, there were no loan servicing fees paid to related parties compared to \$0.6 million and \$1.5 million during the years ended December 31, 2023 and 2022, respectively. Donations, sponsorships, and other payments to related parties totaled less than \$1.0 million during each of the years ended December 31, 2024, 2023, and 2022.

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23. PARENT COMPANY FINANCIAL INFORMATION

The condensed financial statements of the holding company are presented in the following tables:

WESTERN ALLIANCE BANCORPORATION

Condensed Balance Sheets

	December 31,	
	2024	2023
	<i>(in millions)</i>	
ASSETS:		
Cash and cash equivalents	\$ 181	\$ 140
Investment securities - equity	31	31
Investment in subsidiaries	7,096	6,513
Other assets	85	71
Total assets	<u>\$ 7,393</u>	<u>\$ 6,755</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Qualifying debt	\$ 674	\$ 671
Accrued interest and other liabilities	12	6
Total liabilities	<u>686</u>	<u>677</u>
Total stockholders' equity	6,707	6,078
Total liabilities and stockholders' equity	<u>\$ 7,393</u>	<u>\$ 6,755</u>

WESTERN ALLIANCE BANCORPORATION

Condensed Income Statements

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Income:			
Dividends from subsidiaries	\$ 240.0	\$ 330.0	\$ 261.8
Interest income	2.7	2.9	3.8
Non-interest income (loss)	22.5	1.5	(0.9)
Total income	<u>265.2</u>	<u>334.4</u>	<u>264.7</u>
Expense:			
Interest expense	25.7	25.4	22.6
Non-interest expense	27.4	29.3	26.5
Total expense	<u>53.1</u>	<u>54.7</u>	<u>49.1</u>
Income before income taxes and equity in undistributed earnings of subsidiaries	212.1	279.7	215.6
Income tax benefit	6.1	10.3	11.0
Income before equity in undistributed earnings of subsidiaries	218.2	290.0	226.6
Equity in undistributed earnings of subsidiaries	569.5	432.4	830.7
Net income	787.7	722.4	1,057.3
Dividends on preferred stock	12.8	12.8	12.8
Net income available to common stockholders	<u>\$ 774.9</u>	<u>\$ 709.6</u>	<u>\$ 1,044.5</u>

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Western Alliance Bancorporation

Condensed Statements of Cash Flows

	Year Ended December 31,		
	2024	2023	2022
	<i>(in millions)</i>		
Cash flows from operating activities:			
Net income	\$ 787.7	\$ 722.4	\$ 1,057.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in net undistributed earnings of subsidiaries	(569.5)	(432.4)	(830.7)
Change in fair value of assets and liabilities measured at fair value	(0.2)	(3.4)	8.7
Other operating activities, net	17.9	(1.8)	(16.8)
Net cash provided by operating activities	235.9	284.8	218.5
Cash flows from investing activities:			
Purchases of securities	—	(153.9)	(0.4)
Principal pay downs, calls, maturities, and sales proceeds of securities	—	155.5	1.8
Capital contributions to subsidiaries	—	(50.0)	(193.0)
Other investing activities, net	(19.0)	(10.0)	(12.1)
Net cash used in investing activities	(19.0)	(58.4)	(203.7)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net	0.1	0.1	157.7
Cash dividends paid on common and preferred stock	(176.8)	(171.5)	(166.2)
Net cash used in financing activities	(176.7)	(171.4)	(8.5)
Net increase in cash and cash equivalents	40.2	55.0	6.3
Cash and cash equivalents at beginning of year	140.3	85.3	79.0
Cash and cash equivalents at end of year	\$ 180.5	\$ 140.3	\$ 85.3

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24. 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 chief operating decision maker is the Chief Executive Officer. The chief operating decision maker assesses overall segment performance based on pre-tax income and uses this metric to allocate resources for each segment, focusing on budgeting and forecasting.

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 20% during the year. 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.

