EARNINGS CALL

3rd QUARTER 2020

October 23, 2020

Forward-Looking Statements

This release contains forward-looking statements that relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Examples of forward-looking statements include, among others, statements we make regarding our expectations with regard to our business, financial and operating results, future economic performance and dividends, and the impact of the COVID-19 pandemic and related economic conditions. The forward-looking statements contained herein reflect our current views about future events and financial performance and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from historical results and those expressed in any forward-looking statement. Some factors that could cause actual results to differ materially from historical or expected results include, among others: the risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the Securities and Exchange Commission; the potential adverse effects of the ongoing COVID-19 pandemic and any governmental or societal responses thereto, or other unusual and infrequently occurring events; changes in general economic conditions, either nationally or locally in the areas in which we conduct or will conduct our business; inflation, interest rate, market and monetary fluctuations; increases in competitive pressures among financial institutions and businesses offering similar products and services; higher defaults on our loan portfolio than we expect; changes in management's estimate of the adequacy of the allowance for credit losses; legislative or regulatory changes including in response to the COVID-19 pandemic such as the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") and the rules and regulations that may be promulgated thereunder; or changes in accounting principles, policies or guidelines (including changes related to CECL); supervisory actions by regulatory agencies which may limit our ability to pursue certain growth opportunities, including expansion through acquisitions; additional regulatory requirements resulting from our continued growth; management's estimates and projections of interest rates and interest rate policy; the execution of our business plan; and other factors affecting the financial services industry generally or the banking industry in particular.

Any forward-looking statement made by us in this release is based only on information currently available to us and speaks only as of the date on which it is made. We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements, whether written or oral, that may be made from time to time, set forth in this press release to reflect new information, future events or otherwise.

Non-GAAP Financial Measures

This presentation contains both financial measures based on GAAP and non-GAAP based financial measures, which are used where management believes them to be helpful in understanding the Company's results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in the Company's press release as of and for the quarter ended September 30, 2020. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

3rd Quarter 2020 | Financial Highlights

	Q3-20	Q2-20	Q3-19
Earnings & Profitability			
Net Interest Income	$ 284.7	$ 298.4	$ 266.4
Pre Provision Net Revenue[1]	181.3	204.9	159.7
Net Income	135.8	93.3	127.4
EPS	1.36	0.93	1.24
Net Interest Margin	3.71%	4.19%	4.41%
Efficiency Ratio[1]	39.7	35.1	43.2
ROAA	1.66	1.22	1.94
ROTCE[1]	18.73	13.60	19.41
Balance Sheet & Capital			
Total Loans, Gross	$ 26,014	$ 25,029	$ 20,153
Total Deposits	28,843	27,545	22,441
CET1 Ratio	10.0%	10.2%	10.3%
TCE Ratio[1]	8.9%	8.9%	10.1%
Tangible Book Value per Share[1]	$ 29.03	$ 27.84	$ 25.60
Asset Quality			
Provision for Credit losses[2]	$ 14.7	$ 92.0	$ 3.8
Net Charge-Offs (Recoveries)	8.2	5.5	0.6
Provision in Excess of Net Charge-Offs	6.5	86.5	4.4
Net Charge-Offs (Recoveries) / Avg. Loans	0.13%	0.09%	(0.01)%
Total Loan ACL / Funded Loans	1.37	1.39	0.86
NPAs[3] / Total Assets	0.47	0.47	0.25

Net Income
$135.8 million

EPS
$1.36

PPNR[1]
$181.3 million

ROTCE[1]
18.73%

Loan Growth
$985 million
15.6%, annualized

Deposit Growth
$1.3 billion
18.8%, annualized

Tangible Book Value per Share[1]
$29.03

Total Loan ACL/ Funded Loans
1.37%

Dollars in millions, except EPS

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1) Refer to slide 2 for further discussion of Non-GAAP financial measures.
2) Upon adoption of CECL on January 1, 2020, Provision for Credit Losses has been modified to also include amounts related to unfunded loan commitments and investment securities. Prior period amounts have been restated to conform to the current presentation.
3) Nonperforming assets includes nonaccrual loans and repossessed assets.

Quarterly Consolidated Financial Results

	Q3-20		Q2-20	Q3-19
Interest Income	$ 304.8		$ 318.2	$ 315.6
Interest Expense	(20.1)		(19.8)	(49.2)
Net Interest Income	**$ 284.7**	1	**$ 298.4**	**$ 266.4**
Gain on Sales & Valuation of Assets	5.9	2	4.6	3.4
BOLI Enhancement	—		5.6	—
Other	14.7		11.1	16.1
Non-Interest Income	**$ 20.6**		**$ 21.3**	**$ 19.4**
Net Revenue	**$ 305.3**		**$ 319.7**	**$ 285.8**
Salaries and Employee Benefits	(78.8)	3	(69.6)	(71.0)
Deposit Costs	(3.2)		(3.5)	(11.5)
Loss on OREO	(0.1)		—	(3.4)
Other	(42.0)		(41.7)	(40.3)
Non-Interest Expense	**$ (124.1)**		**$ (114.8)**	**$ (126.1)**
Pre-Provision Net Revenue[1]	**$ 181.3**	4	**$ 204.9**	**$ 159.7**
Provision for Credit Losses[2]	(14.7)	5	(92.0)	(3.8)
Pre-Tax Income	**$ 166.6**		**$ 112.9**	**$ 155.9**
Income Tax	(30.8)		(19.6)	(28.5)
Net Income	**$ 135.8**		**$ 93.3**	**$ 127.4**
Diluted Shares	**100.1**		**100.0**	**102.5**
Earnings Per Share	**$ 1.36**		**$ 0.93**	**$ 1.24**

