REFINITIV

DELTA REPORT

10-Q

WALA - WESTERN ALLIANCE BANCORPO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1768
CHANGES	613
DELETIONS	633
ADDITIONS	522

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

FORM 10-Q

/ark One)

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

For the quarterly period ended September 30, 2023 March 31, 2024
or

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

For the transition period from__________ to __________

Commission file number: 001-32550

WESTERN ALLIANCE BANCORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**88-0365922**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One E. Washington Street, Suite 1400 Phoenix Arizona	**85004**
(Address of principal executive offices)	**(Zip Code)**

(602) 389-3500
(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

As of October 27, 2023 April 26, 2024, Western Alliance Bancorporation had 109,473,703 110,110,512 shares of common stock outstanding.

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PART I

GLOSSARY OF ENTITIES AND TERMS

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

ENTITIES / DIVISIONS:			
ABA	Alliance Bank of Arizona	**FIB**	First Independent Bank
AmeriHome	AmeriHome Mortgage Company, LLC	**TPB**	Torrey Pines Bank
BON	Bank of Nevada	**WA PWI**	Western Alliance Public Welfare Investments, LLC
Bridge	Bridge Bank	**WAB or Bank**	Western Alliance Bank
Company	Western Alliance Bancorporation and subsidiaries	**WABT**	Western Alliance Business Trust
CSI	CS Insurance Company	**WAL or Parent**	Western Alliance Bancorporation
DST	Digital Settlement Technologies LLC	**WATC**	Western Alliance Trust Company, N.A.

TERMS:			
ACL	Allowance for Credit Losses	**FOMC**	Federal Open Market Committee
AFS	Available-for-Sale	**FRB**	Federal Reserve Bank
ALCO	Asset and Liability Management Committee	**FVO**	Fair Value Option
AOCI	Accumulated Other Comprehensive Income	**GAAP**	U.S. Generally Accepted Accounting Principles
ASC	Accounting Standards Codification	**GNMA**	Government National Mortgage Association
ASU	Accounting Standards Update	**GSE**	Government-Sponsored Enterprise
Basel III	Banking Supervision's December 2010 final capital framework	**HFI**	Held for Investment
BOD	Board of Directors	**HFS**	Held for Sale
BTFP	Bank Term Funding Program	**HTM**	Held-to-Maturity
Capital Rules	The FRB, the OCC, and the FDIC 2013 Approved Final Rules	**HTM**	Held-to-Maturity
CDARS	Certificate Deposit Account Registry Service	**HUD**	U.S. Department of Housing and Urban Development
CDARS CECL	Certificate Deposit Account Registry Service Current Expected Credit Losses	**ICS**	Insured Cash Sweep Service
CECL CEO	Current Expected Credit Losses Chief Executive Officer	**IRLC**	Interest Rate Lock Commitment
CEO CET1	Chief Executive Officer Common Equity Tier 1	**ISDA**	International Swaps and Derivatives Association
CET1 CFO	Common Equity Tier 1 Chief Financial Officer	**LIBOR**	London Interbank Offered Rate
CFO CLO	Chief Financial Officer Collateralized Loan Obligation	**LIHTC**	Low-Income Housing Tax Credit
CLO COVID-19	Collateralized Loan Obligation Coronavirus Disease 2019	**MBS**	Mortgage-Backed Securities
COVID-19 CRA	Coronavirus Disease 2019 Community Reinvestment Act	**MSR**	Mortgage Servicing Right
CRA CRE	Community Reinvestment Act Commercial Real Estate	**NPV**	Net Present Value
CRE DTA	Commercial Real Estate Deferred Tax Asset	**OCI**	Other Comprehensive Income
DTA EBO	Deferred Tax Asset Early buyout	**PPNR**	Pre-Provision Net Revenue
EBO ECR	Early buyout Earnings credit rates	**SEC**	Securities and Exchange Commission
EPS	Earnings per share	**SERP**	Supplemental Executive Retirement Plan
ESG	Environmental, Social, and Governance	**SOFR**	Secured Overnight Financing Rate
EVE	Economic Value of Equity	**TDR**	Troubled Debt Restructuring
Exchange Act	Securities Exchange Act of 1934, as amended	**TEB**	Tax Equivalent Basis
FASB	Financial Accounting Standards Board	**TSR**	Total Shareholder Return
FDIC	Federal Deposit Insurance Corporation	**UPB**	Unpaid Principal Balance
FHA	Federal Housing Administration	**USDA**	United States Department of Agriculture
FHLB	Federal Home Loan Bank	**VA**	Veterans Affairs
FHLMC	Federal Home Loan Mortgage Corporation	**VIE**	Variable Interest Entity
FNMA	Federal National Mortgage Association	**XBRL**	eXtensible Business Reporting Language

Item 1. Financial Statements

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2024

March 31, 2024

March 31, 2024

		(Unaudited)			
		(Unaudited)			
		(Unaudited)			
		September 30, 2023		December 31, 2022	
			(in millions, except shares and per share amounts)		
		(Unaudited)			
			(in millions, except shares and per share amounts)		
			(in millions, except shares and per share amounts)		
			(in millions, except shares and per share amounts)		
Assets:					
Assets:					
Assets:	**Assets:**				
Cash and due from banks	Cash and due from banks	**$**	**289**	$	259
Cash and due from banks					
Cash and due from banks					
Interest-bearing deposits in other financial institutions					
Interest-bearing deposits in other financial institutions					
Interest-bearing deposits in other financial institutions	Interest-bearing deposits in other financial institutions		**3,208**		784
Cash and cash equivalents	Cash and cash equivalents		**3,497**		1,043
Investment securities - AFS, at fair value; amortized cost of $10,672 at September 30, 2023 and $7,973 at December 31, 2022 (ACL of $5 and $0 at September 30, 2023 and December 31, 2022, respectively)			**9,689**		7,092
Investment securities - HTM, at amortized cost and net of allowance for credit losses of $7 and $5 (fair value of $1,140 and $1,112) at September 30, 2023 and December 31, 2022, respectively			**1,394**		1,284
Cash and cash equivalents					
Cash and cash equivalents					
Investment securities - AFS, at fair value; amortized cost of $15,251 at March 31, 2024 and $11,849 at December 31, 2023 (ACL of $1 at March 31, 2024 and December 31, 2023)					
Investment securities - AFS, at fair value; amortized cost of $15,251 at March 31, 2024 and $11,849 at December 31, 2023 (ACL of $1 at March 31, 2024 and December 31, 2023)					
Investment securities - AFS, at fair value; amortized cost of $15,251 at March 31, 2024 and $11,849 at December 31, 2023 (ACL of $1 at March 31, 2024 and December 31, 2023)					
Investment securities - HTM, at amortized cost and net of ACL of $8 (fair value of $1,253 and $1,251) at March 31, 2024 and December 31, 2023, respectively					
Investment securities - HTM, at amortized cost and net of ACL of $8 (fair value of $1,253 and $1,251) at March 31, 2024 and December 31, 2023, respectively					
Investment securities - HTM, at amortized cost and net of ACL of $8 (fair value of $1,253 and $1,251) at March 31, 2024 and December 31, 2023, respectively					
Investment securities - equity					
Investment securities - equity					
Investment securities - equity	Investment securities - equity		**121**		160
Investments in restricted stock, at cost	Investments in restricted stock, at cost		**219**		224
Investments in restricted stock, at cost					
Investments in restricted stock, at cost					
Loans HFS					
Loans HFS					
Loans HFS	Loans HFS		**1,766**		1,184

Loans HFI, net of deferred fees and costs	Loans HFI, net of deferred fees and costs	**49,447**	51,862
Loans HFI, net of deferred fees and costs			
Loans HFI, net of deferred fees and costs			
Less: allowance for credit losses			
Less: allowance for credit losses			
Less: allowance for credit losses	Less: allowance for credit losses	**(327)**	(310)
Net loans held for investment	Net loans held for investment	**49,120**	51,552
Net loans held for investment			
Net loans held for investment			
Mortgage servicing rights			
Mortgage servicing rights			
Mortgage servicing rights	Mortgage servicing rights	**1,233**	1,148
Premises and equipment, net	Premises and equipment, net	**327**	276
Premises and equipment, net			
Premises and equipment, net			
Operating lease right of use asset			
Operating lease right of use asset			
Operating lease right of use asset	Operating lease right of use asset	**150**	163
Bank owned life insurance	Bank owned life insurance	**184**	182
Bank owned life insurance			
Bank owned life insurance			
Goodwill and intangible assets, net			
Goodwill and intangible assets, net			
Goodwill and intangible assets, net	Goodwill and intangible assets, net	**672**	680
Deferred tax assets, net	Deferred tax assets, net	**365**	311
Deferred tax assets, net			
Deferred tax assets, net			
Investments in LIHTC and renewable energy			
Investments in LIHTC and renewable energy			
Investments in LIHTC and renewable energy	Investments in LIHTC and renewable energy	**545**	624
Other assets	Other assets	**1,609**	1,811
Other assets			
Other assets			
Total assets			
Total assets			
Total assets	Total assets	**$ 70,891**	$ 67,734
Liabilities:	**Liabilities:**		
Liabilities:			
Liabilities:			
Deposits:			
Deposits:			
Deposits:	Deposits:		
Non-interest-bearing demand	Non-interest-bearing demand	**$ 17,991**	$ 19,691
Non-interest-bearing demand			
Non-interest-bearing demand			
Interest-bearing	Interest-bearing	**36,296**	33,953
Interest-bearing			
Interest-bearing			

Total deposits			
Total deposits			
Total deposits	Total deposits	**54,287**	53,644
Other borrowings	Other borrowings	**8,745**	6,299
Other borrowings			
Other borrowings			
Qualifying debt			
Qualifying debt			
Qualifying debt	Qualifying debt	**890**	893
Operating lease liability	Operating lease liability	**180**	185
Operating lease liability			
Operating lease liability			
Other liabilities			
Other liabilities			
Other liabilities	Other liabilities	**1,043**	1,357
Total liabilities	Total liabilities	**65,145**	62,378
Total liabilities			
Total liabilities			
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 14)	**Commitments and contingencies (Note 14)**		
Stockholders' equity:	**Stockholders' equity:**		
Preferred stock (par value $0.0001 and liquidation value per share of $25; 20,000,000 authorized; 12,000,000 issued and outstanding at September 30, 2023 and December 31, 2022)		**295**	295
Common stock (par value $0.0001; 200,000,000 authorized; 112,174,818 shares issued at September 30, 2023 and 111,465,292 at December 31, 2022) and additional paid in capital		**2,189**	2,163
Treasury stock, at cost (2,702,124 shares at September 30, 2023 and 2,550,766 shares at December 31, 2022)		**(116)**	(105)
Stockholders' equity:			
Stockholders' equity:			
Preferred stock (par value $0.0001 and liquidation value per share of $25; 20,000,000 authorized; 12,000,000 depositary shares issued and outstanding at March 31, 2024 and December 31, 2023)			
Preferred stock (par value $0.0001 and liquidation value per share of $25; 20,000,000 authorized; 12,000,000 depositary shares issued and outstanding at March 31, 2024 and December 31, 2023)			
Preferred stock (par value $0.0001 and liquidation value per share of $25; 20,000,000 authorized; 12,000,000 depositary shares issued and outstanding at March 31, 2024 and December 31, 2023)			
Common stock (par value $0.0001; 200,000,000 authorized; 113,005,772 shares issued at March 31, 2024 and 112,169,523 at December 31, 2023) and additional paid in capital			
Common stock (par value $0.0001; 200,000,000 authorized; 113,005,772 shares issued at March 31, 2024 and 112,169,523 at December 31, 2023) and additional paid in capital			
Common stock (par value $0.0001; 200,000,000 authorized; 113,005,772 shares issued at March 31, 2024 and 112,169,523 at December 31, 2023) and additional paid in capital			
Treasury stock, at cost (2,825,815 shares at March 31, 2024 and 2,703,218 shares at December 31, 2023)			
Treasury stock, at cost (2,825,815 shares at March 31, 2024 and 2,703,218 shares at December 31, 2023)			
Treasury stock, at cost (2,825,815 shares at March 31, 2024 and 2,703,218 shares at December 31, 2023)			
Accumulated other comprehensive loss			
Accumulated other comprehensive loss			
Accumulated other comprehensive loss	Accumulated other comprehensive loss	**(733)**	(661)
Retained earnings	Retained earnings	**4,111**	3,664

Retained earnings				
Retained earnings				
Total stockholders’ equity				
Total stockholders’ equity				
Total stockholders’ equity	Total stockholders’ equity	**5,746**		5,356
Total liabilities and stockholders’ equity	Total liabilities and stockholders’ equity	**$ 70,891**		$ 67,734
Total liabilities and stockholders’ equity				
Total liabilities and stockholders’ equity				

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	**2023**	2022
		(in millions, except per share amounts)			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(in millions, except per share amounts)			
		(in millions, except per share amounts)			
		(in millions, except per share amounts)			
Interest income:	**Interest income:**				
Loans, including fees	Loans, including fees	**$ 860.8**	$ 657.0	**$ 2,550.7**	$ 1,608.3
Loans, including fees					
Loans, including fees					
Investment securities	Investment securities	**121.0**	74.0	**325.6**	178.3
Investment securities					
Investment securities					
Dividends and other					
Dividends and other					

