Western Alliance Bancorporation®

EARNINGS CALL

3rd Quarter 2022

OCTOBER 21, 2022

Forward-Looking Statements

This presentation 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. 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, 2021 and the Company's subsequent Quarterly Reports on Form 10-Q, each as filed with the Securities and Exchange Commission; the potential adverse effects of unusual and infrequently occurring events such as the COVID-19 pandemic and any governmental or societal responses thereto; changes in general economic conditions, either nationally or locally in the areas in which we conduct or will conduct our business; the impact on financial markets from geopolitical conflicts such as the war between Russia and Ukraine; 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 or changes in accounting principles, policies or guidelines; 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 presentation 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, 2022. 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 2022 | Financial Highlights

Earnings & Profitability	Q3-22	Q2-22	Q3-21
Earnings per Share	$2.42	$2.39	$2.28
Net Income	$264.0	$260.2	$236.9
Net Revenue	$663.9	$620.0	$548.5
Pre Provision Net Revenue[1]	$358.1	$351.1	$314.7
Net Interest Margin	3.78%	3.54%	3.43%
Efficiency Ratio[1]	45.5%	42.8%	42.0%
ROAA	1.53%	1.62%	1.83%
ROTCE[1]	24.9%	25.6%	26.6%
Balance Sheet & Capital			
Total Loans	$52,201	$48,572	$34,802
Total Deposits	$55,589	$53,712	$45,283
CET1 Ratio	8.7%	9.0%	8.7%
TCE Ratio[1]	5.9%	6.1%	6.9%
Tangible Book Value per Share[1]	$37.16	$36.67	$34.67
Asset Quality			
Provision for Credit losses	$28.5	$27.5	$12.3
Net (Recoveries) Charge-Offs	$(1.9)	$1.4	$3.0
Net (Recoveries) Charge-Offs/Avg. Loans	(0.02)%	0.01%	0.04%
Total Loan ACL/Funded HFI Loans[3]	0.68%	0.68%	0.80%
NPAs[2]/Total Assets	0.15%	0.15%	0.17%

Dollars in millions, except EPS

Highlights

Net Income
$264.0 million

EPS
$2.42

PPNR[1]
Q3: $358.1 million
14% YoY

ROTCE[1]
24.9%

Loan Growth
Q3: $3.6 billion
45% YoY[4]

Deposit Growth
Q3: $1.9 billion
23% YoY

Tangible Book Value PER SHARE[1]
$37.16
7% YoY

NPAs[2]/ Total Assets
0.15%

1) Refer to slide 2 for further discussion of Non-GAAP financial measures.
2) Nonperforming assets includes nonaccrual loans and repossessed assets.
3) Ratio includes an allowance for credit losses of $19 million as of September 30, 2022 related to a $10.8 billion pool of loans covered under 4 separate credit linked notes.
4) YoY loan growth excludes Early Buyout loans that were transferred from HFS to HFI during Q2-2022, with a balance of $1.8 billion at September 30, 2022.

Quarterly Income Statement

	Q3-22	Q2-22	Q3-21
Interest Income	$739.4	$579.6	$442.8
Interest Expense	(137.3)	(54.6)	(32.4)
Net Interest Income	**$602.1** 1	**$525.0**	**$410.4**
Mortgage Banking Related Income	37.5	72.6	$123.2
Other	24.3	22.4	14.9
Non-Interest Income	**$61.8** 2	**$95.0**	**$138.1**
Net Revenue	**$663.9**	**$620.0**	**$548.5**
Salaries and Employee Benefits	(136.5) 3	(139.0)	(133.5)
Deposit Costs	(56.2) 4	(18.1)	(7.3)
Other	(113.1)	(111.8)	(93.0)
Non-Interest Expense	**$ (305.8)**	**$ (268.9)**	**$ (233.8)**
Pre-Provision Net Revenue[1]	**$358.1**	**$351.1**	**$314.7**
(Provision for) Credit Losses	(28.5) 5	(27.5)	(12.3)
Pre-Tax Income	**$329.6**	**$323.6**	**$302.4**
Income Tax	(65.6)	(63.4)	(65.5)
Net Income	**$264.0**	**$260.2**	**$236.9**
Dividends on Preferred Stock	(3.2)	(3.2)	-
Net Income Available to Common Stockholders	**$260.8**	**$257.0**	**$236.9**
Diluted Shares	**107.9**	**107.7**	**103.9**
Earnings Per Share	**$2.42**	**$2.39**	**$2.28**

Dollars in millions, except EPS

Q3 2022 Highlights

1 **Net Interest Income increased $77.1 million,** primarily from strong loan growth and expanding NIM

2 **Non-Interest Income decreased $33.2 million,** driven by the following:

- $22.4 million decrease in loan servicing revenue
- $12.7 million decrease in net gain on loan origination and sale activities

Mortgage Banking Metrics

- $11.7 billion mortgage loan production in Q3 (86% purchase / 14% refinance), down 13% compared to Q2 and 39% to Q3 2021
- $11.0 billion interest rate lock commitment volume in Q3, down 19% compared to Q2 and 43% to Q3 2021
- Gain on Sale margin[2] of 17 bps in Q3, compared to 13 bps in Q2
- $62.8 billion in servicing portfolio UPB

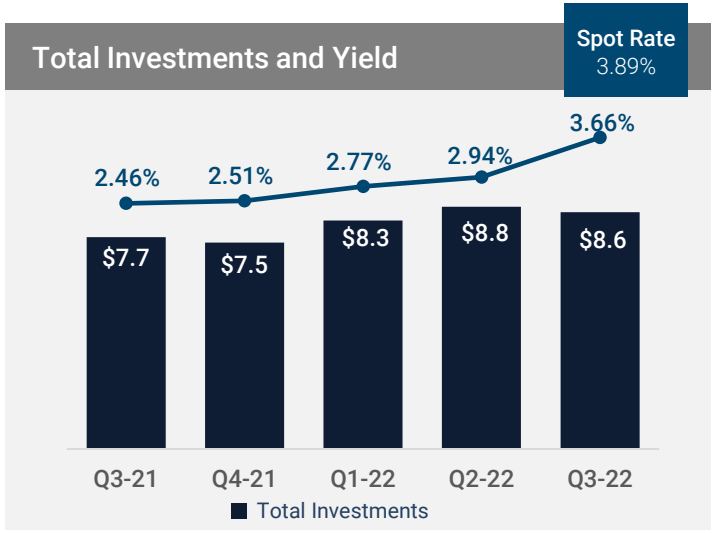
3 **Compensation costs include $4.1 million severance and other non-recurring compensation expenses** primarily related to AmeriHome operations

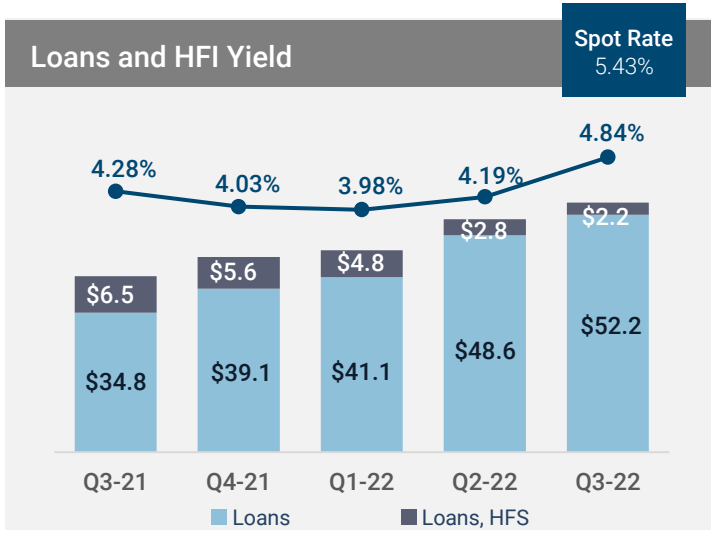
4 **Deposit costs increased $38.1 million,** primarily related to higher earnings credits resulting from an increase in deposit balances and rates