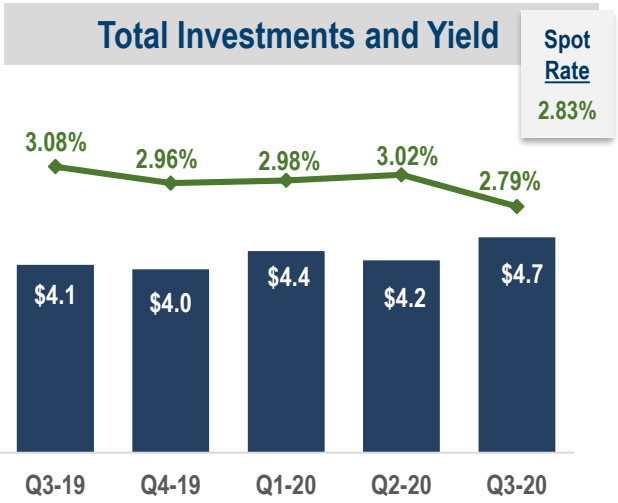
Dollars in millions, except EPS

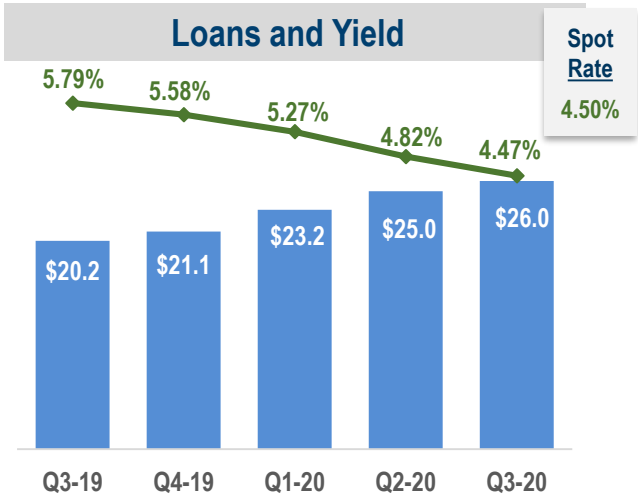
Q3 2020 Highlights

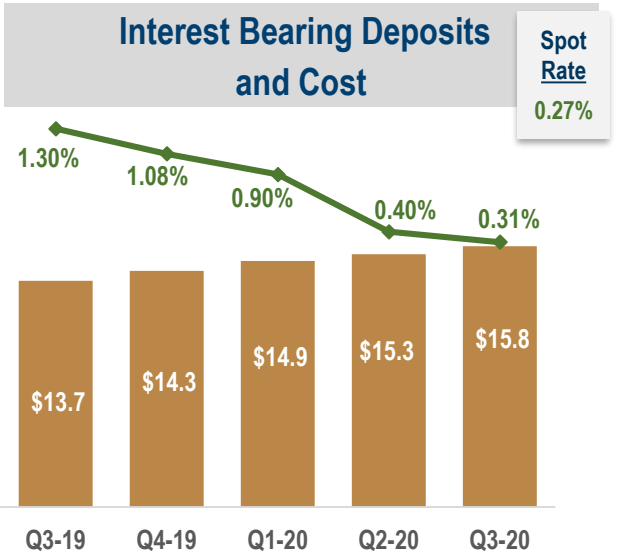
1. Net Interest Income decreased $13.7 million primarily as a result of changes in prepayment assumptions on PPP loans that resulted in reversal of $6.4 million in net deferred loan fee accretion recognized in Q2-20 and a decrease of $4.2 million in current quarter accretion
2. Gain on Sales and Valuation of Assets consists of FMV gains of $5.9 million on equity securities and HFS loans
3. Salaries & Employee benefits increased primarily related to short-term incentive accruals and a decrease in deferred compensation expense on PPP loan originations
4. PPNR decreased $23.6 million primarily as a result of a reduction in net interest income
5. Provision for Credit Losses decreased $77.3 million due to improvement in economic forecasts relative to June 30 and loan growth in segments with lower loss rates

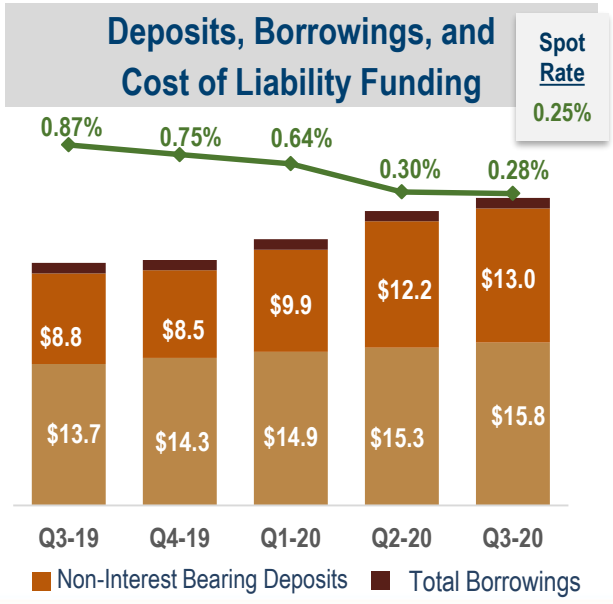
1) Refer to slide 2 for further discussion of Non-GAAP financial measures.
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Net Interest Drivers









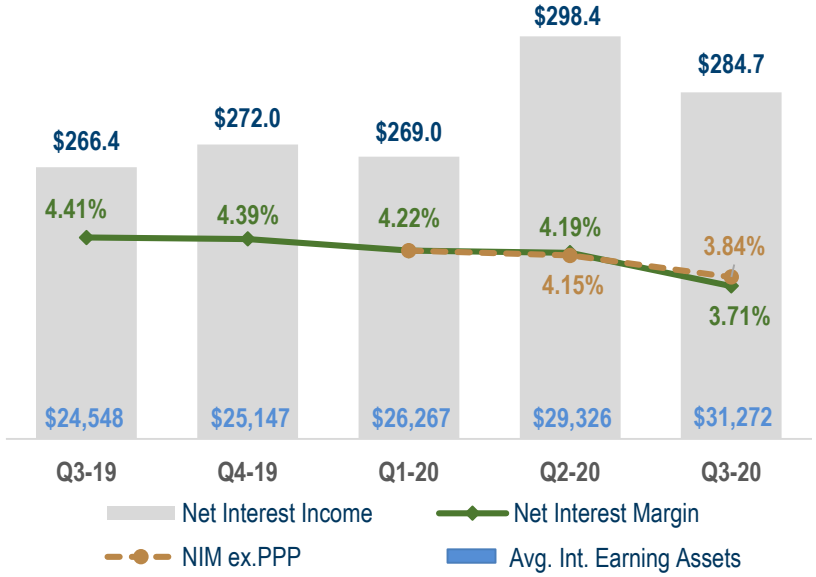
Dollars in billions, unless otherwise indicated