Dividends and other	Dividends and other	**44.8**	8.4	**120.0**	16.9
Total interest income	Total interest income	**1,026.6**	739.4	**2,996.3**	1,803.5
Total interest income					
Total interest income					
Interest expense:					
Interest expense:					
Interest expense:	**Interest expense:**				
Deposits	Deposits	**316.2**	77.6	**798.9**	118.8
Deposits					
Deposits					
Qualifying debt					
Qualifying debt					
Qualifying debt	Qualifying debt	**9.5**	8.9	**28.3**	25.9
Other borrowings	Other borrowings	**113.9**	50.8	**421.9**	82.2
Other borrowings					
Other borrowings					
Total interest expense					
Total interest expense					
Total interest expense	Total interest expense	**439.6**	137.3	**1,249.1**	226.9
Net interest income	**Net interest income**	**587.0**	602.1	**1,747.2**	1,576.6
Net interest income					
Net interest income					
Provision for credit losses					
Provision for credit losses					
Provision for credit losses	Provision for credit losses	**12.1**	28.5	**53.3**	65.0
Net interest income after provision for credit losses	Net interest income after provision for credit losses	**574.9**	573.6	**1,693.9**	1,511.6
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					
Non-interest income:	**Non-interest income:**				
Non-interest income:					
Non-interest income:					
Net loan servicing revenue					
Net loan servicing revenue					
Net loan servicing revenue					
Net gain on loan origination and sale activities	Net gain on loan origination and sale activities	**52.0**	14.5	**145.7**	78.6
Net loan servicing revenue		**27.2**	23.0	**93.2**	109.5
Net gain on loan origination and sale activities					

Net gain on loan origination and sale activities					
Income from equity investments					
Income from equity investments					
Income from equity investments					
Service charges and fees					
Service charges and fees					
Service charges and fees	Service charges and fees	**23.3**	6.5	**53.6**	21.1
Commercial banking related income	Commercial banking related income	**5.6**	5.1	**17.8**	16.0
Income from equity investments		**0.5**	4.3	**2.6**	13.6
Commercial banking related income					
Commercial banking related income					
Fair value gain (loss) adjustments, net					
Fair value gain (loss) adjustments, net					
Fair value gain (loss) adjustments, net					
(Loss) gain on recovery from credit guarantees	(Loss) gain on recovery from credit guarantees	**(4.0)**	0.4	**0.5**	11.7
Gain (loss) on sales of investment securities		**0.1**	—	**(26.0)**	6.7
Fair value gain (loss) adjustments, net		**17.8**	(2.8)	**(117.3)**	(19.4)
(Loss) gain on recovery from credit guarantees					
(Loss) gain on recovery from credit guarantees					
Loss on sales of investment securities					
Loss on sales of investment securities					
Loss on sales of investment securities					
Other income					
Other income					
Other income	Other income	**6.7**	10.8	**20.1**	25.3
Total non-interest income	Total non-interest income	**129.2**	61.8	**190.2**	263.1
Total non-interest income					
Total non-interest income					
Non-interest expense:					
Non-interest expense:					
Non-interest expense:	**Non-interest expense:**				

Salaries and employee benefits	Salaries and employee benefits	**137.2**	136.5	**431.7**	413.8
Salaries and employee benefits					
Salaries and employee benefits					
Deposit costs	Deposit costs	**127.8**	56.2	**305.7**	83.6
Deposit costs					
Deposit costs					
Insurance					
Insurance					
Insurance					
Data processing	Data processing	**33.9**	21.8	**88.9**	59.1
Insurance		**33.1**	8.1	**81.8**	22.2
Data processing					
Data processing					
Legal, professional, and directors' fees					
Legal, professional, and directors' fees					
Legal, professional, and directors' fees	Legal, professional, and directors' fees	**28.3**	24.8	**77.8**	73.9
Occupancy	Occupancy	**16.8**	13.9	**48.7**	39.7
Occupancy					
Occupancy					
Loan servicing expenses	Loan servicing expenses	**11.9**	15.2	**44.1**	40.7
Loan servicing expenses					
Loan servicing expenses					
Business development and marketing					
Business development and marketing					
Business development and marketing					
Loan acquisition and origination expenses	Loan acquisition and origination expenses	**5.6**	5.8	**15.6**	18.7
Business development and marketing		**4.9**	5.0	**15.1**	14.8
Loan acquisition and origination expenses					
Loan acquisition and origination expenses					
Gain on extinguishment of debt					
Gain on extinguishment of debt					
Gain on extinguishment of debt	Gain on extinguishment of debt	**—**	—	**(13.4)**	—
Other expense	Other expense	**26.7**	18.5	**65.5**	56.8
Other expense					

Other expense

Total non-interest expense

Total non-interest expense

Total non-interest expense	Total non-interest expense	**426.2**	305.8	**1,161.5**	823.3
Income before provision for income taxes	Income before provision for income taxes	**277.9**	329.6	**722.6**	951.4

Income before provision for income taxes

Income before provision for income taxes

Income tax expense

Income tax expense

Income tax expense	Income tax expense	**61.3**	65.6	**148.1**	187.1
Net income	**Net income**	**216.6**	264.0	**574.5**	764.3

Net income

Net income

Dividends on preferred stock

Dividends on preferred stock

Dividends on preferred stock	Dividends on preferred stock	**3.2**	3.2	**9.6**	9.6
Net income available to common stockholders	**Net income available to common stockholders**	**$ 213.4**	$ 260.8	**$ 564.9**	$ 754.7

Net income available to common stockholders

Net income available to common stockholders

Earnings per share:

Earnings per share:

Earnings per share:	**Earnings per share:**				
Basic	Basic	**$ 1.97**	$ 2.43	**$ 5.22**	$ 7.06

Basic

Basic

Diluted

Diluted

Diluted	Diluted	**1.97**	2.42	**5.21**	7.03
Weighted average number of common shares outstanding:	**Weighted average number of common shares outstanding:**				

Weighted average number of common shares outstanding:

Weighted average number of common shares outstanding:

Basic

Basic

Basic	Basic	**108.3**	107.5	**108.3**	107.0
Diluted	Diluted	**108.5**	107.9	**108.4**	107.4
Diluted					
Diluted					
Dividends declared per common share	**Dividends declared per common share**	**$ 0.36**	$ 0.36	**$ 1.08**	$ 1.06
Dividends declared per common share					
Dividends declared per common share					

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
	(in millions)			
Net income	**$ 216.6**	$ 264.0	**$ 574.5**	$ 764.3
Other comprehensive income (loss), net:				
Unrealized loss on AFS securities, net of tax effect of $41.2, $74.2, $31.7, and $248.2 respectively	**(120.2)**	(219.9)	**(94.3)**	(752.3)
Unrealized (loss) gain on junior subordinated debt, net of tax effect of $0.4, $(0.5), $(0.9), and $(1.9) respectively	**(1.2)**	1.6	**2.7**	5.8
Realized (gain) loss on sale of AFS securities included in income, net of tax effect of $0.1, $0, $(6.4), and $1.8 respectively	**(0.4)**	—	**19.1**	(5.4)
Realized loss on impairment of AFS securities included in income, net of tax effect of $0, $0, $(0.4), and $0 respectively	**—**	—	**1.2**	—
Net other comprehensive loss	**(121.8)**	(218.3)	**(71.3)**	(751.9)
Comprehensive income	**$ 94.8**	$ 45.7	**$ 503.2**	$ 12.4

	Three Months Ended March 31,	
	2024	2023
	(in millions)	
Net income	**$ 177.4**	$ 142.2
Other comprehensive (loss) income, net:		
Unrealized (loss) gain on AFS securities, net of tax effect of $14.8 and $(20.7) respectively	**(44.9)**	60.1
Unrealized loss on junior subordinated debt, net of tax effect of $0.2 and $0.4 respectively	**(0.5)**	(1.1)
Realized loss on sale of AFS securities included in income, net of tax effect of $(0.2) and $(3.2) respectively	**0.7**	9.3
Realized loss on impairment of AFS securities included in income, net of tax effect of $— and $(0.4) respectively	**—**	1.2
Net other comprehensive (loss) income	**(44.7)**	69.5
Comprehensive income	**$ 132.7**	$ 211.7

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY

	Three Months Ended September 30,

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
					(in millions)				
Balance, June 30, 2022	12.0	$ 294.5	108.3	$ —	$ 2,094.8	$ (104.3)	$ (517.9)	$ 3,191.7	$ 4,958.8
Net income	—	—	—	—	—	—	—	264.0	264.0
Restricted stock, performance stock units, and other grants, net	—	—	—	—	9.4	—	—	—	9.4
Restricted stock surrendered (1)	—	—	—	—	—	(0.9)	—	—	(0.9)
Common stock issuance, net	—	—	0.6	—	50.0	—	—	—	50.0
Dividends paid to preferred stockholders	—	—	—	—	—	—	—	(3.2)	(3.2)
Dividends paid to common stockholders	—	—	—	—	—	—	—	(39.0)	(39.0)
Other comprehensive loss, net	—	—	—	—	—	—	(218.3)	—	(218.3)
Balance, September 30, 2022	12.0	$ 294.5	108.9	$ —	$ 2,154.2	$ (105.2)	$ (736.2)	$ 3,413.5	$ 5,020.8
Balance, June 30, 2023	**12.0**	**$ 294.5**	**109.5**	**$ —**	**$ 2,180.3**	**$ (116.2)**	**$ (610.5)**	**$ 3,936.8**	**$ 5,684.9**
Net income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**216.6**	**216.6**
Restricted stock, performance stock units, and other grants, net	**—**	**—**	**—**	**—**	**8.9**	**—**	**—**	**—**	**8.9**
Dividends paid to preferred stockholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3.2)**	**(3.2)**
Dividends paid to common stockholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(39.4)**	**(39.4)**
Other comprehensive loss, net	**—**	**—**	**—**	**—**	**—**	**—**	**(121.8)**	**—**	**(121.8)**
Balance, September 30, 2023	**12.0**	**$ 294.5**	**109.5**	**$ —**	**$ 2,189.2**	**$ (116.2)**	**$ (732.3)**	**$ 4,110.8**	**$ 5,746.0**

	Nine Months Ended September 30,								
	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
					(in millions)				
Balance, December 31, 2021	12.0	$ 294.5	106.6	$ —	$ 1,966.2	$ (86.8)	$ 15.7	$ 2,773.0	$ 4,962.6
Net income	—	—	—	—	—	—	—	764.3	764.3
Restricted stock, performance stock units, and other grants, net	—	—	0.6	—	30.3	—	—	—	30.3
Restricted stock surrendered (1)	—	—	(0.2)	—	—	(18.4)	—	—	(18.4)
Common stock issuance, net	—	—	1.9	—	157.7	—	—	—	157.7
Dividends paid to preferred stockholders	—	—	—	—	—	—	—	(9.6)	(9.6)
Dividends paid to common stockholders	—	—	—	—	—	—	—	(114.2)	(114.2)
Other comprehensive loss, net	—	—	—	—	—	—	(751.9)	—	(751.9)
Balance, September 30, 2022	12.0	$ 294.5	108.9	$ —	$ 2,154.2	$ (105.2)	$ (736.2)	$ 3,413.5	$ 5,020.8

	Three Months Ended March 31,							
	Preferred Stock							
	Shares							
	(in millions)							
	(in millions)							

Three Months Ended M						
Preferred Stock	Common Stock	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	S

	(in millions)									
Balance, December 31, 2022	**Balance, December 31, 2022**	**12.0**	**$ 294.5**	**108.9**	**$ —**	**$ 2,163.7**	**$ (105.3)**	**$ (661.0)**	**$ 3,664.1**	**$ 5,356.0**
Net income	**Net income**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**574.5**	**574.5**
Restricted stock, performance stock units, and other grants, net	**Restricted stock, performance stock units, and other grants, net**	**—**	**—**	**0.7**	**—**	**25.5**	**—**	**—**	**—**	**25.5**
Restricted stock surrendered (1)	**Restricted stock surrendered (1)**	**—**	**—**	**(0.1)**	**—**	**—**	**(10.9)**	**—**	**—**	**(10.9)**
Dividends paid to preferred stockholders										
Dividends paid to preferred stockholders										
Dividends paid to preferred stockholders										
Dividends paid to common stockholders										
Other comprehensive income, net										
Balance, March 31, 2023										
Balance, December 31, 2023										
Balance, December 31, 2023										
Balance, December 31, 2023										
Net income										
Restricted stock, performance stock units, and other grants, net										
Restricted stock, performance stock units, and other grants, net										
Restricted stock, performance stock units, and other grants, net										
Restricted stock surrendered (1)										
Dividends paid to preferred stockholders										
Dividends paid to preferred stockholders										
Dividends paid to preferred stockholders	**Dividends paid to preferred stockholders**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(9.6)**	**(9.6)**
Dividends paid to common stockholders	**Dividends paid to common stockholders**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(118.2)**	**(118.2)**
Other comprehensive loss, net	**Other comprehensive loss, net**	**—**	**—**	**—**	**—**	**—**	**—**	**(71.3)**	**—**	**(71.3)**
Balance, September 30, 2023		**12.0**	**$ 294.5**	**109.5**	**$ —**	**$ 2,189.2**	**$ (116.2)**	**$ (732.3)**	**$ 4,110.8**	**$ 5,746.0**

Balance, March 31, 2024	

(1) Share amounts represent Treasury Shares.