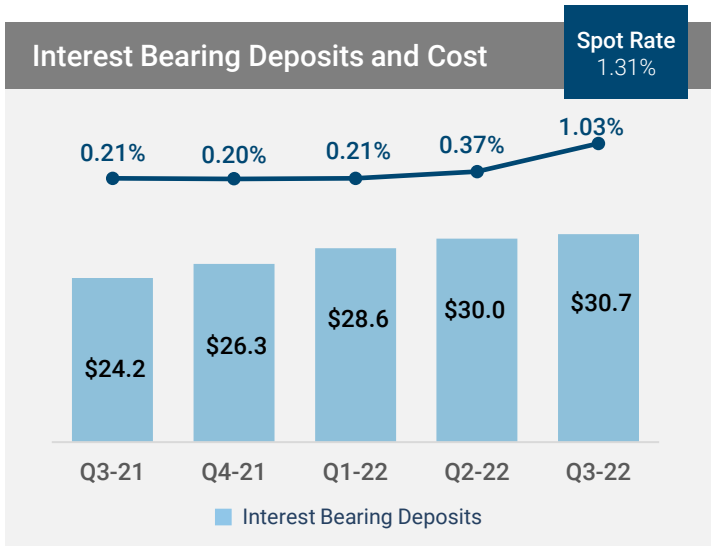
5 **Provision for Credit Losses of $28.5 million** primarily due to loan growth and emerging economic uncertainty

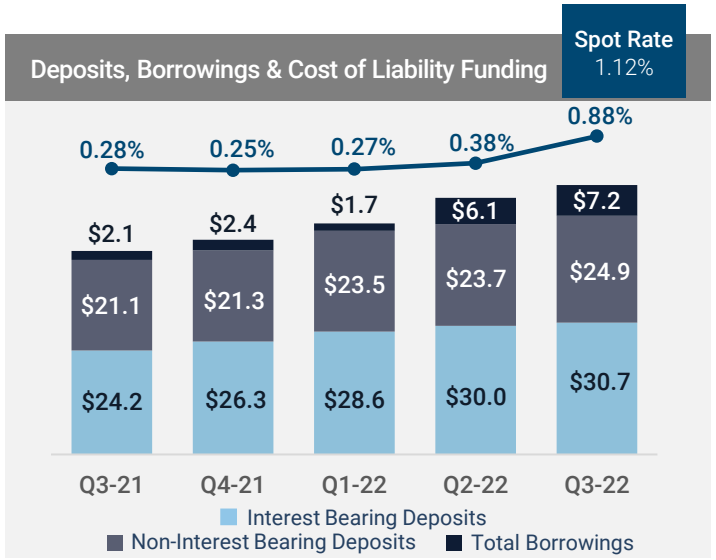
1) Refer to slide 2 for further discussion of Non-GAAP financial measures.
2) Gain on Sale margin represents spread as of the interest rate lock commitment date.

Net Interest Drivers









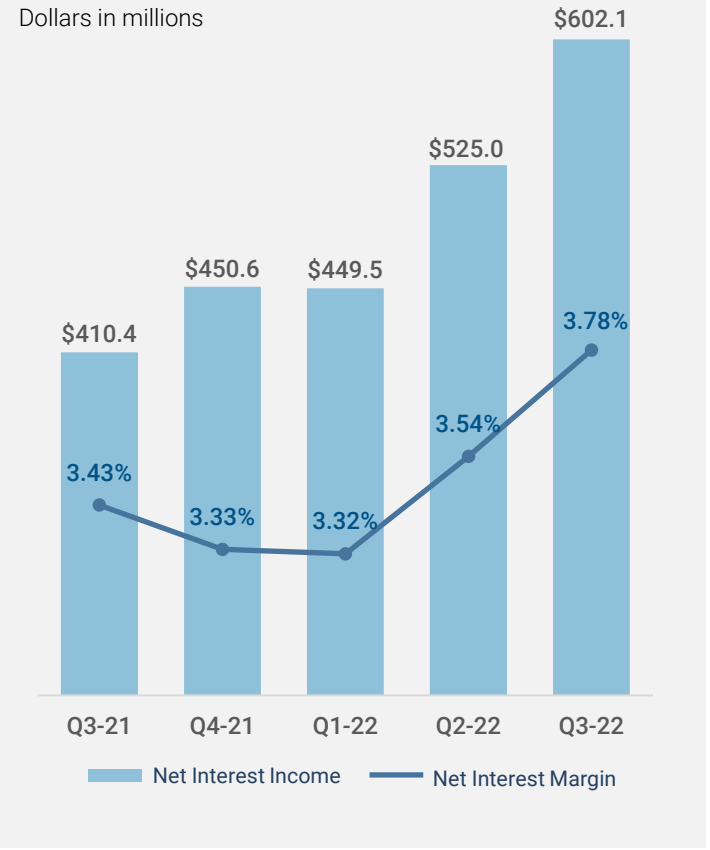
Dollars in billions, unless otherwise indicated

Q3 2022 Highlights

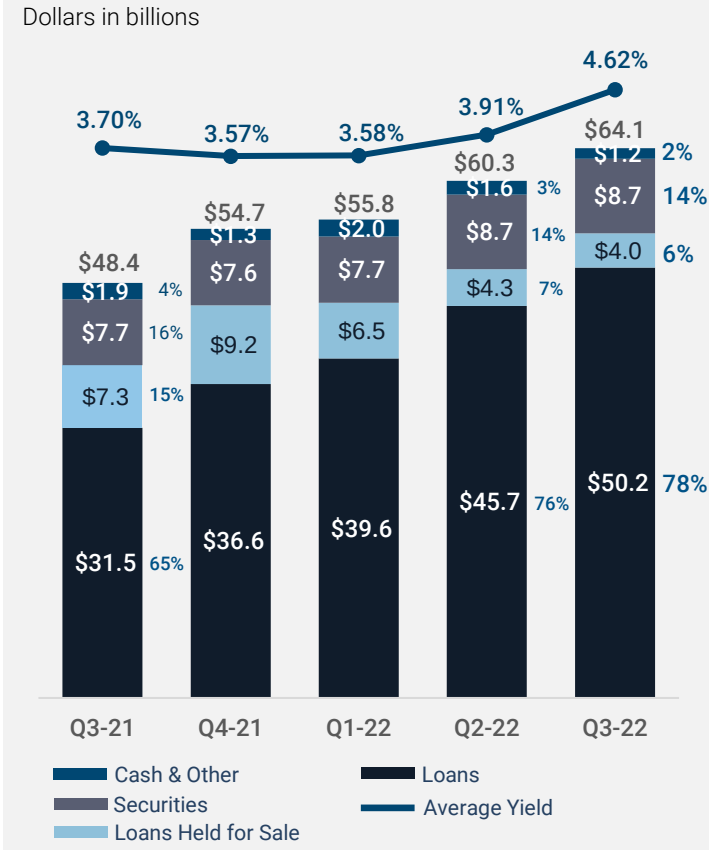
- **Loan yields increased 65 bps** due to a higher rate environment
- **Yield on Loans Held for Sale increased 88 bps** to 4.87% in Q3
- **Investment yields increased 72 bps**, primarily related to floating-rate CLOs
- **Cost of interest-bearing deposits increased 66 bps**, and total cost of funds increased 50 bps to 0.88% due to higher costs on deposits and borrowings