Q3 2020 Highlights

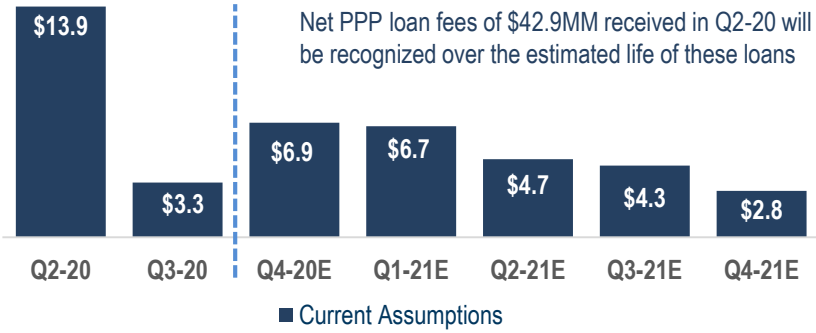
- Loan yields fell 35bps following declines across most loan types, mainly driven by loan mix and lower PPP yields
- Yield on PPP loans of 1.76% (5.02% in Q2) includes prepayment assumptions related to forgivable amounts
- Cost of interest-bearing deposits decreased 9bps due to repricing efforts in a lower rate environment, driving total cost of funds down 2bps to 0.28%
  - Spot rate for cost of interest-bearing deposits of 27bps (15bps, including non-interest DDA) driven by posted rate changes and pushing out high cost deposits

Net Interest Income

Net Interest Income, NIM, and Average Interest Earning Assets



Forecasted Accretion on PPP Loans



Dollars in millions

Impacts on Quarterly NIM

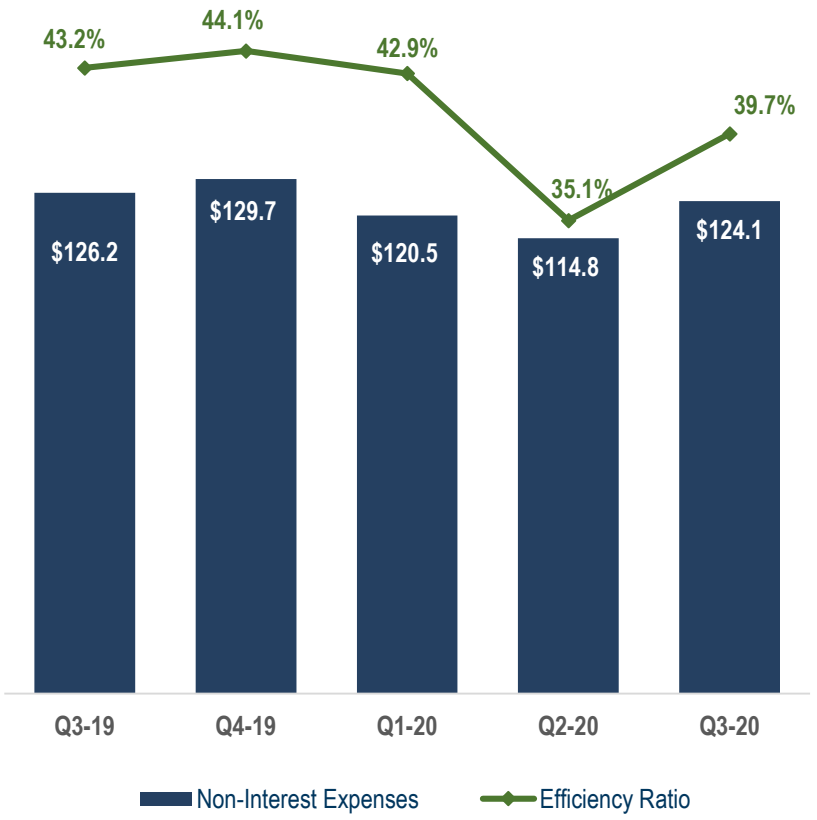
	Components	NIM
Q2 - 20		4.19 %
	Impact of PPP Loans	(0.13)
	Excess Liquidity	(0.21)
	Loan Rates	(0.09)
	Investment Yields	(0.05)
Q3 - 20		3.71 %

Q3 2020 Highlights

- Higher liquidity levels from strong deposit growth and PPP deferred fee recognition drove 48bps decline in NIM
- NIM contraction driven by the reversal of PPP revenue and excess liquidity are transitory and should mitigate over time
  - Change in timing of PPP forgiveness assumptions (-13bps)
  - Higher avg. liquidity relative to loans (-21bps)
- Continue to have asymmetric interest rate sensitivity

Expenses and Efficiency[1]