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Nine Months Ended September 30,			
		2023	2022		
		(in millions)			
		Three Months Ended March 31,		**Three Months Ended March 31,**	
		2024		**2024**	2023
		(in millions)		*(in millions)*	
Cash flows from operating activities:	**Cash flows from operating activities:**				
Net income	**Net income**	**$ 574.5**	$ 764.3		
Net income					
Net income					
Adjustments to reconcile net income to net cash (used in) provided by operating activities:	**Adjustments to reconcile net income to net cash (used in) provided by operating activities:**				
Provision for credit losses					
Provision for credit losses					
Provision for credit losses	Provision for credit losses	**53.3**	65.0		
Depreciation and amortization	Depreciation and amortization	**43.9**	36.1		
Stock-based compensation	Stock-based compensation	**25.4**	30.3		
Deferred income taxes	Deferred income taxes	**(31.8)**	47.7		
Amortization of net (discounts) premiums for investment securities	Amortization of net (discounts) premiums for investment securities	**(43.4)**	17.1		
Amortization of tax credit investments	Amortization of tax credit investments	**66.9**	45.6		
Amortization of operating lease right of use asset	Amortization of operating lease right of use asset	**17.6**	16.4		
Amortization of net deferred loan fees and net purchase premiums	Amortization of net deferred loan fees and net purchase premiums	**(64.8)**	(50.6)		
Purchases and originations of loans HFS	Purchases and originations of loans HFS	**(32,403.8)**	(37,064.4)		

Proceeds from sales and payments on loans held for sale		**31,552.2**	38,294.5
Proceeds from sales and payments on loans HFS			
Proceeds from sales and payments on loans HFS			
Proceeds from sales and payments on loans HFS			
Mortgage servicing rights capitalized upon sale of mortgage loans	Mortgage servicing rights capitalized upon sale of mortgage loans	**(653.0)**	(578.1)
Net (gains) losses on:	Net (gains) losses on:		
Change in fair value of loans HFS, mortgage servicing rights, and related derivatives			
Change in fair value of loans HFS, mortgage servicing rights, and related derivatives			
Change in fair value of loans HFS, mortgage servicing rights, and related derivatives	Change in fair value of loans HFS, mortgage servicing rights, and related derivatives	**(44.6)**	(139.3)
Fair value adjustments	Fair value adjustments	**122.2**	20.4
Sale of investment securities	Sale of investment securities	**26.0**	(6.7)
Extinguishment of debt	Extinguishment of debt	**(13.4)**	—
Other	Other	**8.1**	(3.6)
Other assets and liabilities, net	Other assets and liabilities, net	**94.9**	(43.8)
Net cash (used in) provided by operating activities	**Net cash (used in) provided by operating activities**	**$ (669.8)**	$ 1,450.9
Cash flows from investing activities:	**Cash flows from investing activities:**		
Investment securities - AFS	Investment securities - AFS		
Investment securities - AFS			
Investment securities - AFS			
Purchases			
Purchases			
Purchases	Purchases	**$ (6,853.5)**	$ (2,286.4)
Principal pay downs and maturities	Principal pay downs and maturities	**3,559.2**	511.8
Proceeds from sales	Proceeds from sales	**777.8**	124.6
Investment securities - HTM	Investment securities - HTM		

Purchases	Purchases	**(163.2)**	(230.3)
Purchases			
Purchases			
Principal pay downs and maturities	Principal pay downs and maturities	**51.5**	68.1
Equity securities carried at fair value	Equity securities carried at fair value		
Purchases	Purchases	**(0.5)**	(35.2)
Redemptions		**9.0**	1.1
Proceeds from sales		**1.5**	14.1
Purchases			
Purchases			
Proceeds from sale of mortgage servicing rights and related holdbacks, net	Proceeds from sale of mortgage servicing rights and related holdbacks, net	**615.6**	382.2
Purchase of other investments		**(116.6)**	(300.3)
Proceeds from bank owned life insurance, net		**0.7**	—
Net decrease (increase) in loans HFI		**1,926.5**	(11,736.5)
Proceeds from sale of mortgage servicing rights and related holdbacks, net			
Proceeds from sale of mortgage servicing rights and related holdbacks, net			
Sale (purchase) of other investments			
Net increase in loans HFI			
Net increase in loans HFI			
Net increase in loans HFI			
Purchase of premises, equipment, and other assets, net	Purchase of premises, equipment, and other assets, net	**(87.0)**	(84.2)
Cash consideration paid for acquisitions, net of cash acquired		**—**	(50.0)
Net cash used in investing activities	**Net cash used in investing activities**	**$ (279.0)**	$ (13,621.0)
Net cash used in investing activities			
Net cash used in investing activities			

	Three Months Ended March 31,	**Three Months Ended March 31,**	
	2024	**2024**	2023
	(in millions)	*(in millions)*	
Cash flows from financing activities:			

Net increase (decrease) in deposits

Net increase (decrease) in deposits

Net increase (decrease) in deposits

Payments on long-term debt

Payments on long-term debt

Payments on long-term debt

Net (decrease) increase in short-term borrowings

Cash paid for tax withholding on vested restricted stock and other

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(in millions)	
Cash flows from financing activities:		
Net increase in deposits	**$ 642.9**	$ 7,976.7
Net proceeds from issuance of long-term debt	**9.9**	485.5
Payments on long-term debt	**(538.4)**	(24.8)
Net increase in short-term borrowings	**2,962.9**	4,810.3
Net proceeds from repurchase obligations	**2,661.8**	—
Payments on repurchase obligations	**(2,198.0)**	—
Cash paid for tax withholding on vested restricted stock and other		
Cash paid for tax withholding on vested restricted stock and other	**(10.9)**	(18.4)
Cash dividends paid on common stock and preferred stock	**(127.8)**	(123.8)

Cash paid for tax withholding on vested restricted stock and other

Cash dividends paid on common stock and preferred stock

Proceeds from issuance of common stock in offerings, net		—	157.7
Cash dividends paid on common stock and preferred stock			
Cash dividends paid on common stock and preferred stock			
Net cash provided by financing activities			
Net cash provided by financing activities			
Net cash provided by financing activities	**Net cash provided by financing activities**	**$ 3,402.4**	$13,263.2
Net increase in cash and cash equivalents	**Net increase in cash and cash equivalents**	**2,453.6**	1,093.1
Cash, cash equivalents, and restricted cash at beginning of period	**Cash, cash equivalents, and restricted cash at beginning of period**	**1,043.4**	516.4
Cash, cash equivalents, and restricted cash at end of period	**Cash, cash equivalents, and restricted cash at end of period**	**$ 3,497.0**	$ 1,609.5
Supplemental disclosure:	**Supplemental disclosure:**		
Supplemental disclosure:			
Supplemental disclosure:			
Cash paid during the period for:	Cash paid during the period for:		
Cash paid during the period for:			
Cash paid during the period for:			
Interest			
Interest			
Interest	Interest	**$ 1,108.5**	$ 211.4
Income taxes, net	Income taxes, net	**57.0**	190.7
Non-cash activities:	Non-cash activities:		

Transfers of mortgage-backed securities in settlement of secured borrowings	Transfers of mortgage-backed securities in settlement of secured borrowings	**461.2**	452.9
Net increase in unfunded commitments and obligations		**29.1**	281.1
Transfers of mortgage-backed securities in settlement of secured borrowings			
Transfers of mortgage-backed securities in settlement of secured borrowings			
Transfers of securitized loans HFS to AFS securities			
Transfers of securitized loans HFS to AFS securities			
Transfers of securitized loans HFS to AFS securities	Transfers of securitized loans HFS to AFS securities	**182.0**	131.0
Transfers of loans HFI to HFS, net of fair value loss adjustment (1)	Transfers of loans HFI to HFS, net of fair value loss adjustment (1)	**6,646.8**	—
Transfers of loans HFS to HFI, at amortized cost		**2,357.2**	1,505.7

(1) Excludes $426.4 million Activity for the three months ended March 31, 2024 and 2023 excludes $89.1 million and $294.4 million, respectively, of loans transferred with an original designation of HFS, whose which sales activity was classified as operating cash flows.

See accompanying Notes to Unaudited Consolidated Financial Statements.

WESTERN ALLIANCE BANCORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

WAL is a bank holding company headquartered in Phoenix, Arizona, incorporated under the laws of the state of Delaware. WAL provides a full spectrum of customized loan, deposit, and treasury management capabilities, including 24/7 funds transfer and other digital payment offerings through its wholly-owned banking subsidiary, WAB.

WAB operates the following full-service 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 through DST. industry. In addition, the Company has the following non-bank subsidiaries: CSI, a captive insurance company formed and licensed under the laws of the State of Arizona and established as part of the Company's overall enterprise risk management strategy, and WATC, which provides corporate trust services and levered loan administration solutions.

Basis of presentation

The accompanying Unaudited Consolidated Financial Statements as of September 30, 2023 March 31, 2024 and for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 have been prepared in accordance with GAAP for interim financial information and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnotes required by GAAP for complete financial statements. Accordingly, these statements should be read in conjunction with the Company's audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The accounts of the Company and its consolidated subsidiaries are included in the Consolidated Financial Statements.

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

Recent accounting pronouncements

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.

Accounting for and Disclosure of Crypto Assets

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

The amendments in this update are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years and are applied through a cumulative-effect adjustment to the opening balance of retained earnings (as of the beginning of the annual reporting period of adoption). As the Company does not currently hold any crypto assets meeting the criteria outlined in the update, the adoption of this guidance is not expected to have an impact on the Company's Consolidated Financial Statements.

Improvements to Reportable Segment Disclosures

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

The amendments in this update are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 and are applied on a retrospective basis. The Company is currently evaluating the impact these amendments will have on its Consolidated Financial Statements.

Recently adopted accounting guidance

Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method

In March 2023, the FASB issued guidance within ASU 2023-02, *Investments — Equity Method and Joint Ventures (Topic 323).* The amendments in this update permit entities to elect to account for tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. Previously this option was only permitted for LIHTC investments. Additionally, the amendments in this update require that all tax equity investments accounted for using the proportional amortization method apply the delayed equity contribution guidance in Subtopic 323-740 and disclosure of the nature of an entity's tax equity investments and their effect on an entity's financial position and results of operations.

The amendments in this update are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and are applied on a modified retrospective or a retrospective basis. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

Recently adopted accounting guidance

Troubled Debt Restructurings and Vintage Disclosures

In March 2022, the FASB issued guidance within ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326).* The amendments in this update eliminate the accounting guidance and related disclosures for TDRs by creditors in Subtopic 310-40, *Receivables—Troubled Debt Restructurings by Creditors*, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty and requiring an entity to disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, *Financial Instruments—Credit Losses—Measured at Amortized Cost*.

The Company adopted this accounting guidance prospectively on January 1, 2023 January 1, 2024. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates and judgments are ongoing and are based on experience, current and expected future conditions, third-party evaluations and various other assumptions that management believes are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from those estimates and assumptions used in the Consolidated Financial Statements and related notes. Material estimates that are susceptible to significant changes in the near term relate to: 1) the determination of the ACL; 2) certain assets and liabilities carried at or evaluated using fair value measurements; 3) goodwill impairment; and 3) 4) accounting for income taxes.

Principles of consolidation

As of September 30, 2023 March 31, 2024, WAL has the following significant wholly-owned subsidiaries: WAB and eight unconsolidated subsidiaries used as business trusts in connection with the issuance of trust-preferred securities.

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

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

Reclassifications

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

Goodwill and other intangible assets

The Company evaluated whether the continued effects from the bank failures in early 2023 may give rise to a triggering event and elected to perform a Step 0 goodwill impairment assessment, which included assessing the financial performance of the Company and analyzing qualitative factors applicable to the Company. As of September 30, 2023, the Company does not believe that these events or circumstances have significantly altered the long-term financial performance of the Company. Accordingly, it was determined that it is more likely than not that the fair value of the Company and its reporting units exceeds their respective carrying values as of September 30, 2023. The Company's goodwill totaled $527 million at September 30, 2023 and December 31, 2022, with $290 million and $237 million allocated to the Commercial and Consumer Related segments, respectively.