Net Interest Income

Net Interest Income and Net Interest Margin



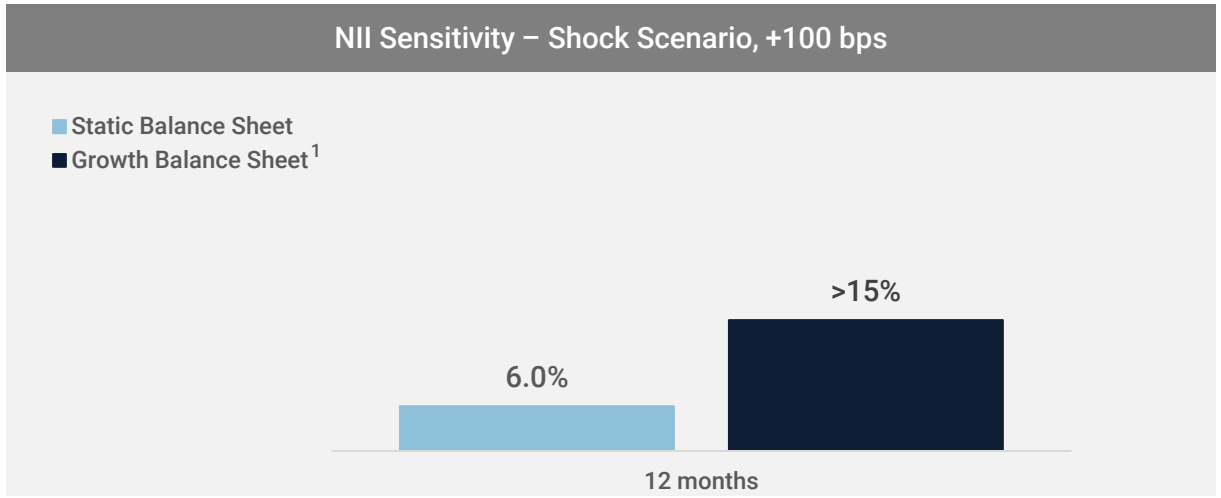
Average Earning Assets & Average Yield

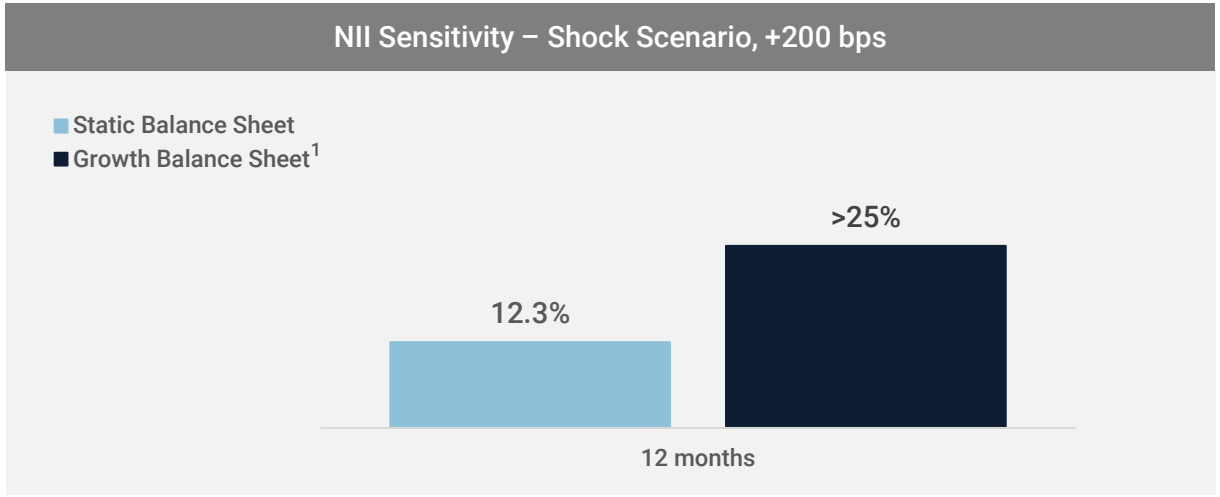


Q3 2022 Highlights

- **Net Interest Income increased $77.1 million**, or 14.7%, over prior quarter primarily due to strong loan growth and the increasing rate environment
  - Average Earning Assets grew $3.8 billion, or 6.3%, over prior quarter
- **NIM increased 24 bps**, driven by higher yields on interest earning assets

Net Interest Income in a Rising Rate Environment





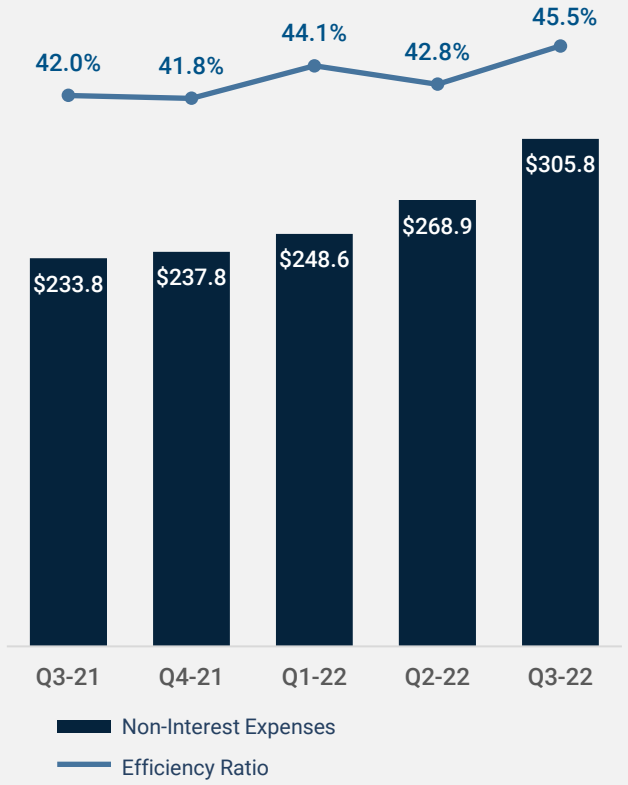
Q3 2022 Highlights

- WAL expects a **6.0% increase in NII under a 100 bps rate shock on a static balance sheet**
- 53% of loans (ex-HFS) are contractually variable ($27.9 billion)
  - 70% of variable rate loans have rate floors
- Due to larger relative balance sheet size, our substantial asset sensitivity is less pronounced on a growth balance sheet from previous quarters
  - **Relative growth on larger loan base**
  - **NII base one-third higher year-to-date**

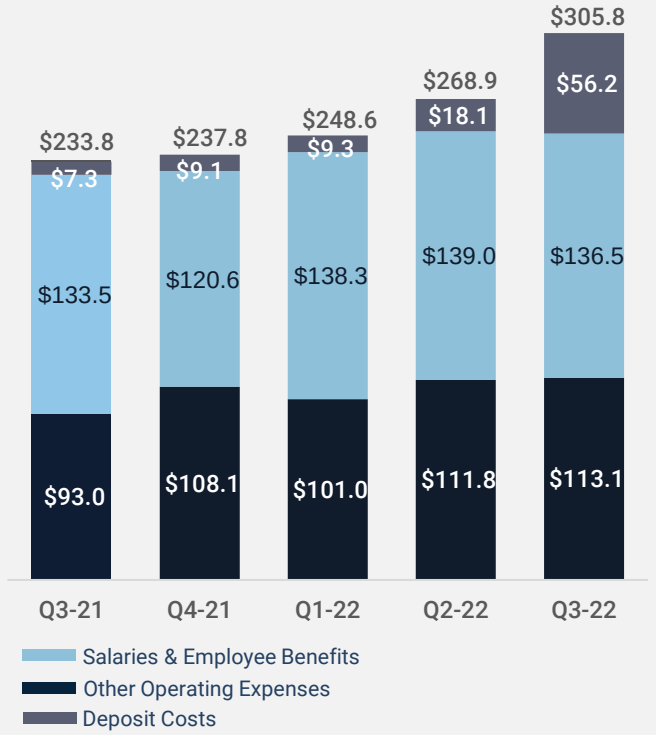
1) For illustrative purposes only and not intended as guidance.

Expenses and Efficiency[1]