Expenses and Efficiency Ratio



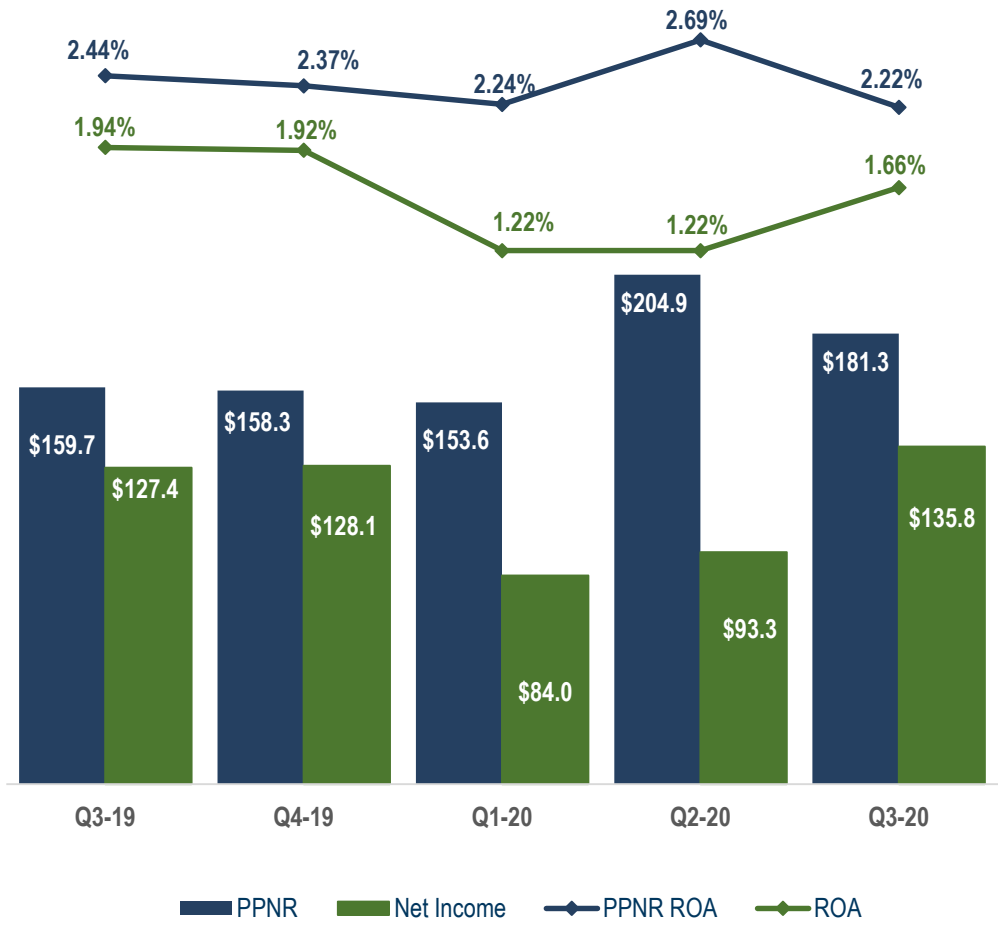
Q3 2020 Highlights

- Efficiency ratio[1] increased 460bps to 39.7% compared to the prior quarter and decreased 350bps from the same period last year
- Higher efficiency ratio[1] was driven by higher compensation costs and a decline in net interest income resulting from PPP fee recognition
- Excluding PPP net loan fees and interest, efficiency ratio[1] is 40.7%

Dollars in millions

1) Refer to slide 2 for further discussion of Non-GAAP financial measures.

Pre-Provision Net Revenue[1], Net Income, and ROA



Q3 2020 Highlights

- PPNR ROA[1] decreased 47 basis points from the prior quarter and decreased 22 basis points from Q3-19
- ROA increased 44 basis points from the prior quarter and decreased 28 basis points from Q3-19

Dollars in millions

1) Refer to slide 2 for further discussion of Non-GAAP financial measures.

Consolidated Balance Sheet

	Q3-20	Q2-20	Q3-19
Investments & Cash	$ 6,120	$ 5,712	$ 5,020
Loans	26,014 1	25,029	20,153
Allowance for Credit Losses	(311)	(311)	(165)
Other Assets	1, 513	1,476	1,316
Total Assets	**$ 33,336**	**$ 31,906**	**$ 26,324**
Deposits	$ 28,843 2	$ 27,545	$ 22,441
Borrowings	649	653	404
Other Liabilities	620	606	556
Total Liabilities	**$ 30,112**	**$ 28,804**	**$ 23,401**
Shareholders' Equity	3,224 3	3,102	2,923
Total Liabilities and Equity	**$ 33,336**	**$ 31,906**	**$ 26,324**
Tangible Book Value Per Share[1]	**$ 29.03 4**	**$ 27.84**	**$ 25.60**

Q3 2020 Highlights

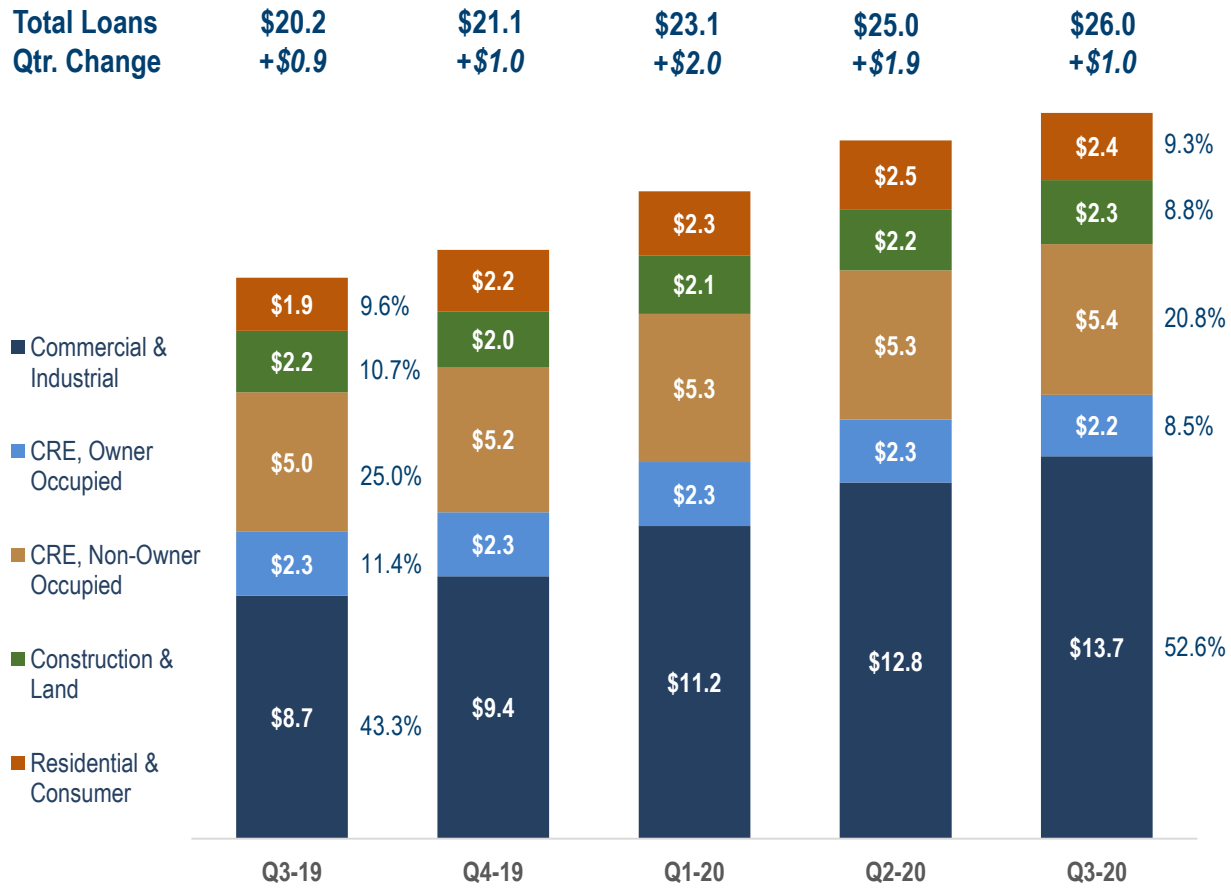
1. Loans increased $985 million (3.9%) over prior quarter and $5.9 billion (29.1%) over prior year
2. Deposits increased $1.3 billion (4.7%) over prior quarter and $6.4 billion (28.5%) over prior year
3. Shareholders' Equity increased $122 million over prior quarter and increased $301 million over prior year as a function of Net Income, partially offset by share repurchases, dividends and the adoption impact of CECL
4. Tangible Book Value/Share[1] increased $1.19 (4.3%) over prior quarter and $3.43 (13.4%) over prior year

Dollars in millions

1) Refer to slide 2 for further discussion of Non-GAAP financial measures.