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The following is a summary of reportable segment balance sheet information:

	Consolidated Company	Commercial	Consumer Related	Corporate & Other
At December 31, 2024:	<i>(in millions)</i>			
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	3,206
Total assets	<u>\$ 80,934</u>	<u>\$ 31,896</u>	<u>\$ 26,655</u>	<u>\$ 22,383</u>
Liabilities:				
Deposits	\$ 66,341	\$ 25,487	\$ 33,767	\$ 7,087
Borrowings and qualifying debt	6,472	15	37	6,420
Other liabilities	1,414	72	476	866
Total liabilities	<u>74,227</u>	<u>25,574</u>	<u>34,280</u>	<u>14,373</u>
Allocated equity:	6,707	2,727	1,899	2,081
Total liabilities and stockholders' equity	<u>\$ 80,934</u>	<u>\$ 28,301</u>	<u>\$ 36,179</u>	<u>\$ 16,454</u>
Excess funds provided (used)	—	(3,595)	9,524	(5,929)
At December 31, 2023:				
Assets:				
Cash, cash equivalents, and investment securities	\$ 14,288	\$ 13	\$ 125	\$ 14,150
Loans HFS	1,402	—	1,402	—
Loans HFI, net of deferred fees and costs	50,297	29,136	21,161	—
Less: allowance for credit losses	(337)	(284)	(53)	—
Net loans HFI	49,960	28,852	21,108	—
Goodwill and other intangible assets, net	669	292	377	—
Other assets	4,543	398	1,826	2,319
Total assets	<u>\$ 70,862</u>	<u>\$ 29,555</u>	<u>\$ 24,838</u>	<u>\$ 16,469</u>
Liabilities:				
Deposits	\$ 55,333	\$ 23,508	\$ 25,101	\$ 6,724
Borrowings and qualifying debt	8,125	7	402	7,716
Other liabilities	1,326	109	338	879
Total liabilities	<u>64,784</u>	<u>23,624</u>	<u>25,841</u>	<u>15,319</u>
Allocated equity:	6,078	2,555	1,790	1,733
Total liabilities and stockholders' equity	<u>\$ 70,862</u>	<u>\$ 26,179</u>	<u>\$ 27,631</u>	<u>\$ 17,052</u>
Excess funds provided (used)	—	(3,376)	2,793	583

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The following is a summary of reportable segment income statement information:

	Consolidated Company	Commercial	Consumer Related	Corporate & Other
Year Ended December 31, 2024:	<i>(in millions)</i>			
Interest income	\$ 4,541.1	\$ 2,499.6	\$ 1,083.4	\$ 958.1
Interest expense	1,922.2	681.3	611.6	629.3
Funds transfer pricing	—	(650.7)	994.2	(343.5)
Net interest income	2,618.9	1,167.6	1,466.0	(14.7)
Provision for credit losses	145.9	136.2	2.2	7.5
Net interest income after provision for credit losses	2,473.0	1,031.4	1,463.8	(22.2)
Non-interest income	543.2	120.9	354.3	68.0
Salaries and employee benefits	631.1	135.6	132.6	362.9
Other non-interest expense (1)	1,393.9	486.1	1,228.3	(320.5)
Income before provision for income taxes	991.2	530.6	457.2	3.4
Income tax expense	203.5	109.4	90.7	3.4
Net income	\$ 787.7	\$ 421.2	\$ 366.5	\$ —
Year Ended December 31, 2023:				
Interest income	\$ 4,035.3	\$ 2,426.6	\$ 960.3	\$ 648.4
Interest expense	1,696.4	485.2	417.9	793.3
Funds transfer pricing	—	(554.2)	358.3	195.9
Net interest income	2,338.9	1,387.2	900.6	51.1
Provision for credit losses	62.6	38.3	3.3	21.0
Net interest income after provision for credit losses	2,276.3	1,348.9	897.3	30.1
Non-interest income	280.7	(23.4)	287.0	17.1
Salaries and employee benefits	566.3	149.7	125.8	290.8
Other non-interest expense (1)	1,057.1	430.7	799.3	(172.9)
Income before provision for income taxes	933.6	745.1	259.2	(70.7)
Income tax expense	211.2	174.8	59.5	(23.1)
Net income	\$ 722.4	\$ 570.3	\$ 199.7	\$ (47.6)
Year Ended December 31, 2022:				
Interest income	\$ 2,691.8	\$ 1,588.7	\$ 811.9	\$ 291.2
Interest expense	475.5	127.7	77.8	270.0
Funds transfer pricing	—	71.2	122.6	(193.8)
Net interest income	2,216.3	1,532.2	856.7	(172.6)
Provision for credit losses	68.1	47.2	21.1	(0.2)
Net interest income after provision for credit losses	2,148.2	1,485.0	835.6	(172.4)
Non-interest income	324.6	59.7	247.3	17.6
Salaries and employee benefits	539.5	115.1	173.8	250.6
Other non-interest expense (1)	617.2	350.8	456.6	(190.2)
Income before provision for income taxes	1,316.1	1,078.8	452.5	(215.2)
Income tax expense	258.8	256.5	107.7	(105.4)
Net income	\$ 1,057.3	\$ 822.3	\$ 344.8	\$ (109.8)