Non-Interest Expenses and Efficiency Ratio



Breakdown of Non-Interest Expenses



Dollars in millions

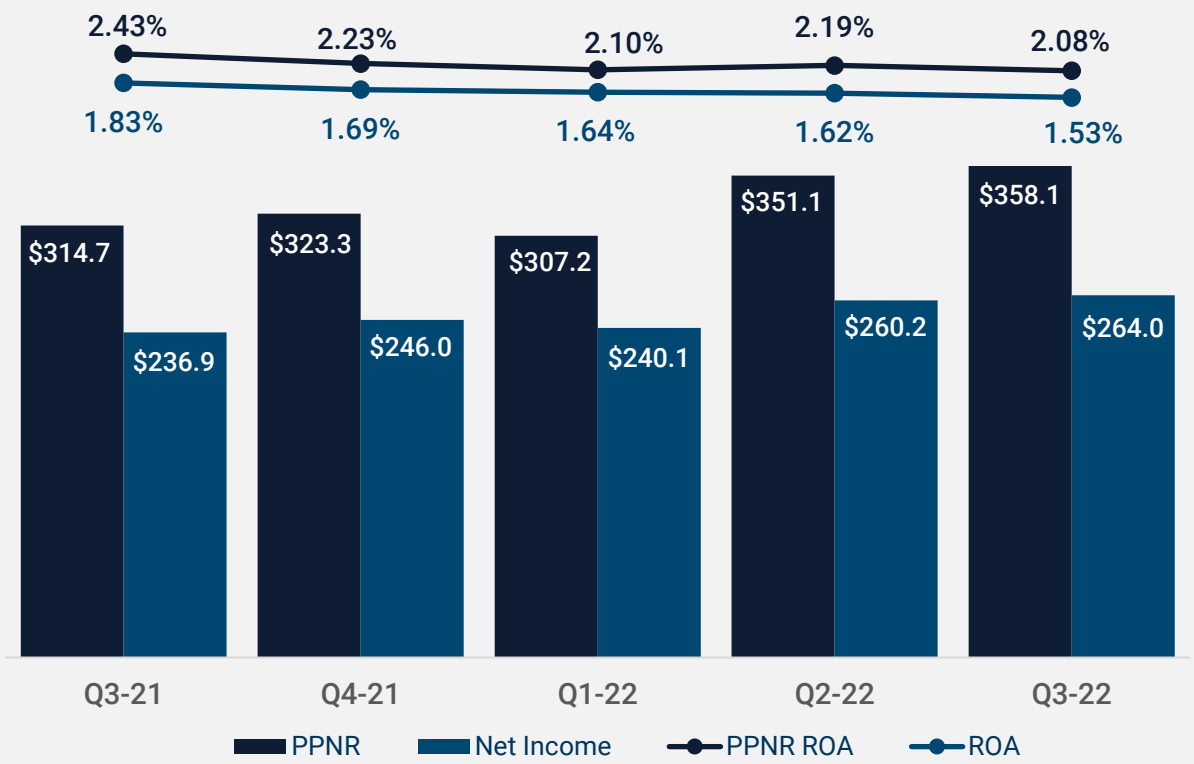
Q3 2022 Highlights

- **Efficiency ratio[1] increased 270 bps to 45.5%** compared to the prior quarter and 350 bps from the same period last year
- Higher efficiency ratio[1] was driven by an increase in deposit costs
- Deposit costs increased $38.1 million, from the prior quarter primarily related to higher earnings credit rates
  - Earnings Credit-related deposit balances of $15.9 billion (~71% associated with non-interest bearing accounts)
- **Compensation costs include $4.1 million severance and other non-recurring compensation expenses** primarily related to AmeriHome operations
- **Efficiency ratio adjusted to reclassify deposit costs as interest expense was 40.5% in Q3**, compared to 41.1% in Q2

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

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

PPNR, Net Income & ROA



Dollars in millions

Q3 2022 Highlights

- **PPNR[1] increased $7.0 million** from the prior quarter and $43.4 million, or 13.8%, from the same period last year
- PPNR ROA[1] decreased 11 bps from the prior quarter and 35 bps from the same period last year as balance sheet growth outpaced PPNR
- ROA decreased 9 bps from the prior quarter and 30 bps from the same period last year

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

Consolidated Balance Sheet

	Q3-22	Q2-22	Q3-21
Investments & Cash	$10,213	$10,688	$8,614
Loans, HFS	2,204	2,803	6,534
Loans HFI, net	52,201 1	48,572	34,802
Allowance for Loan Losses	(304)	(273)	(247)
Mortgage Servicing Rights	1,044	826	605
Goodwill and Intangibles	682	695	608
Other Assets	3,125	2,744	1,859
Total Assets	**$69,165**	**$66,055**	**$52,775**
Deposits	$55,589 2	$53,712	$45,283
Borrowings	7,208 3	6,101	2,068
Other Liabilities	1,347	1,283	910
Total Liabilities	**$64,144**	**$61,096**	**$48,261**
Shareholders' Equity	$5,021 4	$4,959	$4,514
Total Liabilities and Equity	**$69,165**	**$66,055**	**$52,775**
Tangible Book Value Per Common Share[1]	**$37.16 5**	**$36.67**	**$34.67**

Dollars in millions, except per share data

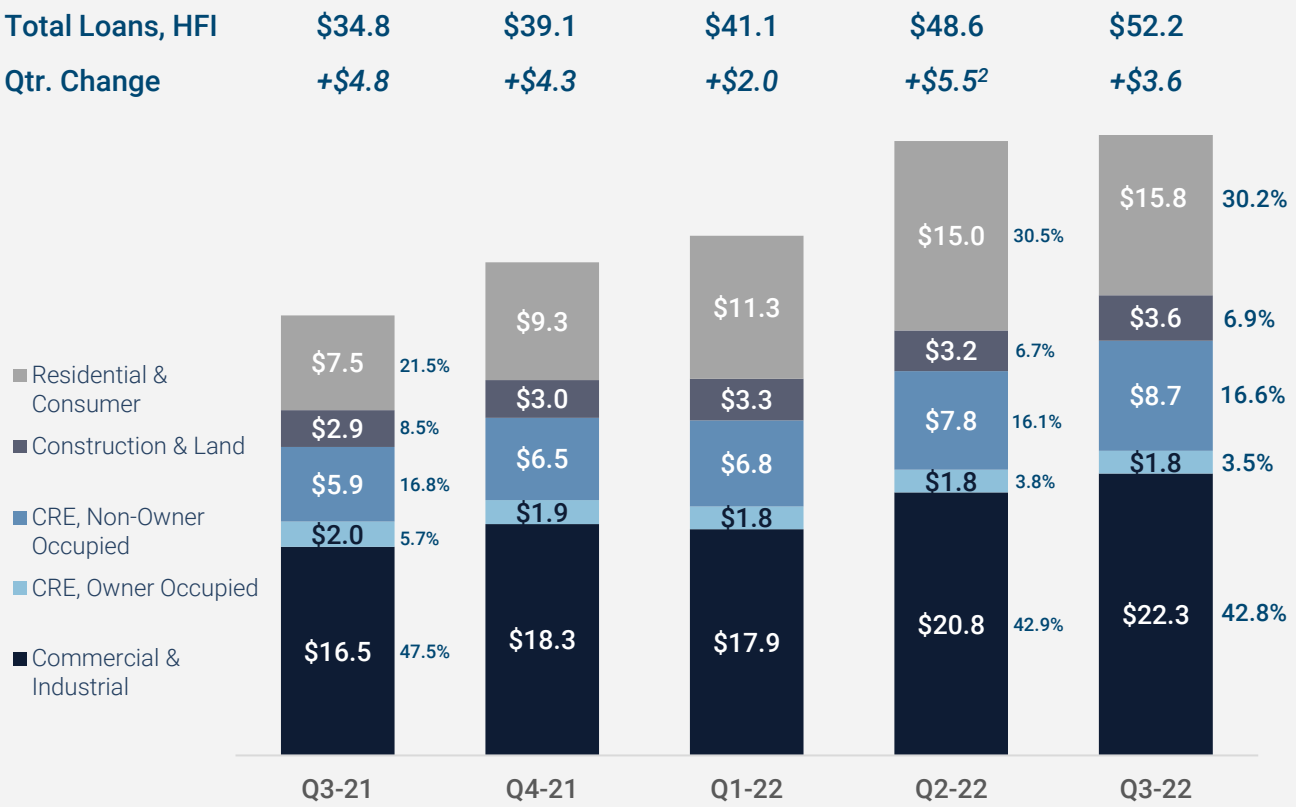
Q3 2022 Highlights

1. **Loans increased $3.6 billion, or 29.6%** annualized, and $15.6 billion, or 44.8% over prior year[2]
2. **Deposits increased $1.9 billion, or 13.9%** annualized, and $10.3 billion, or 22.8% over prior year
3. **Borrowings increased $1.1 billion** over prior quarter primarily from an increase in short term borrowings
4. **Shareholders' Equity increased $62 million** as a function of net income and stock issuances under the ATM, offset by dividends and unrealized losses on AFS securities recorded in AOCI
5. **Tangible Book Value/Share[1] Increased $0.49,** over prior quarter and increased $2.49, or 7.2%, over prior year

1) Refer to slide 2 for further discussion of Non-GAAP financial measures.
2) YoY loan growth excludes EBO loans that were transferred from HFS to HFI during Q2-2022, with a balance of $1.8 billion at September 30, 2022.