Five Quarter Loan Growth and Composition

$5.9 Billion Year Over Year Growth



Highlights

Total Loans: Quarter-over-quarter loan growth of $985 million driven by (in millions):	
C&I	$ 892
Construction & Land	103
CRE, Non-OO	63
Offset by decrease in:	
CRE, OO	(43)
Residential & Consumer	(30)
Total	$ 985

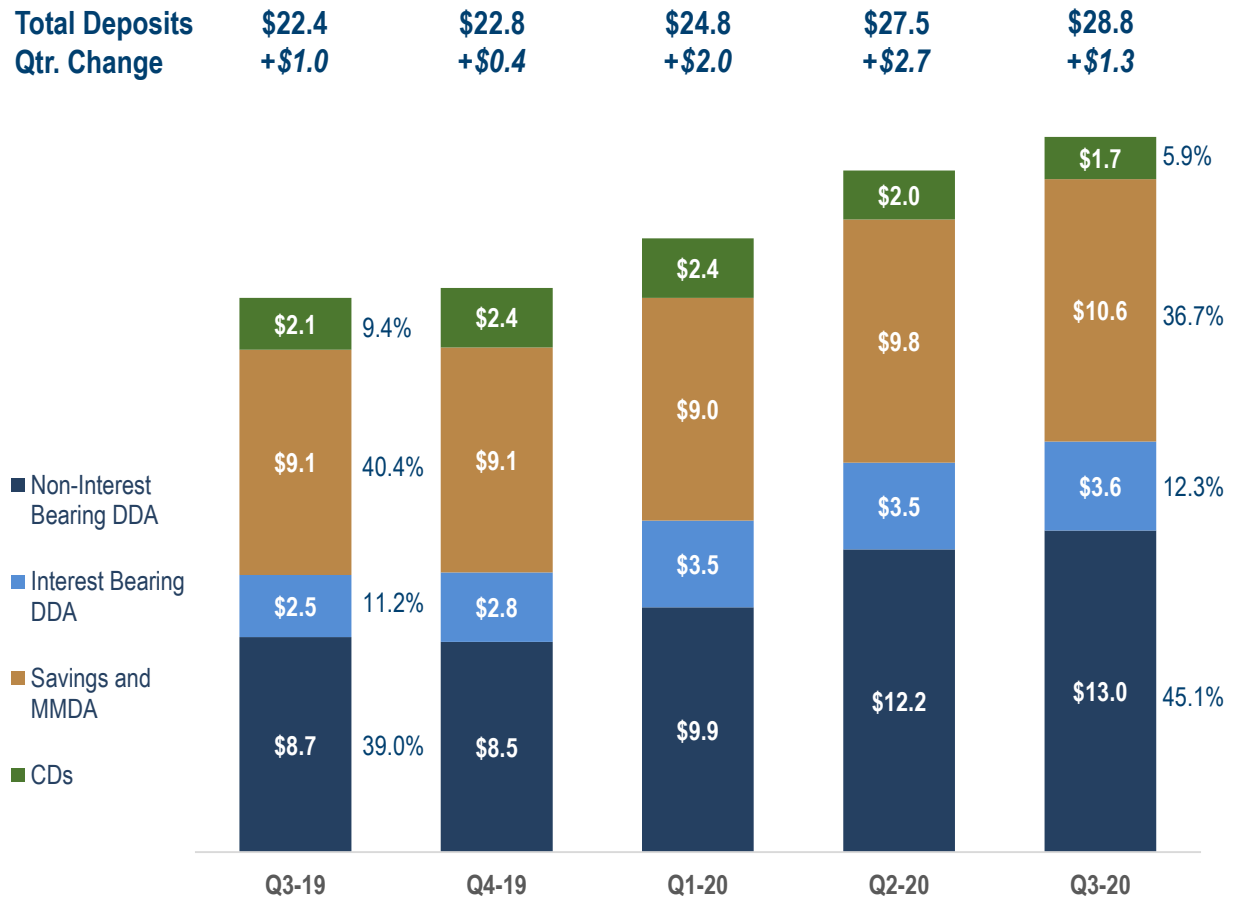
Year-over-year loan growth of $5.9 billion driven by (in millions):	
C&I[1]	$ 4,940
Residential & Consumer	486
CRE, Non-OO	376
Construction & Land	145
Offset by decrease in:	
CRE, OO	(86)
Total	$ 5,861

Dollars in billions, unless otherwise indicated

1) Includes $1.7 billion of PPP loans as of September 30, 2020.

Five Quarter Deposit Growth and Composition

$6.4 Billion Year Over Year Growth



Highlights

Quarter-over-quarter deposit growth of $1.3 billion driven by (in millions):	
Non-Interest Bearing DDA	$ 777
Savings and MMDA	752
Interest-Bearing DDA	46
Offset by decreases in:	
CDs	(276)
Total	$ 1,299

Year-over-year deposit growth of $6.4 billion driven by (in millions):	
Non-Interest Bearing DDA	$ 4,257
Savings and MMDA	1,517
Interest-Bearing DDA	1,045
Offset by decreases in:	
CDs	(416)
Total	$ 6,403