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

25. 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 \$68.0 million, \$98.6 million, and \$44.1 million for the years ended December 31, 2024, 2023, and 2022, respectively. The Company had no material unsatisfied performance obligations as of December 31, 2024 or 2023.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out by the Company's management, with the participation of its CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e), under the Exchange Act). Based upon that evaluation, the Company's CEO and CFO concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report. No changes were made to the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of WAL is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

As of December 31, 2024, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "*Internal Control-Integrated Framework*" issued by the COSO in 2013. Based on this assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2024, based on those criteria.

RSM US LLP, the independent registered public accounting firm that audited the Consolidated Financial Statements of the Company included in this Annual Report on Form 10-K, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. Their report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024, is included herein.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Western Alliance Bancorporation

Opinion on the Internal Control Over Financial Reporting

We have audited Western Alliance Bancorporation and its subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024 of the Company and our report dated February 25, 2025, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Austin, Texas
February 25, 2025

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Item 9B. Other Information.

Insider Adoption of Termination of Trading Arrangements

During the quarter ended December 31, 2024, 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.

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers (Item 5.02(c))

As previously reported on the Company's Current Report on Form 8-K filed on July 30, 2024, J. Kelly Ardrey, Jr., the Company's Chief Accounting Officer, notified the Company of his intention to retire from the Company, effective March 3, 2025. In anticipation of Mr. Ardrey's retirement, on February 24, 2025, Ben Mucha was appointed as Chief Accounting Officer, effective as of March 3, 2025. Mr. Mucha (53) has been the Company's Deputy Chief Accounting Officer since March 2023. Prior to joining the Company, Mr. Mucha was Assistant Controller (March 2020 to March 2023) and Director of External Reporting and Corporate Accounting (October 2018-March 2020) with U.S. Bank.

There are no arrangements or understandings between Mr. Mucha and any other person pursuant to which he was appointed as Chief Accounting Officer, and there are no transactions between Mr. Mucha and the Company that would require disclosure under Item 404(a) of Regulation S-K. There are no family relationships between Mr. Mucha and any director or executive officer. No material plans, contracts or arrangements have been entered into between the Company and Mr. Mucha in connection with his appointment.

Other Events (Item 8.01)

On February 19, 2025, the Company determined to report information related to a data security incident which it has been investigating. On January 27, 2025, the Company was made aware that a threat actor obtained unauthorized access to files transferred through a third-party secure file transfer software used by WAB. The Company was made aware of a zero-day vulnerability at the vendor on October 27, 2024 (the "Vendor Incident"), and immediately activated its incident response process to investigate and deployed all patches as recommended by the software developer. The Company and its information security consultants found no evidence of any unlawful infiltration or exfiltration of any Company or customer data until January 27, 2025, when the Company's surveillance process identified files related to the Vendor Incident published by the threat actor. The files included data flowing through the file transfer software between October 12-24, 2024, prior to notification of the Vendor Incident. The Company will work with clients who may have been impacted and will make appropriate notifications to impacted individuals. Although the Company continues to investigate and has not determined the full impact of this incident, at this time the incident has not had a material impact on the Company's business or operations. The Company does not anticipate any material impact on the Company's financial condition or results of operations.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information in the Company's Definitive Proxy Statement prepared for the 2025 Annual Meeting of Stockholders to be held on June 11, 2025, which contains information concerning this item under the captions Corporate Governance, Executive Officers, Delinquent Section 16(a) Reports (if applicable) and Legal Proceedings, is incorporated herein by reference.