Five Quarter Loan Growth and Composition

$15.6[1] Billion Year-Over-Year Growth



Dollars in billions, unless otherwise indicated

Q3 2022 Highlights

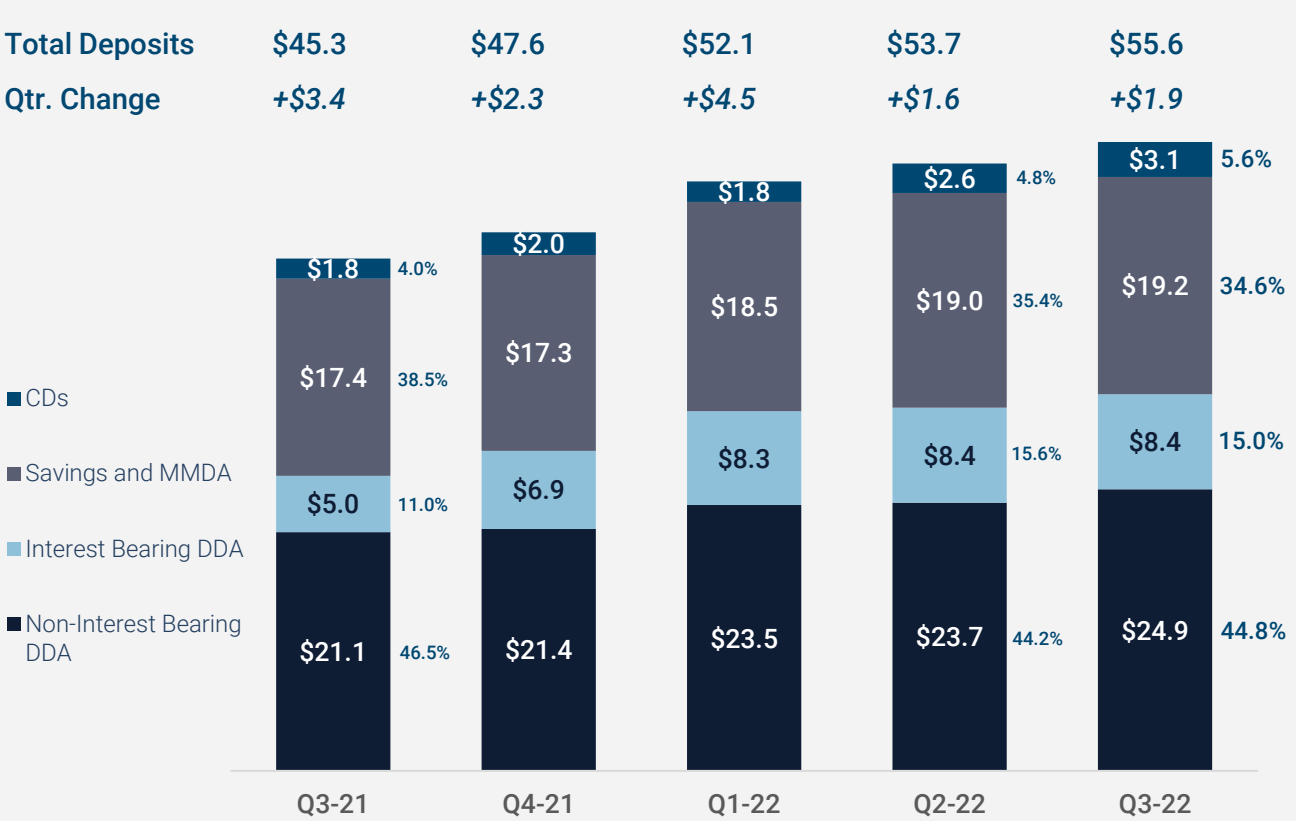
Quarter-over-quarter loan growth of $3.6 billion driven by (in millions):	
C&I	$1,564
CRE, Non-OO	893
Residential & Consumer	782
Construction & Land	390
Total	**$3,629**

Year-over-year loan growth of $15.6[1] billion driven by (in millions):	
Residential & Consumer	$6,437
C&I	5,793
CRE, Non-OO	2,824
Construction & Land	678
Offset by decrease in:	
CRE, OO	(148)
Total	**$15,584**

1) Loan growth excludes EBO loans that were transferred from HFS to HFI during Q2-2022, with a balance of $1.8 billion at September 30, 2022.
2) Loan growth excludes $1.9 billion of EBO loans that were transferred from HFS to HFI during Q2-2022.

Five Quarter Deposit Growth and Composition

$10.3 Billion Year-Over-Year Growth



Dollars in billions, unless otherwise indicated

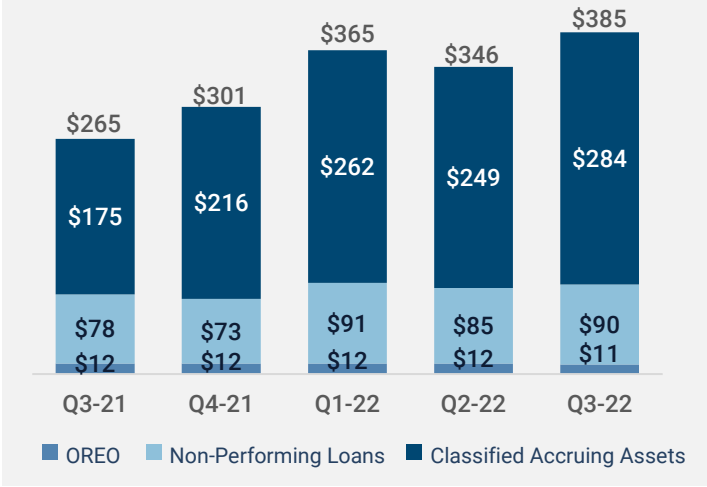
Q3 2022 Highlights

Quarter-over-quarter deposit growth of $1.9 billion driven by (in millions):	
Non-Interest Bearing DDA	$1,205
CDs	533
Savings and MMDA	176
Offset by decrease in:	
Interest-Bearing DDA	(37)
Total	**$1,877**

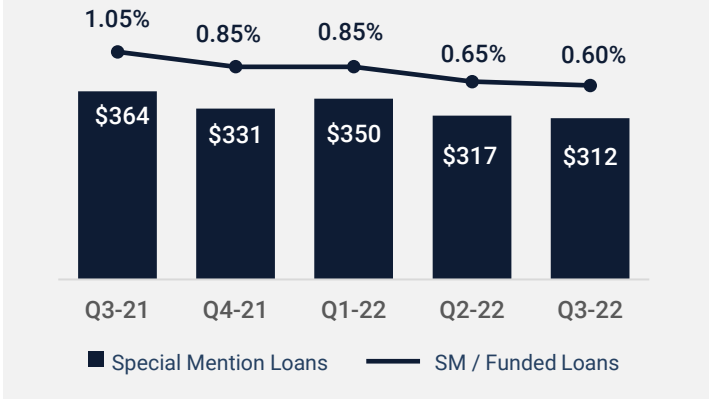
Year-over-year deposit growth of $10.3 billion driven by (in millions):	
Non-Interest Bearing DDA	$3,868
Interest Bearing DDA	3,395
Savings and MMDA	1,762
CDs	1,281
Total	**$10,306**