Dollars in billions, unless otherwise indicated

Payment Deferral Update

COVID Related Loan Payment Deferrals

COVID Loan Deferrals	June 30, 2020		September 30, 2020			
	Deferrals	% of Portfolio	Deferrals	Outstanding	% of Portfolio	% Reduction
Hotel Franchise Finance	$1,695	82.9%	$928	$2,099	44.2%	(45%)
Gaming	190	37.3%	18	510	3.6%	(90%)
CRE Investor	498	15.6%	168	3,229	5.2%	(66%)
CRE Owner-Occupied	137	6.6%	15	2,014	0.8%	(89%)
Residential Real Estate	180	7.5%	128	2,387	5.3%	(29%)
C&I	108	1.1%	37	11,010	0.3%	(65%)
Construction	45	2.2%	1	2,195	0.1%	(97%)
Tech & Innovation	16	0.7%	8	2,321	0.4%	(47%)
Other	5	1.7%	0	247	0.0%	(100%)
Total	**$2,873**	**11.5%**	**$1,304**	**$26,014**	**5.0%**	**(55%)**

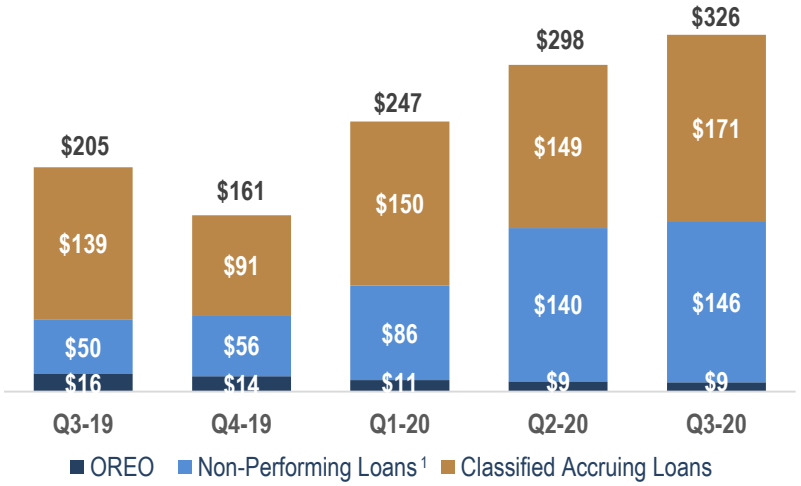
Q3 2020 Highlights

- Declining need for customer relief
- Deferrals declined $1.6bn or 55% during Q3
  - 98% of expired deferrals are current
  - New requests since early July have been minimal
  - Excluding the HFF portfolio, deferrals account for 1.6% of the loan portfolio
- Expected that $1.1 billion of remaining deferrals will expire during Q4 and resume paying as originally agreed

Dollars in millions

Asset Quality

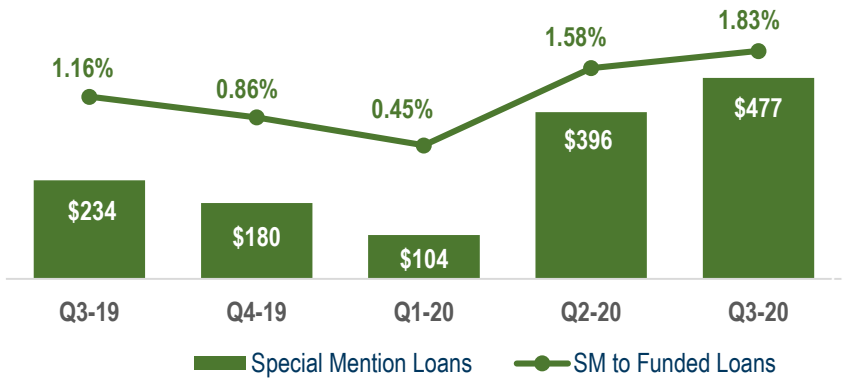
Classified Assets



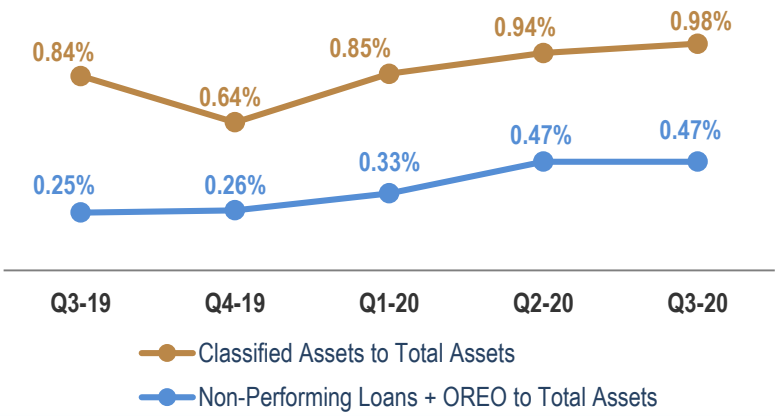
Q3 2020 Highlights

- Total Classified Assets of $326 million (0.98% to Total Assets) increased $28 million in Q3
  - Non-Performing Loans + OREO of $155 million (47bps to Total Assets) an increase of $6 million in Q3
- Special Mention loans increased $81 million, primarily driven by previously identified segments particularly impacted by COVID, such as hotel and travel
- **Over last 5+ years, less than 1% of Special Mention loans have migrated to loss**