2. INVESTMENT SECURITIES

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

	September 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(in millions)			

March 31, 2024	March 31, 2024

		Amortized Cost			
		(in millions)			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
		(in millions)			
Held-to-maturity	***Held-to-maturity***				
Tax-exempt					
Tax-exempt					
Tax-exempt					
Private label residential MBS	Private label residential MBS	**$ 189**	**$ —**	**$ (51)**	**$ 138**
Tax-exempt		**1,212**	**—**	**(210)**	**1,002**
Total HTM securities	Total HTM securities	**$ 1,401**	**$ —**	**$ (261)**	**$ 1,140**
Available-for-sale debt securities	***Available-for-sale debt securities***				
CLO		**$ 2,183**	**$ 1**	**$ (19)**	**$ 2,165**
Available-for-sale debt securities					
Available-for-sale debt securities					
U.S. Treasury securities					
U.S. Treasury securities					
U.S. Treasury securities					
Residential MBS issued by GSEs					
Private label residential MBS					
Private label residential MBS					
Private label residential MBS					
Tax-exempt					
Commercial MBS issued by GSEs	Commercial MBS issued by GSEs	**212**	**—**	**(13)**	**199**
Corporate debt securities	Corporate debt securities	**411**	**—**	**(51)**	**360**
Private label residential MBS		**1,340**	**—**	**(272)**	**1,068**
Residential MBS issued by GSEs		**2,333**	**—**	**(475)**	**1,858**
Tax-exempt		**918**	**—**	**(143)**	**775**
U.S. Treasury securities		**3,201**	**—**	**(3)**	**3,198**
Other					
Other					
Other	Other	**74**	**3**	**(11)**	**66**
Total AFS debt securities	Total AFS debt securities	**$ 10,672**	**$ 4**	**$ (987)**	**$ 9,689**

December 31, 2022

		Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
		(in millions)			
		December 31, 2023			
		Amortized Cost			
		(in millions)			
Held-to-maturity	*Held-to-maturity*				
Tax-exempt					
Tax-exempt					
Tax-exempt					
Private label residential MBS	Private label residential MBS	$ 198	$ —	$ (39)	$ 159
Tax-exempt		1,091	—	(138)	953
Total HTM securities	Total HTM securities	$ 1,289	$ —	$ (177)	$1,112
Available-for-sale debt securities	*Available-for-sale debt securities*				
Available-for-sale debt securities					
Available-for-sale debt securities					
U.S. Treasury securities					
U.S. Treasury securities					
U.S. Treasury securities					
Residential MBS issued by GSEs					
CLO	CLO	$ 2,796	$ —	$ (90)	$2,706
Private label residential MBS					
Tax-exempt					
Commercial MBS issued by GSEs	Commercial MBS issued by GSEs	104	1	(8)	97
Corporate debt securities	Corporate debt securities	429	—	(39)	390
Private label residential MBS		1,442	—	(243)	1,199
Residential MBS issued by GSEs		2,123	—	(383)	1,740
Tax-exempt		1,004	2	(115)	891
Other					
Other					
Other	Other	75	6	(12)	69

December 31, 2023			
Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
(in millions)			

Total AFS debt securities	Total AFS debt securities	$ 7,973	$ 9	$ (890)	$ 7,092

In addition, the Company held equity securities, which primarily consisted of preferred stock and CRA investments, with a fair value of $121 million $130 million and $160 million $126 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Unrealized gains on equity securities of $5.1 million $3.9 million and losses of $3.7 million $8.5 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and losses of $3.3 million and $20.4 million for the nine months ended September 30, 2023 and 2022, 2023, respectively, were recognized in earnings as a component of fair Fair value gain (loss) adjustments. adjustments, net.

Securities with carrying amounts of approximately $5.5 billion $8.0 billion and $1.7 billion $7.7 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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:

		September 30, 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)					
		March 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)					
Available-for-sale debt securities	***Available-for-sale debt securities***						
CLO		$ 1	$ 129	$ 18	$ 1,757	$ 19	$ 1,886
Available-for-sale debt securities							
Available-for-sale debt securities							
U.S. Treasury securities							
U.S. Treasury securities							
U.S. Treasury securities							
Residential MBS issued by GSEs							
Private label residential MBS							
Tax-exempt							
Commercial MBS issued by GSEs	Commercial MBS issued by GSEs	2	145	11	53	13	198
Corporate debt securities (1)	Corporate debt securities (1)	—	—	51	352	51	352

Private label residential MBS	1	25	271	1,016	272	1,041
Residential MBS issued by GSEs	12	380	463	1,475	475	1,855
Tax-exempt	6	69	137	706	143	775
U.S. Treasury securities	3	2,444	—	—	3	2,444
Other						
Other						
Other Other	1	9	10	44	11	53
Total AFS securities Total AFS securities	$ 26	$3,201	$ 961	$5,403	$ 987	$8,604

(1) Includes securities with an ACL that have a fair value of $143 $22 million and unrealized losses of $29 $6 million.

	December 31, 2022					
	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)					

	December 31, 2023						
	Less Than Twelve Months		Less Than Twelve Months		More Than Twelve Months		Total
	Gross Unrealized Losses	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(in millions)						

Available-for-sale debt securities *Available-for-sale debt securities*						
CLO	$ 81	$2,467	$ 9	$ 216	$ 90	$2,683
Commercial MBS issued by GSEs	4	46	4	14	8	60
Corporate debt securities	28	263	11	120	39	383
Private label residential MBS	27	279	216	912	243	1,191
Residential MBS issued by GSEs	82	600	301	1,101	383	1,701
Tax-exempt	93	752	22	78	115	830
Available-for-sale debt securities						
Available-for-sale debt securities						
U.S. Treasury securities						
U.S. Treasury securities						
U.S. Treasury securities						
Residential MBS issued by GSEs						

Private label residential MBS							
CLO							
Tax-exempt							
Corporate debt securities (1)							
Commercial MBS issued by GSEs							
Other	Other	4	26	8	26	12	52
Total AFS securities							
Total AFS securities							
Total AFS securities	Total AFS securities	$ 319	$4,433	$ 571	$2,467	$ 890	$6,900

(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 September 30, 2023 March 31, 2024 was 869, 770, compared to 832 708 at December 31, 2022 December 31, 2023.

On a quarterly basis, the Company performs an impairment analysis on its AFS debt securities that are 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 that are 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.

In consideration of the continued effects from the bank failures in early 2023, 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 $0.3 million $0.1 million recovery and $21.8 million $19.3 million provision for credit losses was were recognized during the three and nine months ended September 30, 2023, March 31, 2024 and 2023, respectively. The provision for credit losses for the nine three months ended September 30, 2023 March 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 that 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 three and nine months ended September 30, 2023 March 31, 2024.

For the Company's private label residential MBS, which consist of non-agency collateralized mortgage obligations that are 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 consisted of highly rated securitization tranches, containing pools of medium to large-sized corporate, high yield loans. These are were variable rate securities that have had an investment grade rating of Single-A or better. Unrealized losses on these securities are were 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 table presents a rollforward by major security type of the ACL on the Company's AFS debt securities:

	Three Months Ended September 30, 2023				
	Balance, June 30, 2023	**Provision for Credit Losses**	**Charge-offs**	**Recoveries**	**Balance, September 30, 2023**
	(in millions)				

	Three Months Ended March 31, 2024 Three Months Ended March 31, 2024 Three Months Ended March 31, 2024					
	Balance, December 31, 2023	**Balance, December 31, 2023**	**Recovery of Credit Losses**	**Charge-offs**	**Recoveries**	**Balance, March 31, 2024**
	(in millions)					*(in millions)*

Available for sale securities	***Available for sale securities***					
Corporate debt securities	Corporate debt securities	$ 4.4	$ 0.3	$ —	$ —	$ 4.7
Corporate debt securities						
Corporate debt securities						

	Nine Months Ended September 30, 2023				
	Balance, December 31, 2022	**Provision for Credit Losses**	**Charge-offs**	**Recoveries**	**Balance, September 30, 2023**
	(in millions)				

	Three Months Ended March 31, 2023 Three Months Ended March 31, 2023 Three Months Ended March 31, 2023					
	Balance, December 31, 2022	Balance, December 31, 2022	Provision for Credit Losses	Charge-offs	Recoveries	Balance March 31, 2023
	(in millions)					*(in millions)*

Available for sale securities	***Available for sale securities***					
Corporate debt securities	Corporate debt securities	$ —	$ 21.8	$ (17.1)	$ —	$ 4.7
Corporate debt securities						
Corporate debt securities						

There were no credit losses recognized on AFS securities during the three and nine months ended September 30, 2022.

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

The following table presents a rollforward by major security type of the ACL on the Company's HTM debt securities:

	Three Months Ended September 30, 2023				
	Balance, June 30, 2023	Provision for Credit Losses	Charge-offs	Recoveries	Balance, September 30, 2023
	(in millions)				
	Three Months Ended March 31, 2024				
	Three Months Ended March 31, 2024				
	Three Months Ended March 31, 2024				
	Balance, December 31, 2023				
	(in millions)				
Held-to-maturity debt securities ***Held-to-maturity debt securities***					
Tax-exempt Tax-exempt	$ 6.0	$ 0.7	$ —	$ —	$ 6.7
Tax-exempt					
Tax-exempt					

	Balance, December 31, 2023	Provision for Credit Losses	Charge-offs	Recoveries	Balance, March 31, 2024
	(in millions)				

	Nine Months Ended September 30, 2023				
	Balance, December 31, 2022	**Provision for Credit Losses**	**Charge-offs**	**Recoveries**	**Balance, September 30, 2023**
	(in millions)				
Held-to-maturity debt securities					
Tax-exempt	$ 5.2	$ 1.5	$ —	$ —	$ 6.7

	Three Months Ended September 30, 2022:				
	Balance, June 30, 2022	Provision for Credit Losses	Charge-offs	Recoveries	Balance September 30, 2022
	(in millions)				
Held-to-maturity debt securities					
Tax-exempt	$ 3.2	$ 1.2	$ —	$ —	$ 4.4

	Nine Months Ended September 30, 2022:				
	Balance, December 31, 2021	Recovery of Credit Losses	Charge-offs	Recoveries	Balance September 30, 2022
	(in millions)				
	Three Months Ended March 31, 2023				
	Three Months Ended March 31, 2023				
	Three Months Ended March 31, 2023				
	Balance, December 31, 2022				
	(in millions)				
Held-to-maturity debt securities *Held-to-maturity debt securities*					
Tax-exempt Tax-exempt	$ 5.2	$ (0.8)	$ —	$ —	$ 4.4
Tax-exempt					
Tax-exempt					

	Balance, December 31, 2022	Provision for Credit Losses	Charge-offs	Recoveries	Balance March 31, 2023
	(in millions)				

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 March 31, 2024 and $3 million at September 30, 2023 and December 31, 2022 December 31, 2023, respectively, and is excluded from the estimate of expected credit losses.

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

	September 30, 2023							
	AAA	Split-rated AAA/AA+	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Unrated	Totals
	(in millions)							
Held-to-maturity								
Private label residential MBS	$ —	$ —	$ —	$ —	$ —	$ —	$ 189	$ 189
Tax-exempt	—	—	—	—	—	—	1,212	1,212
Total HTM securities (1)	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,401	$ 1,401
Available-for-sale debt securities								
CLO	$ 121	$ —	$ 1,980	$ 64	$ —	$ —	$ —	$ 2,165

	March 31, 2024							
	AAA	Split-rated AAA/AA+	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Unrated	Totals
	(in millions)							
Held-to-maturity								
Tax-exempt								
Tax-exempt								
Tax-exempt								
Private label residential MBS								
Total HTM securities (1)								
Available-for-sale debt securities								
Available-for-sale debt securities								
Available-for-sale debt securities								
U.S. Treasury securities								
U.S. Treasury securities								
U.S. Treasury securities								
Residential MBS issued by GSEs								
Private label residential MBS								
Tax-exempt								
Commercial MBS issued by GSEs								
Commercial MBS issued by GSEs								

Commercial MBS issued by GSEs	Commercial MBS issued by GSEs	—	199	—	—	—	—	—	199
Corporate debt securities	Corporate debt securities	—	—	—	75	225	60	—	360
Private label residential MBS		1,044	—	24	—	—	—	—	1,068
Residential MBS issued by GSEs		—	1,858	—	—	—	—	—	1,858
Tax-exempt		8	15	329	348	—	—	75	775
U.S. Treasury securities		—	3,198	—	—	—	—	—	3,198
Other									
Other									
Other	Other	—	—	9	9	29	3	16	66
Total AFS securities (1)	Total AFS securities (1)	$ 1,173	$ 5,270	$2,342	$496	$254	$ 63	$ 91	$9,689
Equity securities	***Equity securities***								
Equity securities									
Equity securities									
Preferred stock									
Preferred stock									
Preferred stock									
CRA investments	CRA investments	$ —	$ 24	$ —	$ —	$ —	$ —	$ —	$ 24
Preferred stock		—	—	—	—	52	34	11	97
Total equity securities (1)	Total equity securities (1)	$ —	$ 24	$ —	$ —	$ 52	$ 34	$ 11	$ 121

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

	December 31, 2022							
	AAA	Split-rated AAA/AA+	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Unrated	Totals
	(in millions)							
Held-to-maturity								
Private label residential MBS	$ —	$ —	$ —	$ —	$ —	$ —	$ 198	$ 198
Tax-exempt	—	—	—	—	—	—	1,091	1,091
Total HTM securities (1)	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,289	$ 1,289
Available-for-sale debt securities								
CLO	$ 310	$ —	$ 2,121	$ 275	$ —	$ —	$ —	$ 2,706
Commercial MBS issued by GSEs	—	97	—	—	—	—	—	97
Corporate debt securities	—	—	—	74	316	—	—	390
Private label residential MBS	1,158	—	41	—	—	—	—	1,199
Residential MBS issued by GSEs	—	1,740	—	—	—	—	—	1,740
Tax-exempt	11	15	392	425	—	—	48	891
Other	—	—	9	9	27	6	18	69
Total AFS securities (1)	$ 1,479	$ 1,852	$ 2,563	$ 783	$ 343	$ 6	$ 66	$ 7,092
Equity securities								
Common stock	$ —	$ —	$ —	$ —	$ —	$ —	$ 3	$ 3
CRA investments	—	24	—	—	—	—	25	49
Preferred stock	—	—	—	—	82	17	9	108
Total equity securities (1)	$ —	$ 24	$ —	$ —	$ 82	$ 17	$ 37	$ 160

	December 31, 2023							
	AAA	Split-rated AAA/AA+	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Unrated	Totals
	(in millions)							
Held-to-maturity								
Tax-exempt	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,243	$ 1,243
Private label residential MBS	—	—	—	—	—	—	186	186
Total HTM securities (1)	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,429	$ 1,429
Available-for-sale debt securities								
U.S. Treasury securities	$ —	$ 4,853	$ —	$ —	$ —	$ —	$ —	$ 4,853
Residential MBS issued by GSEs	—	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	—	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
Equity securities								
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 September 30, 2023 March 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 March 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.