Asset Quality

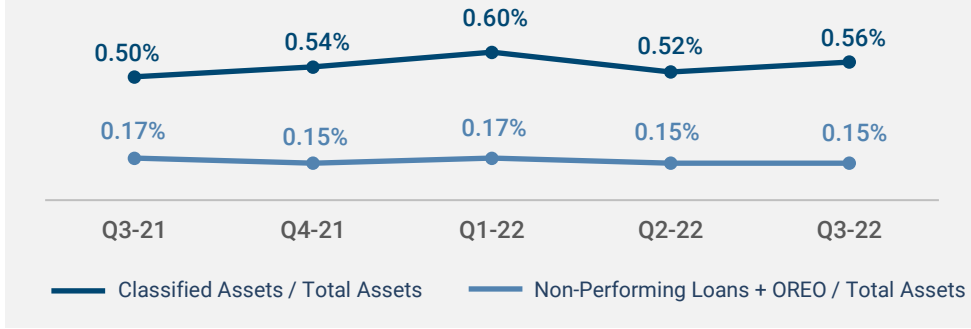
Classified Assets



Special Mention Loans



Asset Quality Ratios



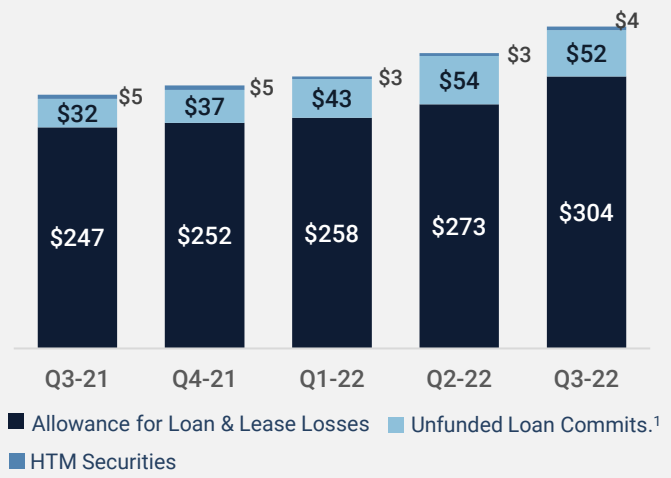
Dollars in millions

Q3 2022 Highlights

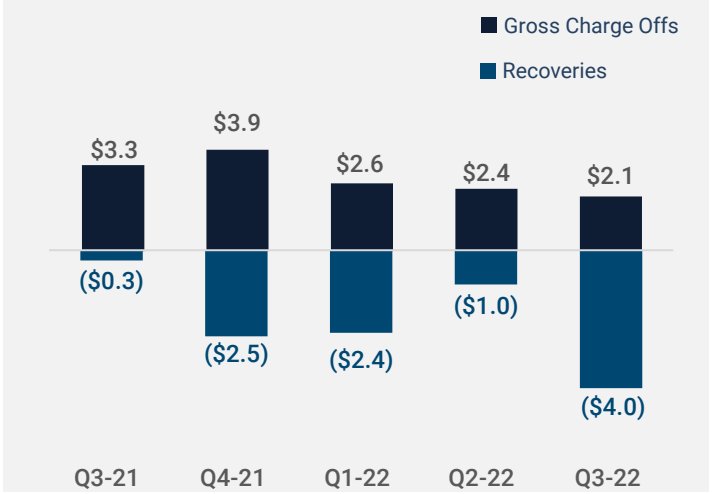
- Total Classified Assets of $385 million (56 bps to Total Assets) increased $39 million in Q3
  - Non-Performing Loans + OREO of $101 million (15 bps to Total Assets) increased by $4 million in Q3
  - **Borrowers remain stable, liquid and supported**
- Special Mention loans of $312 million (60 bps to Funded Loans) decreased 5 bps as a percentage to Funded Loans
- **Over last 5+ years, less than 1% of Special Mention loans have migrated to loss**

Credit Losses and ACL Ratios

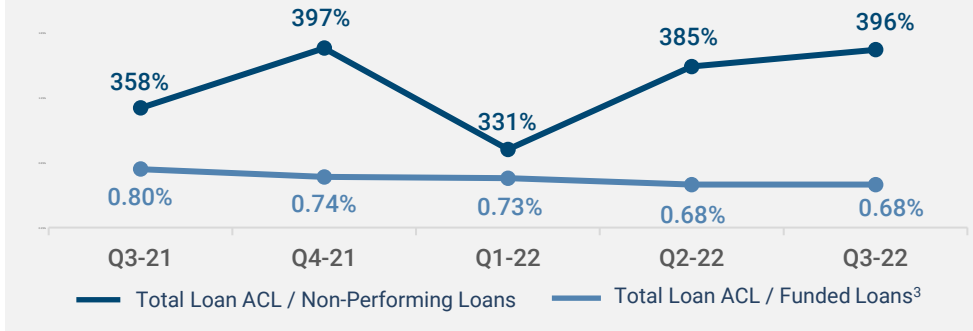
Allowance for Credit Losses



Gross Charge-offs and Recoveries



Loan ACL Adequacy Ratios[2]



Dollars in millions

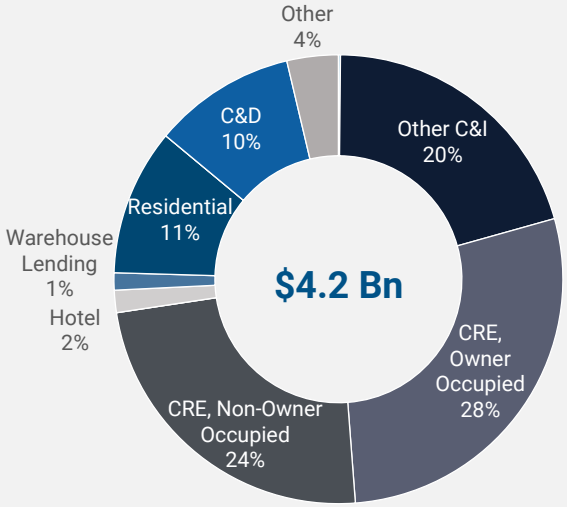
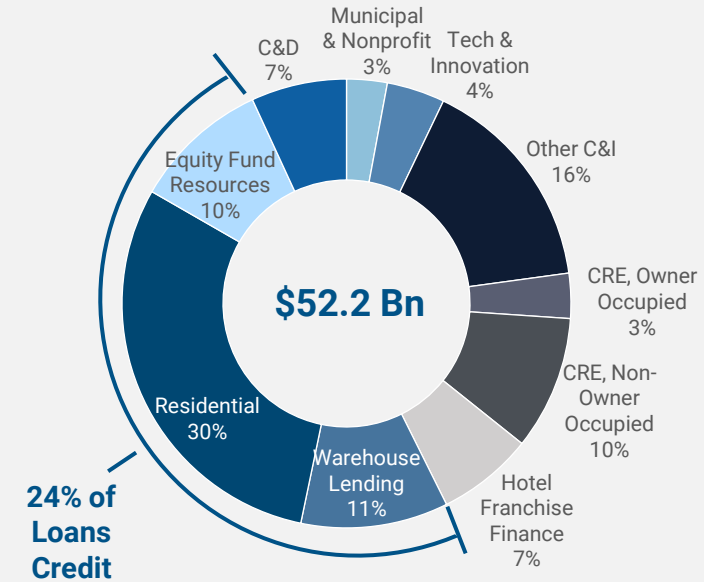
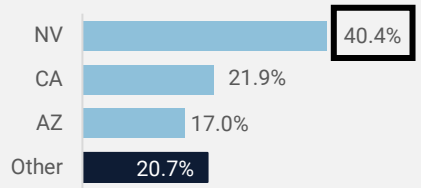
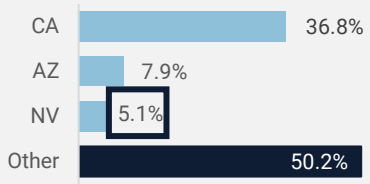
Q3 2022 Highlights

- **Provision expense of $28.5 million**, driven by loan growth and changes in economic environment
- Total Loan ACL / Funded Loans remained at 0.68% in Q3 as a result of continued loan growth
  - **Total Loan ACL / Funded Loans less loans covered by credit linked notes is 0.86%**
- **Net Recoveries of $(1.9) million, (2) bps**, compared to net charge offs of $1.4 million, 1 bp, in Q2
- **24% of loan portfolio is now credit protected**, consisting of government guaranteed, CLN protected and cash secured assets
  - **21% of portfolio covered by meaningful first loss protection from credit linked note issuances[4]**

1) Included as a component of other liabilities on the balance sheet.
2) Total Loan ACL includes allowance for unfunded commitments.
3) Ratio includes an allowance for credit losses of $19 million as of September 30, 2022 related to a $10.8 billion pool of loans covered under 4 separate credit linked notes.
4) As of September 30, 2022, CLNs cover a substantial portion of Equity Fund Resources ($2.2 billion), Residential ($7.9 billion) and Warehouse Lending ($754 million) loans outstanding.