Special Mention Loans



Asset Quality Ratios

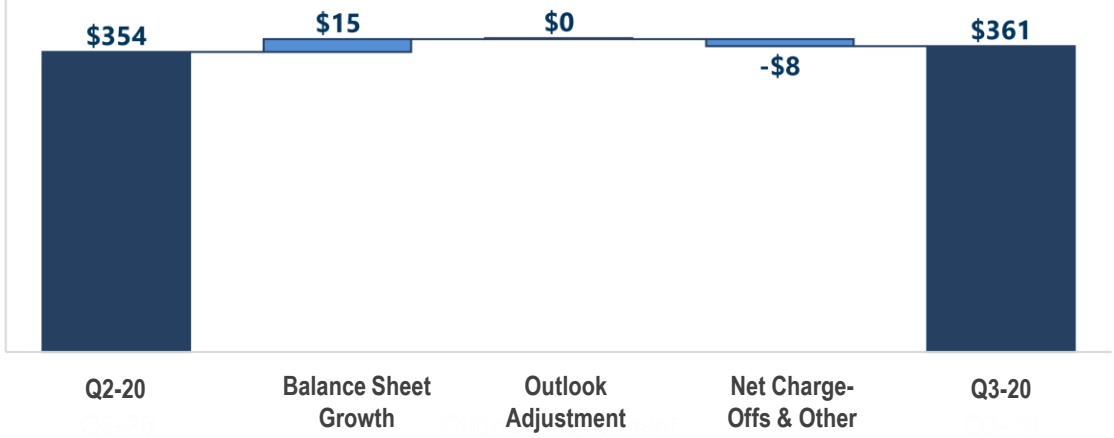


Dollars in millions

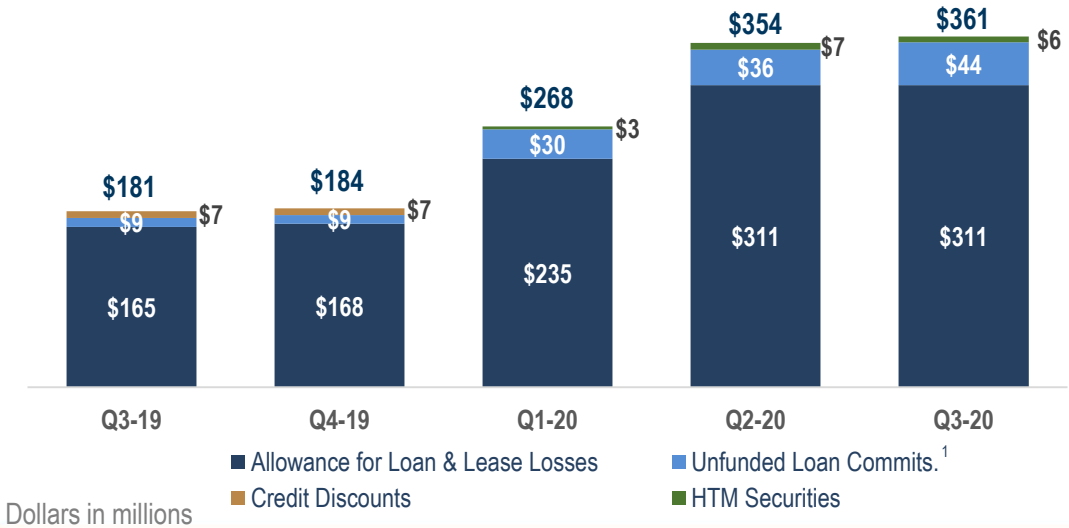
1) Includes HFS loans

CECL and Allowance for Credit Losses ("ACL")

ACL Reserve Build



Allowance for Credit Losses



Dollars in millions

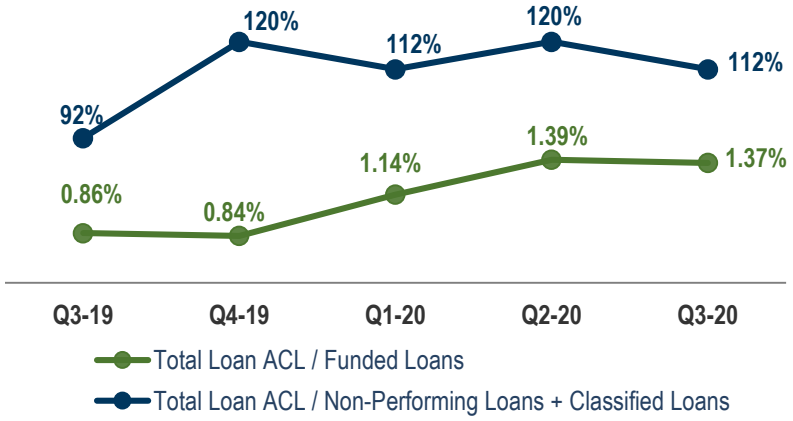
Q3 2020 Highlights

- Provision expense of $14.7 million for Q3, primarily driven by balance sheet growth
- Total ACL balance of $361 million represents an increase of $7 million from Q2, primarily due to growth in unfunded commitments from Q3 loan origination activity
- Loan ACL balance of $355 million, increased $8 million from Q2

1) Included as a component of other liabilities on the balance sheet

Credit Losses and ACL Ratios

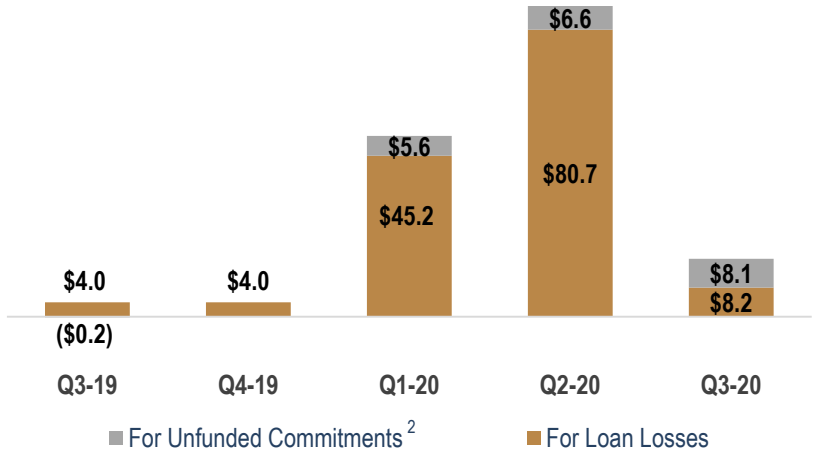
Loan ACL Adequacy Ratios



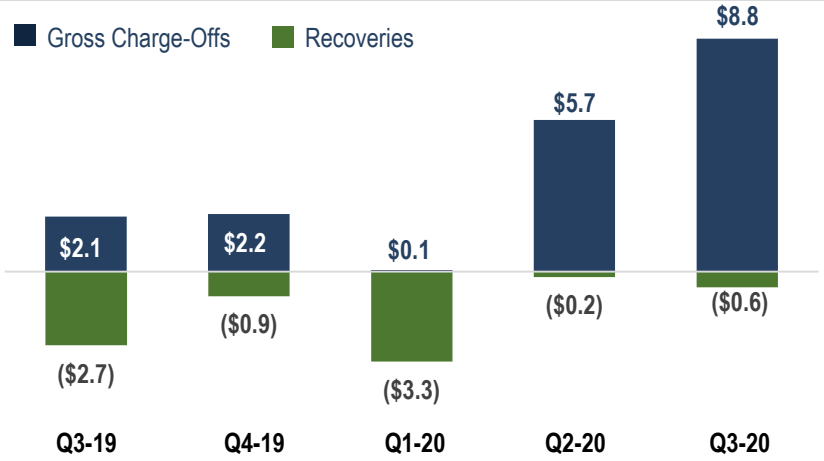
Q3 2020 Highlights

- Total Loan ACL / Funded Loans decreased 2bps to 1.37% in Q3 as a result of reduced provision expense
  - Excluding PPP at 1.46%
- Total Provision Expense decreased to $14.7 million, driven by loan growth in lower loss segments and improved macroeconomic factors
- Net Charge-Offs of $8.2 million (13bps) compared to $5.5 million, 9bps, in Q2-20