The Company has adopted a Code of Business Conduct and Ethics (the "Code") that applies to its directors, officers and employees and is available in the Governance Documents section of the Investor Relations page of the Company's website at www.westernalliancebancorporation.com or, for print copies, by writing to the Company at One E. Washington Street, Suite 1400, Phoenix, Arizona 85004, Attention: Corporate Secretary. The Company intends to provide any required disclosure of any amendment to or waiver of the Code that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, in the Governance Documents section of the Investor Relations page of the Company's website at www.westernalliancebancorporation.com promptly following the amendment or waiver. The information contained on or connected to the Company's website is not incorporated by reference in this Annual Report on Form 10-K and should not be considered part of this or any other report or document that we file or furnish to the SEC.

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The Company has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by directors, officers, employees and other covered persons that are reasonably designed to promote compliance with insider trading laws, rules, and regulations, including applicable NYSE listing standards. A copy of our insider trading policies and procedures are filed with this Annual Report on Form 10-K as Exhibit 19.

Item 11. Executive Compensation

The information in the Company's Definitive Proxy Statement prepared for the 2025 Annual Meeting of Stockholders to be held on June 11, 2025, which contains information concerning this item under the captions Compensation of Directors, Executive Compensation - Compensation Discussion and Analysis, Compensation Tables, CEO Pay Ratio, Potential Payments Upon Termination or Change in Control, Compensation Committee Interlocks and Insider Participation and Compensation Committee Report is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information in the Company's Definitive Proxy Statement prepared for the 2025 Annual Meeting of Stockholders to be held on June 11, 2025, which contains information concerning this item under the caption Equity Compensation Plan Information and Security Ownership of Certain Beneficial Owners, Directors and Executive Officers, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information in the Company's Definitive Proxy Statement prepared for the 2025 Annual Meeting of Stockholders to be held on June 11, 2025, which contains information concerning this item under the caption Certain Transactions with Related Parties, Policies and Procedures Regarding Transactions with Related Persons and Director Independence, is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information in the Company's Definitive Proxy Statement prepared for the 2025 Annual Meeting of Stockholders to be held on June 11, 2025, which contains information concerning this item under the caption Independent Auditors - Fees and Services and Audit Committee Pre-Approval Policy, is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(1) The following financial statements are incorporated by reference from Item 8 hereto:

Report of Independent Registered Public Accounting Firm	75
Consolidated Balance Sheets as of December 31, 2024 and 2023	78
Consolidated Income Statements for the three years ended December 2024, 2023, and 2022	79
Consolidated Statements of Comprehensive Income for the three years ended December 31, 2024, 2023, and 2022	80
Consolidated Statements of Stockholders' Equity for the three years ended December 31, 2024, 2023, and 2022	81
Consolidated Statements of Cash Flows for the three years ended December 31, 2024, 2023, and 2022	82
Notes to Consolidated Financial Statements	84

(2) *Financial Statement Schedules*

Not applicable.