Business Transformation

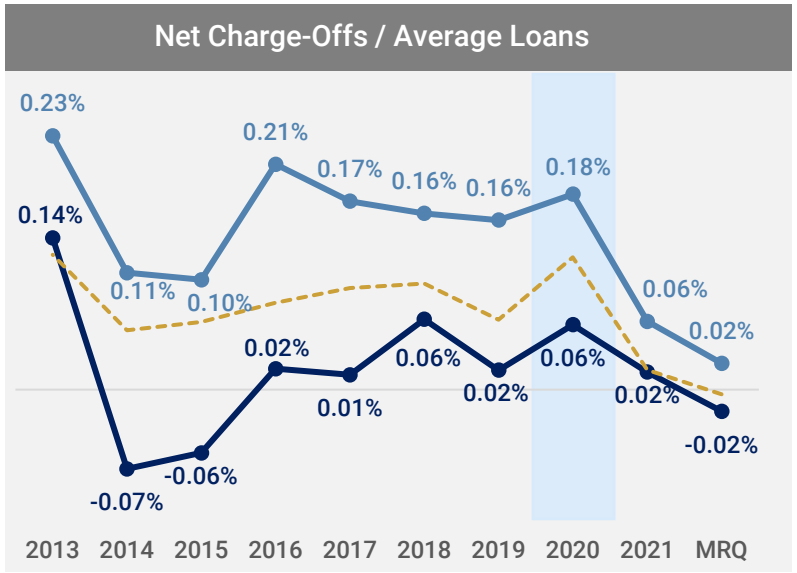
Deliberate business transformation emphasizes underwriting specialization and diversification strategy, which sustains superior asset quality

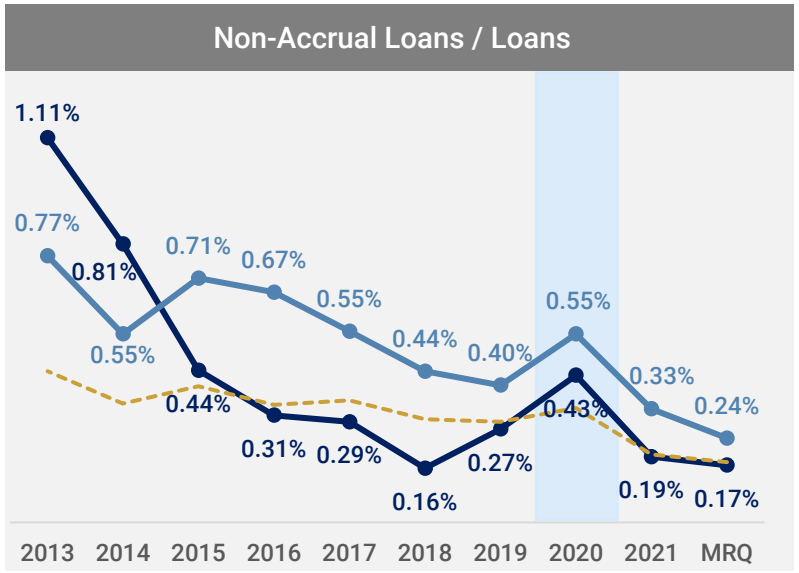
	Loan Portfolio: 2010	Loan Portfolio: Q3 2022
Characteristics	• Community banking focused • Nevada concentrated • Local business C&I and HNW developers	• National, specialized commercial bank • Regional footprint • Specialized C&I and institutional sponsor-backed developers
Composition		
Geography		

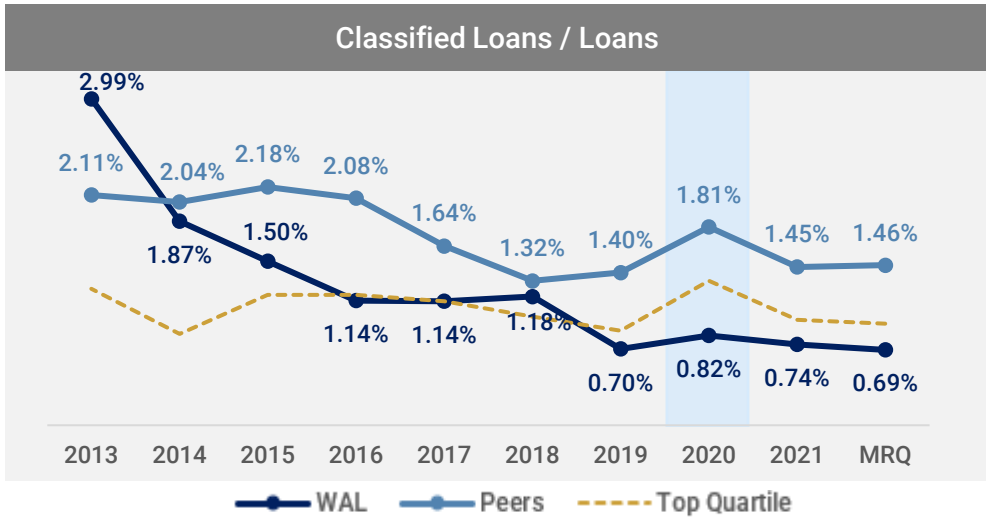
Highlights

- Deliberate, decade-long business transformation strategy
  - **Nearly 70% of GFC losses from Q4-09 – Q4-12 came from categories comprising 44% of portfolio at Q4-09, which today makes up <6% of loans**
    - Losses concentrated in Nevada and consumer lending during GFC
  - **Since year-end 2013, cumulative NCOs of $27mm vs total ACL of $356mm today**
    - No quarterly NCO >$8.2mm (13bps)
- Diverse mix of regionally-focused commercial banking divisions and nationally-oriented, specialized businesses
  - National reach and deep segment expertise enables selective relationships with strong counterparties, leading profitability and superior company risk management
  - Nevada loan concentration reduction: 40% to 5%
  - National lending diversification: 21% to 50%
  - CRE loan concentration reduction: 54% to 20%
- **55% of loans in low-to-no-loss categories today**

Demonstrated Conservative Credit Culture







Highlights

- A decade of business transformation has resulted in consistent relative outperformance in asset quality and credit metrics
- Asset quality remained strong during height of the pandemic
- Improvement / stabilization in non-accruals reflects timely identification and resolution of problem loans before realizing losses
- Credit mitigation expertise is critical with a weaker macro backdrop

Note: Peer medians compare 33 publicly traded banks headquartered in the U.S. with total assets between $25B and $150B, excluding target banks of pending acquisitions, as of June 30, 2022. MRQ is Q3-22 for WAL and Q2-22 for WAL Peers

Source: S&P Global Market Intelligence

Consistently Strong Earnings Trajectory

WAL's excess, risk-adjusted earnings growth normalized for historical volatility

Net Income Growth			
Bank	10-Year Excess Risk-Adj. NI Growth	Bank	10-Year Excess Risk-Adj. NI Growth
WAL	1.32	Peer 17	0.43
Peer 1	0.90	Peer 18	0.40
Peer 2	0.89	Peer 19	0.32
Peer 3	0.79	Peer 20	0.32
Peer 4	0.75	Peer 21	0.31
Peer 5	0.66	Peer 22	0.27
Peer 6	0.66	Peer 23	0.26
Peer 7	0.64	Peer 24	0.26
Peer 8	0.63	Peer 25	0.26
Peer 9	0.63	Peer 26	0.26
Peer 10	0.57	Peer 27	0.24
Peer 11	0.52	Peer 28	0.22
Peer 12	0.51	Peer 29	0.21
Peer 13	0.50	Peer 30	0.16
Peer 14	0.49	Peer 31	0.13
Peer 15	0.46	Peer 32	0.08
Peer 16	0.44	Peer 33	0.06

Highlights

Profitability Leadership Maintained via Business Diversification

- WAL's risk-adjusted net income growth has significantly outperformed peers since 2013
- Strong earnings growth has been accompanied by lower-than-peer earnings volatility
    - WAL is No. 4 in excess earnings growth and No. 10 in low volatility
- Closest competitors scored 0.89-0.90 with peer median 3x lower