Provision for Loan Credit Losses[1]



Gross Charge-offs and Recoveries



Dollars in millions

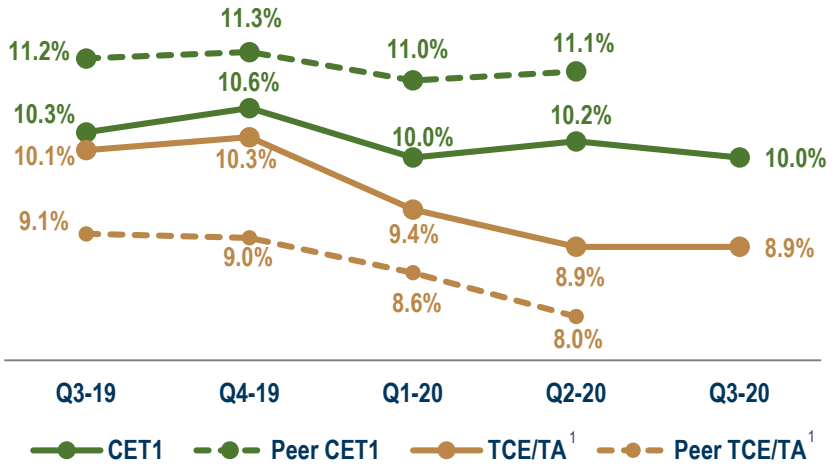
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1) Does not include provision for (reversal of) credit losses on HTM Investment Securities of $0.3MM Q1-20, $4.7MM Q2-20 and ($1.7MM) Q3-20

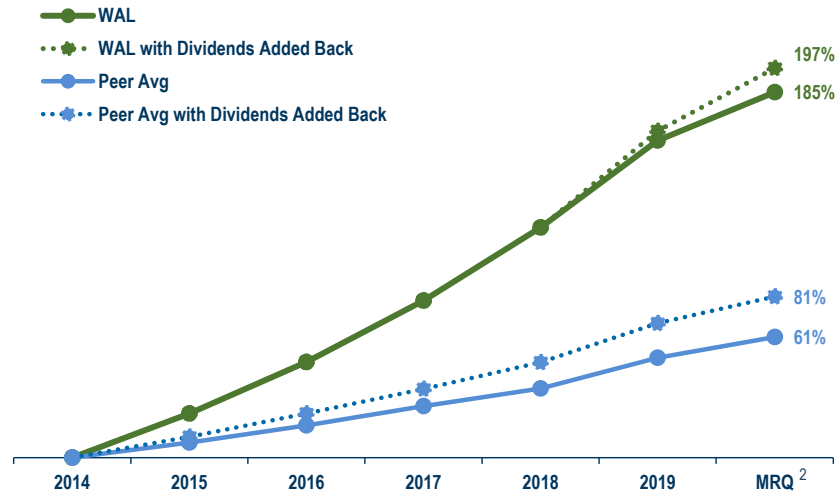
2) Included as a component of provision for credit losses in the income statement

Capital Accumulation

Robust Capital Levels



Long Term Growth in TBV per Share[1]



Q3 2020 Highlights

Common Equity Tier 1

- CET1 remains strong at 10.0%

Tangible Common Equity / Tangible Assets[1]

- TCE / TA flat from the prior quarter at 8.9%
  - Excluding PPP loans 9.3%

Tangible Book Value per Share[1]

- Q3 TBVPS grew $1.19 to $29.03, or 13.4% year-over-year
- Tangible book value per share has increased 3x that of peers over the last 5 and a half years

1) Refer to slide 2 for further discussion of Non-GAAP financial measures

2) MRQ is Q3-20 for WAL and Q2-20 for WAL Peers

Note: Peers consist of 65 major exchange traded banks with total assets between $15B and $150B as of June 30, 2020, excluding target banks of pending acquisitions; S&P Global Market Intelligence.

Selected Portfolios

Hotel Franchise Finance ($2.1 bn)

Statistics

Loan ACL / Funded Loans: 2.01%

Classified / Loans: 1.32%

Deferrals of $928 MM (44%)

Financial flexibility is maximized through deep industry expertise, strong operating partners, and conservative underwriting structure

- National occupancy reaching ~49% for all hotels (end of September)
  - With low leverage, select service hotels can cover operating expenses at ~40% - 50% occupancy
- Strong and sophisticated sponsor backing provides ongoing support

Tech & Innovation: Investor Dependent ($1.3 bn)

Statistics

Loan ACL / Funded Loans: 2.75%

Classified / Loans: 3.74%

Deferrals of $8 MM (<1%)

Primarily focused on established growth companies with successful products and strong investor support, which provides greater flexibility

- Significant sponsor support continues
  - Since 3/1/20, 65 clients raised $1.7 Bn in capital
- 87% of loans have >6 months liquidity as companies are reducing burn and expanding their deposit balances
- Deposits to loans grew from 2.5:1 at Q2 to 3:1 by the end of Q3

CRE: Retail ($674 mm)

Statistics

Loan ACL / Funded Loans: 1.91%

Classified / Loans: 1.33%

Deferrals of $31 MM (5%)

Limited merchandise strip retail exposure primarily focus on local services

- No destination mall exposure
- National averages of rent collections for CRE Retail shopping center tenants have increased from ~50% in May to ~80% in August
  - Throughout 2020, WAL's portfolio has modestly exceeded the national averages

Gaming ($510 mm)

Statistics

Loan ACL / Funded Loans: 2.69%

Classified / Loans: 0.0%

Deferrals of $18 MM (4%)

Focused on off-strip, middle market gaming-linked companies driven by local demand factors

- 100% of locations are open for operation
- All casino borrowers are performing at or above plan upon reopening

Management Outlook

- Balance Sheet Growth
- Interest Margin
- Pre-Provision Net Revenue
- Asset Quality
- Capital and Liquidity

Questions and Answers