	September 30, 2023	
	Amortized Cost	Estimated Fair Value
	(in millions)	

	March 31, 2024	March 31, 2024	
	Amortized Cost	Amortized Cost	Estimated Fair Value
	(in millions)		(in millions)

Held-to-maturity	*Held-to-maturity*		
Due in one year or less			
Due in one year or less			
Due in one year or less	Due in one year or less	$ 21	$ 21

After one year through five years	After one year through five years	14	14
After five years through ten years	After five years through ten years	77	64
After ten years	After ten years	1,100	903
Mortgage-backed securities	Mortgage-backed securities	189	138
Total HTM securities	Total HTM securities	$ 1,401	$ 1,140
Available-for-sale	***Available-for-sale***		
Available-for-sale			
Available-for-sale			
Due in one year or less			
Due in one year or less			
Due in one year or less	Due in one year or less	$ 3,201	$ 3,198
After one year through five years	After one year through five years	166	155
After five years through ten years	After five years through ten years	900	855
After ten years	After ten years	2,520	2,356
Mortgage-backed securities	Mortgage-backed securities	3,885	3,125
Total AFS securities	Total AFS securities	$ 10,672	$ 9,689

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

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	2024	
	(in millions)	
	(in millions)	
	(in millions)	
Available-for-sale securities		
Available-for-sale securities		

Available-for-sale securities			
Gross gains			
Gross gains			
Gross gains			
Gross losses			
Gross losses			
Gross losses			
Net losses on AFS securities			
Net losses on AFS securities			
Net losses on AFS securities			

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2023	2022	**2023**	2022
	(in millions)			
Available-for-sale securities				
Gross gains	**$ 0.5**	$ —	**$ 4.0**	$ 7.3
Gross losses	**—**	—	**(29.6)**	—
Net gains (losses) on AFS securities	**$ 0.5**	$ —	**$ (25.6)**	$ 7.3
Equity securities				
Gross gains	**$ —**	$ —	**$ —**	$ —
Gross losses	**(0.4)**	—	**(0.4)**	(0.6)
Net losses on equity securities	**$ (0.4)**	$ —	**$ (0.4)**	$ (0.6)

During the three months ended September 30, 2023 March 31, 2024, the Company sold AFS securities with a carrying value of $1.4 billion and recognized a net loss of $0.9 million. CLOs were sold as part of the Company's efforts to shift the investment portfolio mix toward high quality liquid assets. During the three months ended March 31, 2023, the Company sold securities with a carrying value of $7 million and recognized a net gain of $0.1 million. During the nine months ended September 30, 2023, the Company sold securities with a carrying value of $821 $459 million and recognized a net loss of $26.0 $12.5 million. Sales of CLOs were executed as part of the Company's balance sheet repositioning strategy and resulted in the gross AFS securities losses above. for the three months ended March 31, 2023. Sales of MBS and tax-exempt municipal securities were completed to secure gains. During the three and nine months ended September 30, 2022, the Company sold securities with a carrying value of $5 million and $132 million, respectively, and recognized a net gain of zero and $6.7 million, respectively.

3. LOANS HELD FOR SALE

The Company purchases and originates residential mortgage loans to be sold or securitized through its AmeriHome mortgage banking business channel. In addition, as part of the Company's balance sheet repositioning strategy, the Company transferred $5.9 billion of loans, net of a fair value loss adjustment (primarily commercial and industrial loans) to HFS as of March 31, 2023. Loans transferred from HFI to HFS were transferred at the lower of its amortized cost basis (adjusted channel that are held for any charge-offs) sale or fair value. If the amortized cost basis of the transferred loan exceeded its fair value, a valuation allowance equal to the difference in these amounts was established on the transfer date and any subsequent changes in the valuation allowance were recognized in earnings. Any ACL previously recorded on transferred loans was reversed and recognized in earnings at the time of the transfer.

The Company completed loan dispositions from this transferred loan pool totaling $4.3 billion through September 30, 2023 and transferred all remaining HFS loans back to HFI at the end of the period as a result of a change in management's intentions. securitization.

The following is a summary of loans HFS by type:

		September 30, 2023	December 31, 2022
		(in millions)	
	March 31, 2024	**March 31, 2024**	December 31, 2023
	(in millions)		*(in millions)*
Government-insured or guaranteed:	Government-insured or guaranteed:		
EBO (1)			
EBO (1)			
EBO (1)	EBO (1)	**$ 3**	$ —

Non-EBO	Non-EBO	**1,165**	591
Total government-insured or guaranteed	Total government-insured or guaranteed	**1,168**	591
Agency-conforming	Agency-conforming	**585**	593
Non-agency	Non-agency	**13**	—
Total loans HFS	Total loans HFS	**$ 1,766**	$ 1,184
Total loans HFS			
Total loans HFS			

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

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

		Three Months Ended September 30,		**Nine Months Ended September 30,**	
		2023	2022	**2023**	2022
		(in millions)			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(in millions)			
		(in millions)			
		(in millions)			
Mortgage servicing rights capitalized upon sale of loans	Mortgage servicing rights capitalized upon sale of loans	**$ 265.8**	$ 180.6	**$ 653.0**	$ 578.1
Net proceeds from sale of loans (1)	Net proceeds from sale of loans (1)	**(274.7)**	(207.1)	**(612.7)**	(905.7)
Net proceeds from sale of loans (1)					
Net proceeds from sale of loans (1)					
Provision for and change in estimate of liability for losses under representations and warranties, net	Provision for and change in estimate of liability for losses under representations and warranties, net	**0.1**	0.7	**2.8**	2.3
Provision for and change in estimate of liability for losses under representations and warranties, net					
Provision for and change in estimate of liability for losses under representations and warranties, net					
Change in fair value					
Change in fair value					
Change in fair value	Change in fair value	**(10.1)**	(75.1)	**(13.2)**	(82.0)
Change in fair value of derivatives:	Change in fair value of derivatives:				
Change in fair value of derivatives:					
Change in fair value of derivatives:					
Unrealized gain (loss) on derivatives					
Unrealized gain (loss) on derivatives					

Unrealized gain (loss) on derivatives	Unrealized gain (loss) on derivatives	**10.3**	80.7	**25.3**	112.1
Realized gain on derivatives	Realized gain on derivatives	**44.5**	18.3	**47.0**	321.8

Realized gain on derivatives

Realized gain on derivatives

Total change in fair value of derivatives

Total change in fair value of derivatives

Total change in fair value of derivatives	Total change in fair value of derivatives	**54.8**	99.0	**72.3**	433.9
Net gain on residential mortgage loans HFS	Net gain on residential mortgage loans HFS	**$ 35.9**	$ (1.9)	**$ 102.2**	$ 26.6

Net gain on residential mortgage loans HFS

Net gain on residential mortgage loans HFS

Loan acquisition and origination fees

Loan acquisition and origination fees

Loan acquisition and origination fees	Loan acquisition and origination fees	**16.1**	16.4	**43.5**	52.0
Net gain on loan origination and sale activities	Net gain on loan origination and sale activities	**$ 52.0**	$ 14.5	**$ 145.7**	$ 78.6

Net gain on loan origination and sale activities

Net gain on loan origination and sale activities

(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:

		September 30, 2023	December 31, 2022
		(in millions)	
		March 31, 2024	
		(in millions)	
Warehouse lending	Warehouse lending	**$ 6,439**	$ 5,561
Municipal & nonprofit	Municipal & nonprofit	**1,474**	1,524
Tech & innovation	Tech & innovation	**2,254**	2,293
Equity fund resources	Equity fund resources	**1,034**	3,717
Other commercial and industrial	Other commercial and industrial	**7,317**	7,793
CRE - owner occupied	CRE - owner occupied	**1,624**	1,656
Hotel franchise finance	Hotel franchise finance	**3,837**	3,807

March 31, 2024	December 31, 2023
	(in millions)

Other CRE - non-owner occupied	Other CRE - non-owner occupied	**5,952**	5,457
Residential	Residential	**13,301**	13,996
Residential - EBO	Residential - EBO	**1,343**	1,884
Construction and land development	Construction and land development	**4,652**	3,995
Other	Other	**220**	179
Total loans HFI	Total loans HFI	**49,447**	51,862
Allowance for credit losses	Allowance for credit losses	**(327)**	(310)
Total loans HFI, net of allowance	Total loans HFI, net of allowance	**$ 49,120**	$ 51,552

Loans classified as HFI are stated at the amount of unpaid principal, adjusted for net deferred fees and costs, premiums and discounts on acquired and purchased loans, and an ACL. Net deferred fees of $112 million $102 million and $141 million $108 million reduced the carrying value of loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Net unamortized purchase premiums on acquired and purchased loans of $177 million $175 million and $195 million $177 million increased the carrying value of loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Nonaccrual and Past Due Loans

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

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

	March 31, 2024			
	Nonaccrual with No Allowance for Credit Loss			
	(in millions)			

	March 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
	(in millions)			

		September 30, 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
		(in millions)			
Municipal & nonprofit					
Municipal & nonprofit					
Municipal & nonprofit	Municipal & nonprofit	$ —	$ 13	$ 13	$ —
Tech & innovation	Tech & innovation	—	7	7	—
Other commercial and industrial	Other commercial and industrial	52	17	69	—
Other commercial and industrial					
Other commercial and industrial					

CRE - owner occupied	CRE - owner occupied	**8**	**1**	**9**	**—**
Hotel franchise finance					
Other CRE - non-owner occupied	Other CRE - non-owner occupied	**77**	**—**	**77**	**—**
Residential	Residential	**—**	**62**	**62**	**—**
Residential - EBO	Residential - EBO	**—**	**—**	**—**	**439**
Construction and land development					
Other					
Total	**Total**	**$ 137**	**$ 100**	**$ 237**	**$ 439**

Loans contractually delinquent by 90 days or more and still accruing totaled $439 million $355 million at September 30, 2023 March 31, 2024 and primarily consisted of government guaranteed EBO residential loans.

	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
	(in millions)			

		December 31, 2022			
		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
		(in millions)			
Municipal & nonprofit					
Municipal & nonprofit					
Municipal & nonprofit	Municipal & nonprofit	$ —	$ 7	$ 7	$ —
Tech & innovation	Tech & innovation	—	1	1	—
Other commercial and industrial	Other commercial and industrial	1	23	24	—
Other commercial and industrial					
Other commercial and industrial					
CRE - owner occupied	CRE - owner occupied	10	2	12	—

Hotel franchise finance		—	10	10	—
Other CRE - non-owner occupied					
Other CRE - non-owner occupied					
Other CRE - non-owner occupied	Other CRE - non-owner occupied	5	3	8	—
Residential	Residential	—	19	19	—
Residential - EBO	Residential - EBO	—	—	—	582
Construction and land development	Construction and land development	4	—	4	—
Total	Total	$ 20	$ 65	$ 85	$ 582
Total					
Total					

Loans contractually delinquent by 90 days or more and still accruing totaled $582 million $441 million at December 31, 2022 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 $4.5 million $4.9 million and $1.3 million $0.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $8.1 million and $3.6 million for the nine months ended September 30, 2023 and 2022, respectively. 2023.

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

		September 30, 2023					
		Current	30-59 Days Past Due	60-89 Days Past Due	Over 90 days Past Due	Total Past Due	Total
		(in millions)					
		March 31, 2024					
		Current	30-59 Days Past Due	60-89 Days Past Due	Over 90 days Past Due	Total Past Due	Total
		(in millions)					
Warehouse lending	Warehouse lending	$ 6,439	$ —	$ —	$ —	$ —	$ 6,439
Municipal & nonprofit	Municipal & nonprofit	1,474	—	—	—	—	1,474
Tech & innovation	Tech & innovation	2,254	—	—	—	—	2,254
Equity fund resources	Equity fund resources	1,034	—	—	—	—	1,034
Other commercial and industrial	Other commercial and industrial	7,317	—	—	—	—	7,317
CRE - owner occupied	CRE - owner occupied	1,622	—	2	—	2	1,624
Hotel franchise finance	Hotel franchise finance	3,837	—	—	—	—	3,837
Other CRE - non-owner occupied	Other CRE - non-owner occupied	5,923	29	—	—	29	5,952
Residential	Residential	13,216	68	17	—	85	13,301

	Current	30-59 Days Past Due	60-89 Days Past Due	Over 90 days Past Due	Total Past Due	Total
Residential - EBO	**643**	**158**	**103**	**439**	**700**	**1,343**
Construction and land development	**4,579**	**54**	**19**	**—**	**73**	**4,652**
Other	**220**	**—**	**—**	**—**	**—**	**220**
Total loans	**$ 48,558**	**$ 309**	**$ 141**	**$ 439**	**$889**	**$49,447**

	December 31, 2022					
	Current	30-59 Days Past Due	60-89 Days Past Due	Over 90 days Past Due	Total Past Due	Total
	(in millions)					
	December 31, 2023					December 31, 2023
	Current	Current	30-59 Days Past Due	60-89 Days Past Due	Over 90 days Past Due	Total Past Due / Total
	(in millions)					*(in millions)*
Warehouse lending	$ 5,561	$ —	$ —	$ —	$ —	$ 5,561
Municipal & nonprofit	1,524	—	—	—	—	1,524
Tech & innovation	2,270	23	—	—	23	2,293
Equity fund resources	3,717	—	—	—	—	3,717
Other commercial and industrial	7,791	2	—	—	2	7,793
CRE - owner occupied	1,656	—	—	—	—	1,656
Hotel franchise finance	3,807	—	—	—	—	3,807
Other CRE - non-owner occupied	5,454	3	—	—	3	5,457
Residential	13,955	37	4	—	41	13,996
Residential - EBO	969	217	116	582	915	1,884
Construction and land development	3,995	—	—	—	—	3,995
Other	178	1	—	—	1	179
Total loans	$ 50,877	$ 283	$ 120	$ 582	$985	$51,862