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EXHIBITS

- 3.1 Amended and Restated Certificate of Incorporation of Western Alliance, 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 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).
- 3.3 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).
- 3.4 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).
- 3.5 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).
- 3.6 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).
- 4.1 Description of Securities of the Registrant (incorporated by reference to Exhibit 4.1 of Western Alliance's Form 10-K filed with the SEC on February 25, 2022).
- 4.2 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Western Alliance's Form 8-K filed with the SEC on June 3, 2014).
- 4.3 Form of Senior Debt Indenture (incorporated by reference to Exhibit 4.2 of Western Alliance's Form S-3 filed with the SEC on May 7, 2015).
- 4.4 Form of Subordinated Debt Indenture (incorporated by reference to Exhibit 4.3 of Western Alliance's Form S-3 filed with the SEC on May 7, 2015).
- 4.5 Form of 5.00% Fixed to Floating Rate Subordinated Bank Note due July 15, 2025 (incorporated by reference to Exhibit 4.1 of Western Alliance's Form 8-K filed with the SEC on July 2, 2015).
- 4.6 Form of 5.25% Fixed to Floating Rate Subordinated Bank Note due June 1, 2030 (incorporated by reference to Exhibit 4.1 of Western Alliance's Form 8-K filed with the SEC on May 22, 2020).
- 4.7 Subordinated Debt Indenture, dated as of June 7, 2021, by and between Western Alliance Bancorporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of Western Alliance's Form 8-K filed with the SEC on June 7, 2021).
- 4.8 First Supplemental Indenture to the Subordinated Indenture for the 3.00% Fixed to Floating Rate Subordinated Notes due 2031, dated June 7, 2021, by and between Western Alliance Bancorporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of Western Alliance's Form 8-K filed with the SEC on June 7, 2021).
- 4.9 Form of Global Note for the 3.00% Fixed to Floating Rate Subordinated Notes due 2031 (incorporated by reference to Exhibit 4.3 of Western Alliance's Form 8-K filed with the SEC on June 7, 2021).
- 4.10 Deposit Agreement (including the Form of Depositary Receipt), dated September 22, 2021, by and among Western Alliance Bancorporation, Computershare Inc. and Computershare Trust Company, N.A., and the holders from time to time of Depositary Receipts described therein (incorporated by reference to Exhibit 4.1 of Western Alliance's Form 8-K filed with the SEC on September 22, 2021).
- 10.1 Western Alliance 2005 Stock Incentive Plan, effective April 7, 2023 (incorporated by reference to Exhibit 10.1 of Western Alliance's Form 8-K filed with the SEC on June 14, 2023). ±
- 10.2 Bridge Capital Holdings 2006 Equity Incentive Plan (incorporated by reference to Exhibit 4.11 of Western Alliance's Form S-8 filed with the SEC on July 2, 2015). ±
- 10.3 Form of BankWest Nevada Corporation Incentive Stock Option Plan Agreement (incorporated by reference to Exhibit 10.3 of Western Alliance's Registration Statement on Form S-1 filed with the SEC on April 28, 2005). ±
- 10.4 Form of Western Alliance Incentive Stock Option Plan Agreement (incorporated by reference to Exhibit 10.4 of Western Alliance's Registration Statement on Form S-1 filed with the SEC on April 28, 2005). ±
- 10.5 Form of Western Alliance 2002 Stock Option Plan Agreement (incorporated by reference to Exhibit 10.5 of Western Alliance's Registration Statement on Form S-1 filed with the SEC on April 28, 2005). ±
- 10.6 Form of Western Alliance 2002 Stock Option Plan Agreement (with double trigger acceleration clause) (incorporated by reference to Exhibit 10.6 of Western Alliance's Registration Statement on Form S-1 filed with the SEC on April 28, 2005). ±
- 10.7 Form of Non-Competition Agreement (incorporated by reference to Exhibit 10.8 of Western Alliance's Registration Statement on Form S-1 filed with the SEC on April 28, 2005). ±
- 10.8 Severance and Change in Control Plan, as amended and restated effective as of July 28, 2021 (incorporated by reference to Exhibit 10.2 of Western Alliance's Form 10-Q filed with the SEC on July 30, 2022). ±