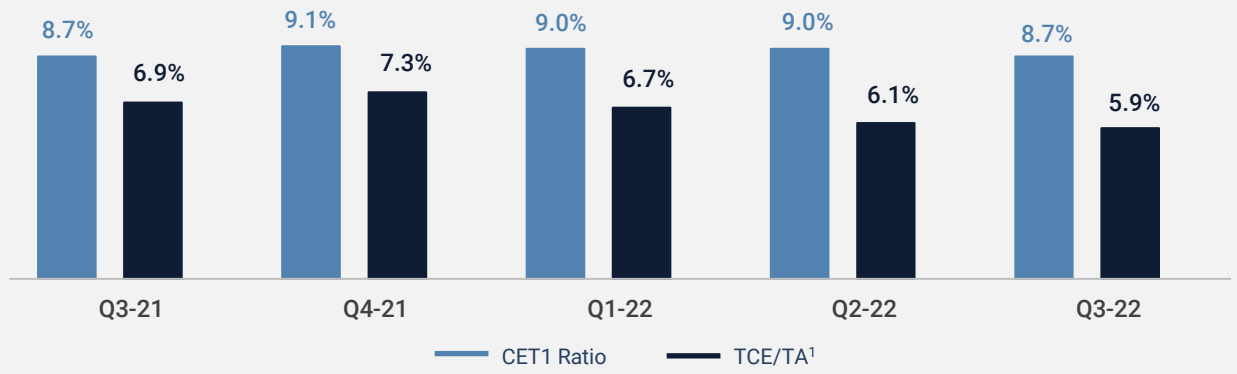
Bank	10-Year Excess Risk-Adj. NI Growth
WAL	1.32
Top-5 - Peer Median	0.79
Top Third - Peer Median	0.66
Top Two-Thirds - Peer Median	0.51
Peer Median	0.43

Note: Peer averages compare 33 publicly traded banks headquartered in the U.S. with total assets between $25B and $150B, excluding target banks of pending acquisitions, as of June 30, 2022. 1H22 results annualized for full year comparisons. Risk-free rate is the average daily 10-year Treasury rate.

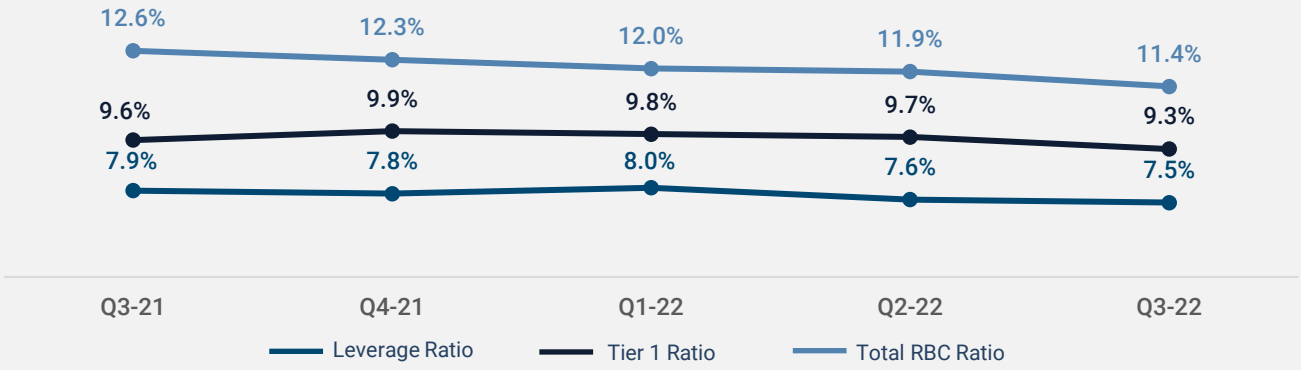
Source: S&P Global Market Intelligence

Capital Accumulation

Robust Common Capital Levels



Regulatory Capital



Q3 2022 Highlights

Regulatory Capital Levels

- Continue to exceed "well-capitalized" levels
- CET1 at 8.7%

Tangible Common Equity / Tangible Assets[1]

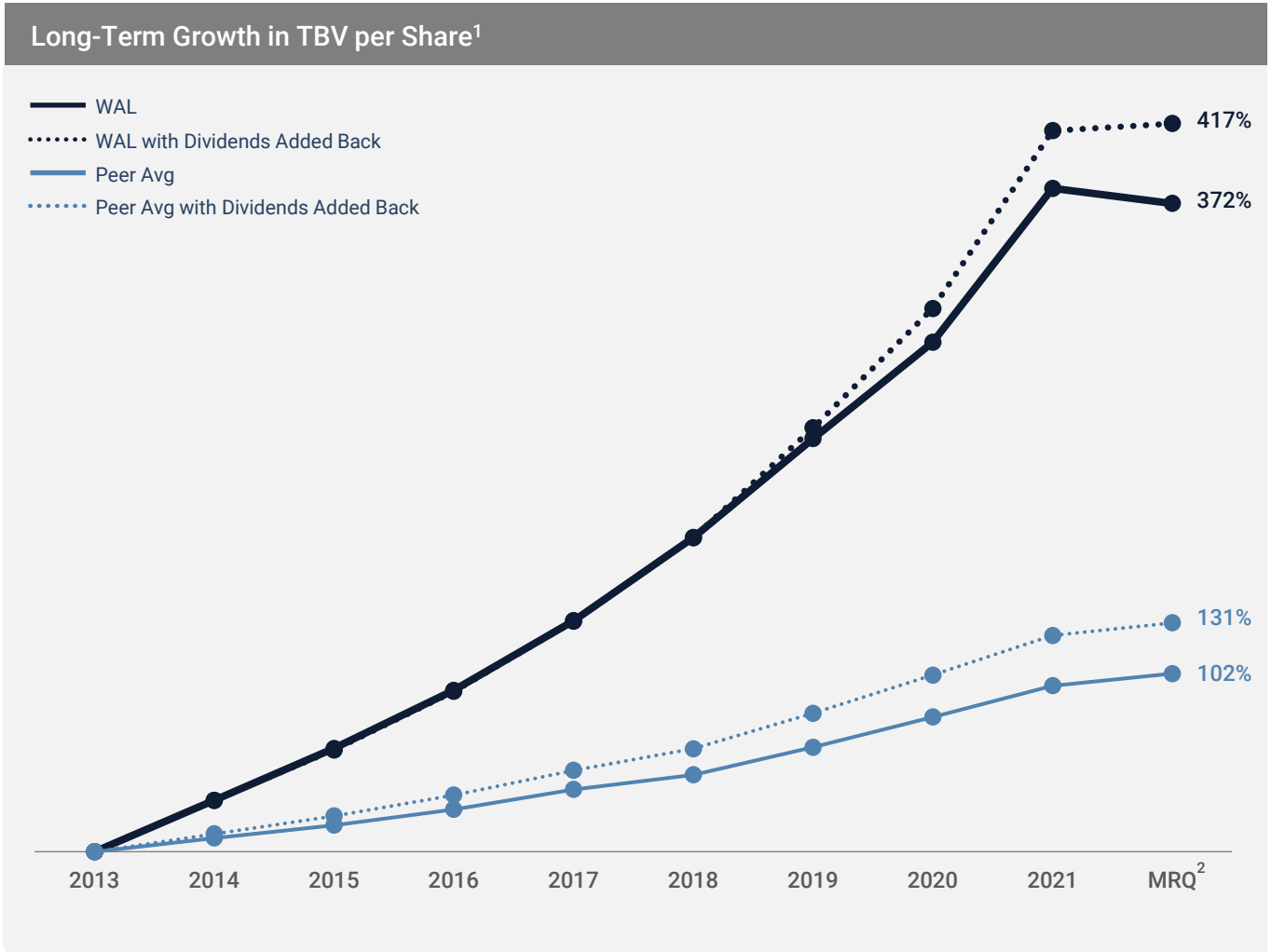
- TCE / TA decreased (20) bps from the prior quarter to 5.9% due to asset growth and AOCI loss impact

Capital Actions

- Issued $50 million of common stock (approximately 643,000 shares) under the ATM program

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

Tangible Book Value Growth



Q3 2022 Highlights

Tangible Book Value per Share[1]

- TBVPS increased $0.49 to $37.16 from prior quarter
  - Increased 7.2% year-over-year
  - Increased 1.3% quarter-over-quarter, non-annualized
  - **19.4% CAGR since year end 2013**
- TBVPS has increased more than **3.5x that of peers**
  - Quarterly common stock cash dividend of $0.36 per share

1) Refer to slide 2 for further discussion of Non-GAAP financial measures
2) MRQ is Q3-22 for WAL and Q2-22 for WAL Peers

Note: Peers consist of 33 major exchange traded US banks with total assets between $25B and $150B as of June 30, 2022, excluding target banks of pending acquisitions; S&P Global Market Intelligence.

Management Outlook

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

Western Alliance Bank®

Questions & Answers