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 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 nine months ended September 30, 2023	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	2020	2019	Prior		
	(in millions)							

As of and for the three months ended March 31, 2024	Term Loan Amortized Cost Basis by Origination Year	Term Loan Amortized Cost Basis by Origination Year	Revolving Loans Amortized Cost Basis	Total
	(in millions)			
	(in millions)			
	(in millions)			

		2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Warehouse lending	**Warehouse lending**								
Pass									
Pass									
Pass	Pass	$ 594	$ 260	$ 4	$289	$ —	$ —	$ 5,290	$6,437
Special mention	Special mention	—	—	—	—	—	—	2	2
Classified	Classified	—	—	—	—	—	—	—	—
Total	**Total**	$ 594	$ 260	$ 4	$289	$ —	$ —	$ 5,292	$6,439
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Municipal & nonprofit	**Municipal & nonprofit**								
Municipal & nonprofit									
Municipal & nonprofit									
Pass									
Pass									
Pass	Pass	$ 14	$ 152	$192	$182	$ 69	$834	$ —	$1,443
Special mention	Special mention	—	7	—	—	—	11	—	18
Classified	Classified	—	—	—	—	6	7	—	13
Total	**Total**	$ 14	$ 159	$192	$182	$ 75	$852	$ —	$1,474
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Tech & innovation	**Tech & innovation**								
Tech & innovation									
Tech & innovation									
Pass									

Pass									
Pass	Pass	$ 406	$ 683	$196	$ 58	$ 53	$ 1	$ 785	$2,182
Special mention	Special mention	8	11	1	6	—	—	17	43
Classified	Classified	14	7	2	3	—	—	3	29
Total	**Total**	**$ 428**	**$ 701**	**$199**	**$ 67**	**$ 53**	**$ 1**	**$ 805**	**$2,254**
Current period gross charge-offs	Current period gross charge-offs	$ 2	$ —	$ —	$ —	$ —	$ —	$ —	$ 2
Equity fund resources	**Equity fund resources**								
Equity fund resources									
Equity fund resources									
Pass									
Pass									
Pass	Pass	$ 280	$ 32	$ 47	$ 37	$ 2	$ —	$ 636	$1,034
Special mention	Special mention	—	—	—	—	—	—	—	—
Classified	Classified	—	—	—	—	—	—	—	—
Total	**Total**	**$ 280**	**$ 32**	**$ 47**	**$ 37**	**$ 2**	**$ —**	**$ 636**	**$1,034**
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other commercial and industrial	**Other commercial and industrial**								
Other commercial and industrial									
Other commercial and industrial									
Pass									
Pass									
Pass	Pass	$1,555	$1,691	$668	$193	$100	$225	$ 2,625	$7,057
Special mention	Special mention	94	53	2	—	—	—	—	149
Classified	Classified	1	38	63	1	4	1	3	111
Total	**Total**	**$1,650**	**$1,782**	**$733**	**$194**	**$104**	**$226**	**$ 2,628**	**$7,317**
Current period gross charge-offs	Current period gross charge-offs	$ 1	$ 3	$ 10	$ 4	$ —	$ —	$ 1	$ 19
CRE - owner occupied	**CRE - owner occupied**								
CRE - owner occupied									
CRE - owner occupied									
Pass									
Pass									
Pass	Pass	$ 93	$ 347	$330	$165	$136	$491	$ 36	$1,598
Special mention	Special mention	4	4	—	—	1	5	—	14

Classified	—	—	4	2	1	5	—	12
Total	$ 97	$ 351	$334	$167	$138	$501	$ 36	$1,624
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Hotel franchise finance								
Pass	$ 454	$1,531	$618	$ 95	$470	$173	$ 134	$3,475
Special mention	37	22	67	—	—	68	—	194
Classified	46	9	20	26	43	24	—	168
Total	$ 537	$1,562	$705	$121	$513	$265	$ 134	$3,837
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

As of and for the nine months ended September 30, 2023	**Term Loan Amortized Cost Basis by Origination Year** 2023	2022	2021	2020	2019	Prior	**Revolving Loans Amortized Cost Basis**	**Total**
	(in millions)							
Other CRE - non-owner occupied								
Pass	$1,370	$ 2,227	$ 739	$ 535	$ 186	$ 257	$ 246	$ 5,560
Special mention	16	42	72	71	29	—	—	230
Classified	48	1	93	1	15	4	—	162
Total	$1,434	$ 2,270	$ 904	$ 607	$ 230	$ 261	$ 246	$ 5,952

Term Loan Amortized Cost Basis by Origination Year **As of and for the three months ended March 31, 2024** **Revolving Loans Amortized Cost Basis** **Total** *(in millions)*

Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ 5	$ —	$ —	$ —	$ —	$ 5
Residential	**Residential**								
Residential									
Residential									
Pass									
Pass									
Pass	Pass	**$ 277**	**$ 3,603**	**$ 8,022**	**$ 827**	**$ 275**	**$ 212**	**$ 23**	**$13,239**
Special mention	Special mention	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Classified	Classified	**—**	**21**	**32**	**3**	**3**	**3**	**—**	**62**
Cumulative fair value hedging adjustment									
Total	**Total**	**$ 277**	**$ 3,624**	**$ 8,054**	**$ 830**	**$ 278**	**$ 215**	**$ 23**	**$13,301**
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential - EBO	**Residential - EBO**								
Residential - EBO									
Residential - EBO									
Pass									
Pass									
Pass	Pass	**$ 1**	**$ 10**	**$ 239**	**$ 564**	**$ 268**	**$ 261**	**$ —**	**$ 1,343**
Special mention	Special mention	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Classified	Classified	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**Total**	**$ 1**	**$ 10**	**$ 239**	**$ 564**	**$ 268**	**$ 261**	**$ —**	**$ 1,343**
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and land development	**Construction and land development**								
Construction and land development									
Construction and land development									
Pass									
Pass									
Pass	Pass	**$ 910**	**$ 1,985**	**$ 418**	**$ 69**	**$ —**	**$ 1**	**$ 1,190**	**$ 4,573**
Special mention	Special mention	**—**	**—**	**6**	**12**	**—**	**—**	**—**	**18**
Classified	Classified	**—**	**19**	**—**	**42**	**—**	**—**	**—**	**61**
Total	**Total**	**$ 910**	**$ 2,004**	**$ 424**	**$ 123**	**$ —**	**$ 1**	**$ 1,190**	**$ 4,652**
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Other
Other
Other
Pass
Pass

Other								
Pass	$ 8	$ 14	$ 3	$ 13	$ 4	$ 66	$ 112	$ 220
Special mention	—	—	—	—	—	—	—	—
Classified	—	—	—	—	—	—	—	—
Total	$ 8	$ 14	$ 3	$ 13	$ 4	$ 66	$ 112	$ 220
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total by Risk Category								
Pass	$5,962	$12,535	$11,476	$3,027	$1,563	$2,521	$ 11,077	$48,161
Special mention	159	139	148	89	30	84	19	668
Classified	109	95	214	78	72	44	6	618
Cumulative fair value hedging adjustment								
Total	$6,230	$12,769	$11,838	$3,194	$1,665	$2,649	$ 11,102	$49,447
Current period gross charge-offs	$ 3	$ 3	$ 15	$ 4	$ —	$ —	$ 1	$ 26

Total by Risk Category
Total by Risk Category
Pass
Pass

December 31, 2022	Term Loan Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2022	2021	2020	2019	2018	Prior		
	(in millions)							

As of December 31, 2023 and gross charge-offs for the three months ended March 31, 2023	Term Loan Amortized Cost Basis by Origination Year	Term Loan Amortized Cost Basis by Origination Year	Revolving Loans Amortized Cost Basis	Total
	(in millions)			
	(in millions)			

(in millions)

		(in millions)							
Warehouse lending	Warehouse lending								
Warehouse lending									
Warehouse lending									
Pass									
Pass									
Pass	Pass	$ 397	$ 41	$152	$ —	$ —	$ —	$ 4,928	$ 5,518
Special mention	Special mention	43	—	—	—	—	—	—	43
Classified	Classified	—	—	—	—	—	—	—	—
Total	Total	$ 440	$ 41	$152	$ —	$ —	$ —	$ 4,928	$ 5,561
Current period gross charge-offs									
Municipal & nonprofit	Municipal & nonprofit								
Municipal & nonprofit									
Municipal & nonprofit									
Pass									
Pass									
Pass	Pass	$ 107	$ 185	$187	$ 78	$ 43	$917	$ —	$ 1,517
Special mention	Special mention	—	—	—	—	—	—	—	—
Classified	Classified	—	—	—	—	—	7	—	7
Total	Total	$ 107	$ 185	$187	$ 78	$ 43	$924	$ —	$ 1,524
Current period gross charge-offs									
Tech & innovation	Tech & innovation								
Tech & innovation									
Tech & innovation									
Pass									
Pass									
Pass	Pass	$ 813	$ 374	$ 87	$ 66	$ 4	$ 1	$ 853	$ 2,198
Special mention	Special mention	36	22	3	—	—	—	20	81
Classified	Classified	2	12	—	—	—	—	—	14
Total	Total	$ 851	$ 408	$ 90	$ 66	$ 4	$ 1	$ 873	$ 2,293
Current period gross charge-offs									
Equity fund resources	Equity fund resources								
Equity fund resources									
Equity fund resources									
Pass									
Pass									
Pass	Pass	$1,020	$1,189	$191	$ 16	$ —	$ —	$ 1,301	$ 3,717

Pass	Pass	$1,020	$1,189	$191	$ 16	$ —	$ —	$ 1,301	$ 3,717
Special mention	Special mention	—	—	—	—	—	—	—	—
Classified	Classified	—	—	—	—	—	—	—	—
Total	Total	$1,020	$1,189	$191	$ 16	$ —	$ —	$ 1,301	$ 3,717
Current period gross charge-offs									
Other commercial and industrial	Other commercial and industrial								
Other commercial and industrial									
Other commercial and industrial									
Pass									
Pass									
Pass	Pass	$2,968	$1,272	$262	$277	$312	$206	$ 2,406	$ 7,703
Special mention	Special mention	—	44	—	—	—	—	3	47
Classified	Classified	3	21	10	3	3	1	2	43
Total	Total	$2,971	$1,337	$272	$280	$315	$207	$ 2,411	$ 7,793
Current period gross charge-offs									
CRE - owner occupied	CRE - owner occupied								
CRE - owner occupied									
CRE - owner occupied									
Pass									
Pass									
Pass	Pass	$ 338	$ 359	$174	$157	$211	$339	$ 29	$ 1,607
Special mention	Special mention	—	—	—	—	—	1	—	1
Classified	Classified	—	14	7	1	5	10	11	48
Total	Total	$ 338	$ 373	$181	$158	$216	$350	$ 40	$ 1,656
Current period gross charge-offs									
Hotel franchise finance	Hotel franchise finance								
Hotel franchise finance									
Hotel franchise finance									
Pass									
Pass									
Pass	Pass	$1,762	$ 726	$ 54	$528	$290	$103	$ 118	$ 3,581
Special mention	Special mention	—	—	26	—	—	—	—	26
Classified	Classified	18	20	—	117	45	—	—	200

Classified	Classified	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Total	Total	$1,780	$ 746	$ 80	$645	$335	$103	$ 118	$ 3,807
Current period gross charge-offs									
Other CRE - non-owner occupied	Other CRE - non-owner occupied								
Other CRE - non-owner occupied									
Other CRE - non-owner occupied									
Pass									
Pass									
Pass	Pass	$2,344	$1,201	$870	$264	$160	$218	$ 315	$ 5,372
Special mention	Special mention	3	38	—	12	—	—	1	54
Classified	Classified	—	4	—	12	10	5	—	31
Total	Total	$2,347	$1,243	$870	$288	$170	$223	$ 316	$ 5,457
Current period gross charge-offs									
Residential									
Pass		$4,041	$8,474	$878	$308	$150	$ 90	$ 36	$13,977
Special mention		—	—	—	—	—	—	—	—
Classified		6	9	—	3	1	—	—	19
Total		$4,047	$8,483	$878	$311	$151	$ 90	$ 36	$13,996
Residential - EBO									
Pass		$ 3	$ 268	$712	$454	$191	$256	$ —	$ 1,884
Special mention		—	—	—	—	—	—	—	—
Classified		—	—	—	—	—	—	—	—
Total		$ 3	$ 268	$712	$454	$191	$256	$ —	$ 1,884

As of December 31, 2023 and gross charge-offs for the three months ended March 31, 2023	Term Loan Amortized Cost Basis by Origination Year	Term Loan Amortized Cost Basis by Origination Year	Revolving Loans Amortized Cost Basis	Total
	(in millions)			
	(in millions)			
	(in millions)			
Residential				
Pass				
Pass				
Pass				