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10.9	Form of Executive Participation Agreement under the Severance and Change in Control Plan (CEO) (incorporated by reference to Exhibit 10.3 of Western Alliance's Form 10-Q filed with the SEC on July 30, 2022). ±
10.10	Form of Executive Participation Agreement under the Severance and Change in Control Plan (non-CEO) (incorporated by reference to Exhibit 10.4 of Western Alliance's Form 10-Q filed with the SEC on July 30, 2022) ±
10.11	Form of Indemnification Agreement, by and between Western Alliance and each of Western Alliance's directors and executive officers (incorporated by reference to Exhibit 10.10 of Western Alliance's Form 10-K/A filed with the SEC on March 1, 2017). ±
10.12	Letter Agreement, dated as of April 6, 2022, between Western Alliance Bancorporation and Kenneth A. Vecchione (incorporated by reference to Exhibit 10.1 of Western Alliance's Current Report on Form 8-K filed with the SEC on April 7, 2022). ±
10.13	Employment Letter Agreement, dated February 7, 2018, by and between Barbara J. Kennedy and Western Alliance (incorporated by reference to Exhibit 10.1 of Western Alliance's Form 10-Q filed with the SEC on April 30, 2019). ±
10.14	Form of Performance-Based Stock Unit Agreement pursuant to the Company's 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.14 of Western Alliance's Form 10-K filed with the SEC on February 27, 2024). ±
10.15	Form of Executive Restricted Stock Agreement pursuant to the Company's 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.15 of Western Alliance's Form 10-K filed with the SEC on February 27, 2024). ±
10.16	Form Cash Settled Stock Unit Agreement and Notice of Grant pursuant to the Company's 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 of Western Alliance's Form 10-K filed with the SEC on February 27, 2024). ±
10.17	Form of Deferred Stock Unit Agreement pursuant to the Company's 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of Western Alliance's Form 10-Q filed with the SEC on August 1, 2024). ±
19*	Western Alliance Bancorporation Insider Trading Policy
21.1*	List of Subsidiaries of Western Alliance.
23.1*	Consent of RSM US LLP.
24.1*	Power of Attorney (see signature page).
31.1*	CEO and 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.
97.1	Western Alliance Bancorporation Dodd-Frank Clawback Policy (incorporated by reference to Exhibit 97.1 of Western Alliance's Form 10-K filed with the SEC on February 27, 2024).
101*	The following materials from Western Alliance's Annual Report on Form 10-K Report for the year ended December 31, 2024, formatted in Inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Income Statements, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.
104*	The cover page of Western Alliance's Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline XBRL (contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

± Management contract or compensatory arrangement.

Stockholders may obtain copies of exhibits by writing to: Dale Gibbons, Western Alliance Bancorporation, One East Washington Street Suite 1400, Phoenix, AZ 85004.

Item 16. Form 10-K Summary.

Not applicable.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

February 25, 2025

By: /s/ Dale Gibbons

Dale Gibbons

Interim Chief Executive Officer and
Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dale Gibbons, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in their listed capacities on February 25, 2025.

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Name	Title
/s/ Dale Gibbons	Vice Chairman, Interim Chief Executive Officer and Chief Financial Officer
Dale Gibbons	(Principal Executive Officer and Principal Financial Officer)
/s/ J. Kelly Ardrey Jr.	Chief Accounting Officer
J. Kelly Ardrey Jr.	(Principal Accounting Officer)
/s/ Bruce D. Beach	Board Chairman
Bruce D. Beach	
/s/ Juan R. Figuero	Director
Juan R. Figuero	
/s/ Howard N. Gould	Director
Howard N. Gould	
/s/ Greta Guggenheim	Director
Greta Guggenheim	
/s/ Christopher A. Halmy	Director
Christopher A. Halmy	
/s/ Mary Chris Jammet	Director
Mary Chris Jammet	
/s/ Marianne Boyd Johnson	Director
Marianne Boyd Johnson	
/s/ Mary Tuuk Kuras	Director
Mary Tuuk Kuras	
/s/ Robert P. Latta	Director
Robert P. Latta	
/s/ Anthony Meola	Director
Anthony Meola	
/s/ Bryan K. Segedi	Director
Bryan K. Segedi	
/s/ Donald D. Snyder	Director
Donald D. Snyder	
	Director
Kenneth A. Vecchione (on leave)	

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One East Washington Street, Suite 1400 Phoenix, Arizona 85004

(602) 389-3500 | westernalliancebank.com

Western Alliance Bank, Member FDIC, is the wholly owned subsidiary of Western Alliance Bancorporation. Alliance Association Bank, Alliance Bank of Arizona, Bank of Nevada, Bridge Bank, First Independent Bank and Torrey Pines Bank operate as divisions of Western Alliance Bank. AmeriHome Mortgage Company, LLC and Digital Settlement Technologies, LLC (dba Digital Disbursements) are wholly owned subsidiaries of Western Alliance Bank. Banking products and services, including loans and deposit accounts, are provided by Western Alliance Bank, Member FDIC. Western Alliance Bank including its subsidiary, AmeriHome Mortgage Company, LLC are Equal Housing Lenders. Trust, custody and administration services are provided by Western Alliance Trust Company, a wholly owned subsidiary of Western Alliance Bancorporation. Products and services offered by Western Alliance Trust Company are not FDIC insured, not guaranteed by Western Alliance Bank and may lose value. ©2025 Western Alliance Bancorporation. All Rights Reserved.