Special mention

Classified

Cumulative fair value hedging adjustment

Total

Current period gross charge-offs

December 31, 2022		Term Loan Amortized Cost Basis by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Total
		(in millions)							
Construction and land development									
Residential - EBO									
Residential - EBO									
Residential - EBO									
Pass									
Pass									
Pass	Pass	$ 1,533	$ 815	$ 273	$ 14	$ —	$ —	$ 1,258	$ 3,893
Special mention	Special mention	—	—	98	—	—	—	—	98
Classified	Classified	—	—	—	4	—	—	—	4
Total	Total	$ 1,533	$ 815	$ 371	$ 18	$ —	$ —	$ 1,258	$ 3,995
Current period gross charge-offs									
Other									
Construction and land development									
Construction and land development									
Construction and land development									
Pass									
Pass									
Pass	Pass	$ 23	$ 10	$ 13	$ 5	$ 2	$ 61	$ 64	$ 178
Special mention	Special mention	—	—	—	—	—	1	—	1
Classified	Classified	—	—	—	—	—	—	—	—
Total	Total	$ 23	$ 10	$ 13	$ 5	$ 2	$ 62	$ 64	$ 179
Current period gross charge-offs									
Total by Risk Category									
Other									
Other									
Other									
Pass									
Pass									

Pass	Pass	$15,349	$14,914	$3,853	$2,167	$1,363	$2,191	$ 11,308	$51,145
Special mention	Special mention	82	104	127	12	—	2	24	351
Classified	Classified	29	80	17	140	64	23	13	366
Total	Total	$15,460	$15,098	$3,997	$2,319	$1,427	$2,216	$ 11,345	$51,862

Current period gross charge-offs

Total by Risk Category

Total by Risk Category

Total by Risk Category

Pass

Pass

Pass

Special mention

Classified

Cumulative fair value hedging adjustment

Total

Current period gross charge-offs

Restructurings for Borrowers Experiencing Financial Difficulty

The Company adopted following tables present loan modifications during the amendments in ASU 2022-02, which eliminated accounting guidance on TDR loans for creditors and requires enhanced disclosures for loan modifications period to borrowers experiencing financial difficulty that were made on or after January 1, 2023. See "Note 1. Summary of Significant Accounting Policies" of these Notes to Unaudited Financial Statements for further discussion of the amendments in this update. difficulty:

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

	Amortized Cost Basis at March 31, 2024				
	Payment Delay and Term Extension	Term Extension	Payment Delay	Total	% of Total Class of Financing Receivable
Three Months Ended	*(dollars in millions)*				
Tech & innovation	$ —	$ —	$ 30	$ 30	1.0 %
Other commercial and industrial	—	8	—	8	0.1
CRE - owner occupied	—	31	—	31	1.8
Construction and land development	—	39	—	39	0.8
Total	$ —	$ 78	$ 30	$ 108	0.2 %

	Amortized Cost Basis at September 30, 2023				
	Payment Delay and Term Extension	Term Extension	Payment Delay	Total	% of Total Class of Financing Receivable
Three Months Ended	*(dollars in millions)*				
Tech & innovation	$ —	$ —	$ 7	$ 7	0.3 %
Other commercial and industrial	—	1	12	13	0.2
CRE - owner occupied	—	3	—	3	0.2
Hotel franchise finance	—	20	—	20	0.5
Other CRE - non-owner occupied	—	20	—	20	0.3
Total	$ —	$ 44	$ 19	$ 63	0.1 %

Nine Months Ended	Amortized Cost Basis at September 30, 2023				
	Payment Delay and Term Extension	Term Extension	Payment Delay	Total	% of Total Class of Financing Receivable
	(dollars in millions)				
Tech & innovation	$ 2	$ —	$ 7	$ 9	0.4 %
Other commercial and industrial	—	24	12	36	0.5
CRE - owner occupied	—	3	—	3	0.2
Hotel franchise finance	—	46	—	46	1.2
Other CRE - non-owner occupied	—	48	—	48	0.8
Residential	—	—	1	1	0.0
Total	$ 2	$ 121	$ 20	$143	0.3 %

Three Months Ended	Amortized Cost Basis at March 31, 2023				
	Payment Delay and Term Extension	Term Extension	Payment Delay	Total	% of Total Class of Financing Receivable
	(dollars in millions)				
Tech & innovation	$2	$ —	$ 5	$ 7	0.3 %
Hotel franchise finance	—	18	—	18	0.5 %
Residential	—	—	1	1	0.0 %
Total	$2	$ 18	$ 6	$ 26	0.1 %

The performance of these modified loans is monitored for 12 months following the modification. As of September 30, 2023 March 31, 2024, modified loans on nonaccrual status totaled $36 million and the remaining $107 million of $129 million were current with contractual payments.

payments and $129 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. During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company completed modifications of EBO loans with an amortized cost of $84 million $90 million and $176 million, $57 million, respectively. These modifications were largely payment delays and term extensions, extensions. Certain of these loans were repooled or both.

Troubled Debt Restructurings

Prior to resold after modification and are no longer included in the adoption pool of ASU 2022-02, the Company accounted loan modifications being monitored for a modification to the contractual terms future performance. As of a loan that resulted March 31, 2024, modified EBO loans consisted of $38 million in granting a concession to a borrower experiencing financial difficulties as a TDR. The loan terms loans that were modified or restructured due current to a borrower's financial situation included, but were not limited to, a reduction 89 days delinquent and $12 million in the stated interest rate, an extension of the maturity or renewal of the loan at an interest rate below current market, a reduction in the face amount of the debt, a reduction in the accrued interest, or deferral of interest payments. The majority of the Company's modifications were extensions in terms or deferral of payments which resulted in no lost principal or interest. Consistent with regulatory guidance, a TDR loan that was subsequently modified in another restructuring agreement but had shown sustained performance and classification as a TDR, was removed from TDR status provided that the modified terms were market-based at the time of modification.

The following table presents TDR loans by loan portfolio segment:

	December 31, 2022	
	Number of Loans	Recorded Investment
Other commercial and industrial	4	$ 2
CRE - owner occupied	1	1
Hotel franchise finance	1	10
Other CRE - non-owner occupied	1	1
Total	7	$ 14

greater than 90 days delinquent. As of December 31, 2022 December 31, 2023, the ACL on TDR modified EBO loans totaled $4 million consisted of $26 million in loans that were current to 89 days delinquent and there were no outstanding commitments on TDR loans.

During the three months ended September 30, 2022, the Company had two new TDR $12 million in loans with a recorded investment of $14 million. During the nine months ended September 30, 2022, the Company had four new TDR loans with a recorded investment of $17 million. No principal amounts were forgiven and there were no waived fees or other expenses resulting from these TDRs. greater than 90 days delinquent.

During the three and nine months ended September 30, 2022, there were no loans for which there was a payment default within 12 months following the modification.

Collateral-Dependent Loans

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

	March 31, 2024	**March 31, 2024**			December 31, 2023		
	Real Estate Collateral	**Real Estate Collateral**	**Other Collateral**	**Total**	Real Estate Collateral	Other Collateral	Total
	(in millions)				*(in millions)*		
Municipal & nonprofit							
Municipal & nonprofit							
Other commercial and industrial							
Other commercial and industrial							
Construction and land development							

	September 30, 2023			December 31, 2022		
	Real Estate Collateral	**Other Collateral**	**Total**	Real Estate Collateral	Other Collateral	Total
		(in millions)				
Municipal & nonprofit	**$ —**	**$ 12**	**$ 12**	$ —	$ 7	$ 7
Tech & innovation	**—**	**—**	**—**	—	6	6
Other commercial and industrial	**—**	**8**	**8**	—	30	30
CRE - owner occupied	**6**	**—**	**6**	42	—	42
Hotel franchise finance	**125**	**—**	**125**	186	—	186
Other CRE - non-owner occupied	**160**	**—**	**160**	27	—	27
Construction and land development	**61**	**—**	**61**	4	—	4

Construction and land development							
Total	Total	$ 352	$ 20	$372	$ 259	$ 43	$302
Total							
Total							

The Company did not identify any significant changes in the extent to which collateral secures its collateral dependent loans, whether in the form of general deterioration or from other factors during the period ended September 30, 2023 March 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 Unaudited Consolidated Financial Statements for further discussion. Management considers the level of ACL to be a reasonable and supportable estimate of expected credit losses inherent within the Company's HFI loan portfolio as of September 30, 2023 March 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:

		Three Months Ended September 30, 2023				
		Balance, June 30, 2023	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, September 30, 2023
		(in millions)				
		Three Months Ended March 31, 2024				Three Months Ended March 31, 2024
		Balance, December 31, 2023				
		Balance, December 31, 2023	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, March 31, 2024
		(in millions)				(in millions)
Warehouse lending	Warehouse lending	$ 5.2	$ (0.5)	$ —	$ —	$ 4.7
Municipal & nonprofit	Municipal & nonprofit	16.5	0.2	—	—	16.7
Tech & innovation	Tech & innovation	33.6	(1.6)	—	—	32.0
Equity fund resources	Equity fund resources	1.7	—	—	—	1.7
Other commercial and industrial	Other commercial and industrial	51.8	22.8	5.4	(0.3)	69.5
CRE - owner occupied	CRE - owner occupied	8.0	(0.3)	—	—	7.7
Hotel franchise finance	Hotel franchise finance	45.7	(5.1)	—	—	40.6
Other CRE - non-owner occupied	Other CRE - non-owner occupied	90.1	8.6	3.0	—	95.7
Residential	Residential	33.9	(7.9)	—	(0.1)	26.1
Residential - EBO	Residential - EBO	—	—	—	—	—
Construction and land development	Construction and land development	31.7	(2.6)	—	—	29.1
Other	Other	2.9	0.7	0.1	(0.1)	3.6

Total	Total	$ 321.1	$ 14.3	$ 8.5	$ (0.5)	$ 327.4

	Nine Months Ended September 30, 2023				
	Balance, December 31, 2022	**Provision for (Recovery of) Credit Losses**	**Charge-offs**	**Recoveries**	**Balance, September 30, 2023**
	(in millions)				
Warehouse lending	**$ 8.4**	**$ (3.7)**	**$ —**	**$ —**	**$ 4.7**
Municipal & nonprofit	**15.9**	**0.8**	**—**	**—**	**16.7**
Tech & innovation	**30.8**	**3.0**	**1.8**	**—**	**32.0**
Equity fund resources	**6.4**	**(4.7)**	**—**	**—**	**1.7**
Other commercial and industrial	**85.9**	**(2.0)**	**18.7**	**(4.3)**	**69.5**
CRE - owner occupied	**7.1**	**0.6**	**—**	**—**	**7.7**
Hotel franchise finance	**46.9**	**(6.3)**	**—**	**—**	**40.6**
Other CRE - non-owner occupied	**47.4**	**53.5**	**5.2**	**—**	**95.7**
Residential	**30.4**	**(4.4)**	**—**	**(0.1)**	**26.1**
Residential - EBO	**—**	**—**	**—**	**—**	**—**
Construction and land development	**27.4**	**1.7**	**—**	**—**	**29.1**
Other	**3.1**	**0.6**	**0.2**	**(0.1)**	**3.6**
Total	**$ 309.7**	**$ 39.1**	**$ 25.9**	**$ (4.5)**	**$ 327.4**

	Three Months Ended September 30, 2022				
	Balance, June 30, 2022	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, September 30, 2022
	(in millions)				
Warehouse lending	$ 3.7	$ 0.7	$ —	$ —	$ 4.4
Municipal & nonprofit	13.6	1.6	—	—	15.2
Tech & innovation	25.4	(0.2)	—	—	25.2
Equity fund resources	14.0	(3.1)	—	—	10.9
Other commercial and industrial	119.2	(14.7)	2.1	(3.8)	106.2
CRE - owner occupied	7.5	(0.8)	—	—	6.7
Hotel franchise finance	33.8	17.2	—	—	51.0
Other CRE - non-owner occupied	22.1	11.2	—	(0.1)	33.4
Residential	18.8	6.8	—	—	25.6
Construction and land development	12.2	10.1	—	(0.1)	22.4
Other	2.9	0.2	—	—	3.1
Total	$ 273.2	$ 29.0	$ 2.1	$ (4.0)	$ 304.1

	Nine Months Ended September 30, 2022				
	Balance, December 31, 2021	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, September 30, 2022
	(in millions)				

	Three Months Ended March 31, 2023					
	Balance, December 31, 2022					
	(in millions)					

Three Months Ended March 31, 2023				
Balance, December 31, 2022	Provision for (Recovery of) Credit Losses	Charge-offs	Recoveries	Balance, March 31, 2023
(in millions)				

Warehouse lending	Warehouse lending	$ 3.0	$ 1.4	$ —	$ —	$ 4.4
Municipal & nonprofit	Municipal & nonprofit	13.7	1.5	—	—	15.2
Tech & innovation	Tech & innovation	25.7	(2.5)	—	(2.0)	25.2
Equity fund resources	Equity fund resources	9.6	1.3	—	—	10.9
Other commercial and industrial	Other commercial and industrial	103.6	4.7	7.0	(4.9)	106.2
CRE - owner occupied	CRE - owner occupied	10.6	(4.0)	—	(0.1)	6.7
Hotel franchise finance	Hotel franchise finance	41.5	9.5	—	—	51.0
Other CRE - non-owner occupied	Other CRE - non-owner occupied	16.9	16.4	—	(0.1)	33.4
Residential	Residential	12.5	13.1	—	—	25.6
Residential - EBO						
Construction and land development	Construction and land development	12.5	9.8	—	(0.1)	22.4
Other	Other	2.9	0.1	0.1	(0.2)	3.1
Total	Total	$ 252.5	$ 51.3	$ 7.1	$ (7.4)	$ 304.1

Accrued interest receivable of $290 million $278 million and $304 million $281 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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 $5 million $3 million and $9 million, $4 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	**2023**	2022
		(in millions)			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(in millions)			
		(in millions)			
		(in millions)			
Balance, beginning of period	Balance, beginning of period	**$ 41.1**	$ 53.8	**$ 47.0**	$ 37.6
Provision for credit losses		**(3.2)**	(1.7)	**(9.1)**	14.5

Provision for (Recovery of) credit losses					
Provision for (Recovery of) credit losses					
Provision for (Recovery of) credit losses					
Balance, end of period	Balance, end of period	$ 37.9	$ 52.1	$ 37.9	$ 52.1
Balance, end of period					
Balance, end of period					

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

		September 30, 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
		(in millions)					
		March 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
		(in millions)					
Warehouse lending	Warehouse lending	$ 6,439	$ —	$ 6,439	$ 4.7	$ —	$ 4.7
Municipal & nonprofit	Municipal & nonprofit	1,461	13	1,474	13.2	3.5	16.7
Tech & innovation	Tech & innovation	2,225	29	2,254	27.9	4.1	32.0
Equity fund resources	Equity fund resources	1,034	—	1,034	1.7	—	1.7
Other commercial and industrial	Other commercial and industrial	7,209	108	7,317	63.3	6.2	69.5
CRE - owner occupied	CRE - owner occupied	1,615	9	1,624	7.7	—	7.7
Hotel franchise finance	Hotel franchise finance	3,669	168	3,837	40.6	—	40.6
Other CRE - non-owner occupied	Other CRE - non-owner occupied	5,791	161	5,952	95.7	—	95.7
Residential	Residential	13,301	—	13,301	26.1	—	26.1
Residential EBO	Residential EBO	1,343	—	1,343	—	—	—
Construction and land development	Construction and land development	4,592	60	4,652	29.1	—	29.1
Other	Other	220	—	220	3.6	—	3.6
Total	Total	$ 48,899	$ 548	$ 49,447	$ 313.6	$ 13.8	$ 327.4
		December 31, 2022					

		Loans			Allowance		
		Collectively Evaluated for Credit Loss	Individually Evaluated for Credit Loss	Total	Collectively Evaluated for Credit Loss	Individually Evaluated for Credit Loss	Total
		(in millions)					
		December 31, 2023					
		Loans					
		Collectively Evaluated for Credit Loss					
		(in millions)					
		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
		(in millions)					
Warehouse lending	Warehouse lending	$ 5,561	$ —	$ 5,561	$ 8.4	$ —	$ 8.4
Municipal & nonprofit	Municipal & nonprofit	1,517	7	1,524	13.4	2.5	15.9
Tech & innovation	Tech & innovation	2,280	13	2,293	30.3	0.5	30.8
Equity fund resources	Equity fund resources	3,717	—	3,717	6.4	—	6.4
Other commercial and industrial	Other commercial and industrial	7,754	39	7,793	80.4	5.5	85.9
CRE - owner occupied	CRE - owner occupied	1,612	44	1,656	7.1	—	7.1
Hotel franchise finance	Hotel franchise finance	3,607	200	3,807	44.7	2.2	46.9
Other CRE - non-owner occupied	Other CRE - non-owner occupied	5,428	29	5,457	47.4	—	47.4
Residential	Residential	13,996	—	13,996	30.4	—	30.4
Residential EBO	Residential EBO	1,884	—	1,884	—	—	—
Construction and land development	Construction and land development	3,991	4	3,995	27.4	—	27.4
Other	Other	179	—	179	3.1	—	3.1
Total	Total	$ 51,526	$ 336	$ 51,862	$ 299.0	$ 10.7	$ 309.7

Loan Purchases and Sales

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, loan purchases totaled $329 million $389 million and $1.4 billion $511 million, respectively, which and consisted primarily of commercial and industrial and residential loans. Loan purchases during the three and nine months ended September 30, 2022 totaled $2.7 billion and $8.2 billion, respectively, which consisted primarily of residential loans. There were no loans purchased with more-than-insignificant deterioration in credit quality during the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

The During the three months ended March 31, 2024, the Company sold loans with a carrying value of approximately $148 million and recognized a charge-off of $1.4 million and a net loss of $4.9 million on these loan sales. During the three months ended March 31, 2023, the Company transferred $6.0 $6.9 billion of loans HFI (primarily commercial and industrial loans) to HFS as and sold $915 million of March 31, 2023. The loans were transferred to HFS net of a fair value loss adjustment of $123.5 million, or a carrying value of $5.9 billion. From March 31, 2023 through September 30, 2023, the Company transferred an additional $0.7 billion from loans HFI to HFS. those loans. The Company completed recognized a net loss of $140.8 million on these loan dispositions from this HFS loan pool totaling $4.3 billion through September 30, 2023 transfers and transferred all remaining loans in this pool back to HFI at sales during the end of the period as a result of a change in management's intentions.

three months ended March 31, 2023.

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:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	**2023**	2022
		(in millions)			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(in millions)			
		(in millions)			
		(in millions)			
Balance, beginning of period	Balance, beginning of period	**$ 1,007**	$ 826	**$ 1,148**	$ 698
Additions from loans sold with servicing rights retained	Additions from loans sold with servicing rights retained	**266**	180	**653**	578
Additions from loans sold with servicing rights retained					
Additions from loans sold with servicing rights retained					
Carrying value of MSRs sold					
Carrying value of MSRs sold					
Carrying value of MSRs sold	Carrying value of MSRs sold	**(112)**	—	**(611)**	(350)
Change in fair value	Change in fair value	**98**	63	**114**	206
Change in fair value					
Change in fair value					
Mark to market adjustments					
Mark to market adjustments					
Mark to market adjustments	Mark to market adjustments	**—**	—	**4**	—
Realization of cash flows	Realization of cash flows	**(26)**	(25)	**(75)**	(88)
Realization of cash flows					
Realization of cash flows					
Balance, end of period					
Balance, end of period					
Balance, end of period	Balance, end of period	**$ 1,233**	$ 1,044	**$ 1,233**	$ 1,044
Unpaid principal balance of mortgage loans serviced for others	Unpaid principal balance of mortgage loans serviced for others	**$ 70,261**	$ 62,841		
Unpaid principal balance of mortgage loans serviced for others					
Unpaid principal balance of mortgage loans serviced for others					

Changes in the fair value of MSRs are recorded as Net loan servicing revenue in the Consolidated Income Statement. Due to the regulatory capital impact of MSRs on capital ratios, the Company sells certain MSRs and related servicing advances in the normal course of business. The Company may also sell excess servicing spread related to certain mortgage loans serviced by the Company. During the three months ended September 30, 2023 March 31, 2024, MSR sales had an aggregate net sales price of $110 million $156 million and the UPB of loans underlying these sales totaled $16.0 billion, most of which related to a sale of excess servicing spread. During the nine months ended September 30, 2023, MSR sales had an aggregate net sales price of $611 million and the UPB of loans underlying these sales totaled $44.3 billion $10.8 billion. During the three months ended September 30, 2022, the Company did not sell any MSRs. During the nine months ended September 30, 2022 March 31, 2023, MSR sales had an aggregate net sales price of $350 million and the UPB of loans underlying these sales totaled $24.1 billion $19.5 billion. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had a remaining receivable balance of $34 million and $39 million $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 $56.4 million and $173.3 million $67.0 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $48.9 million and $140.7 million $62.9 million for the three and nine months ended September 30, 2022 March 31, 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, net servicing advances totaled $51 million $67 million and $102 $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 MSRs caused by assumed immediate changes in interest rates, discount rates, and prepayment speeds that are used to determine fair value:

		September 30, 2023 March 31, 2024
		(in millions)
Fair value of mortgage servicing rights	**$**	**1,233 1,178**
Increase (decrease) in fair value resulting from:		
Interest rate change of 50 basis points		
Adverse change		**(59) (65)**
Favorable change		**52 57**
Discount rate change of 50 basis points		
Increase		**(25) (23)**
Decrease		**26 24**
Conditional prepayment rate change of 1%		
Increase		**(29) (33)**
Decrease		**32 36**
Cost to service change of 10%		
Increase		**(15) (14)**
Decrease		**15 14**

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. DEPOSITS

The table below summarizes deposits by type:

	September 30, 2023	December 31, 2022
	(in millions)	

		March 31, 2024		March 31, 2024	December 31, 2023
		(in millions)			(in millions)
Non-interest-bearing demand deposits	Non-interest-bearing demand deposits	**$ 17,991**	$ 19,691		
Interest-bearing transaction accounts	Interest-bearing transaction accounts	**12,843**	9,507		
Savings and money market accounts	Savings and money market accounts	**14,672**	19,397		
Time certificates of deposit ($250,000 or more)	Time certificates of deposit ($250,000 or more)	**6,690**	3,815		
Other time deposits		**2,091**	1,234		
Other time deposits (1)					
Total deposits	Total deposits	**$ 54,287**	$ 53,644		

(1) Retail brokered time deposits over $250,000 of $5.7 billion and $5.8 billion as of March 31, 2024 and December 31, 2023, respectively, are included within Other time deposits as these deposits are generally participated out by brokers in shares below the FDIC insurance limit.

A summary of the contractual maturities for all time deposits as of September 30, 2023 March 31, 2024 is as follows:

		December 31,	
		(in millions)	
2023		**$ 3,311**	
		(in millions)	(in millions)
2024	2024	**4,870**	
2025	2025	**594**	
2026	2026	**5**	
2027	2027	**1**	
2028			
Thereafter			
Thereafter			
Thereafter			
Total	Total	**$ 8,781**	

Brokered deposits provide an additional source of deposits and are placed with the Bank through third-party brokers. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company held wholesale brokered deposits of $6.5 billion and $4.8 billion $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 September 30, 2023 March 31, 2024, the Company had $12.5 billion $14.5 billion of reciprocal deposits, compared to $2.8 billion $13.3 billion at December 31, 2022. These reciprocal deposit structures offer protection to depositors by fully insuring deposits with other network banks and also provides the Company with funding stability and drove the increase in the Company's insured deposit ratio from December 31, 2022 December 31, 2023.

In addition, deposits for which the Company provides account holders with earnings credits or referral fees totaled $17.1 billion $22.2 billion and $12.9 billion $17.8 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Company incurred $123.7 million $131.2 million and $17.3 million $85.6 million in deposit related costs on these deposits during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company incurred $297.1 million and $26.0 million in deposit related costs on these deposits during the nine months ended September 30, 2023 and 2022, 2023, respectively. These costs are reported as Deposit costs in non-interest expense. The increase in these costs from the prior year is due to an increase in average earnings credit rates as well as an increase in average deposit balances eligible for earnings credits or referral fees.

7. OTHER BORROWINGS

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

		September 30, 2023	December 31, 2022		
		(in millions)			
		March 31, 2024		**March 31, 2024**	December 31, 2023
		(in millions)			*(in millions)*
Short-Term:	**Short-Term:**				
Federal funds purchased	Federal funds purchased	**$ 122**	$ 640		
BTFP advances		**1,300**	—		
Federal funds purchased					
Federal funds purchased					
FHLB advances	FHLB advances	**4,700**	4,300		
Warehouse borrowings		**1,334**	—		
FHLB advances					
FHLB advances					
Repurchase agreements					
Repurchase agreements					
Repurchase agreements	Repurchase agreements	**490**	27		
Secured borrowings	Secured borrowings	**36**	25		
Total short-term borrowings	Total short-term borrowings	**$ 7,982**	$ 4,992		
Long-Term:	**Long-Term:**				
AmeriHome senior notes, net of fair value adjustment		**$ 313**	$ 315		
Credit linked notes, net					
Credit linked notes, net					
Credit linked notes, net	Credit linked notes, net	**450**	992		
Total long-term borrowings	Total long-term borrowings	**$ 763**	$ 1,307		
Total other borrowings	Total other borrowings	**$ 8,745**	$ 6,299		
Total other borrowings					
Total other borrowings					

Short-Term Borrowings

Federal Funds Lines of Credit

The Company maintains overnight federal fund lines of credit totaling $1.4 billion $839 million as of September 30, 2023 March 31, 2024, which have rates comparable to the federal funds effective rate plus 0.10% to 0.20%.

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, generally consisting of investment securities and loans, at the time of the borrowing. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had additional available credit with the FHLB of approximately $7.6 billion $8.0 billion and $6.8 billion $6.1 billion respectively. The weighted average rate on FHLB advances was 5.77% 5.66% and 4.70% 5.67% as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

In March 2023, the FRB established the BTFP which offers 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 rate for BTFP advances is the one-year overnight index swap rate plus 10 basis points and is fixed for the term of the advance. The weighted average rate on BTFP advances was 4.76% as of September 30, 2023. Other available credit with the FRB totaled $14.8 billion and $5.2 billion as of September 30, 2023 and December 31, 2022, respectively.

Warehouse Borrowings 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 September 30, 2023 March 31, 2024, the Company had access to approximately $3.0 billion $2.3 billion in uncommitted warehouse funding, of which $1.3 billion was drawn no amounts were drawn. As of December 31, 2023, there were $376 million in warehouse borrowings outstanding at a weighted average borrowing rate of 6.91% 6.72%. There were no warehouse borrowings outstanding at December 31, 2022.

Repurchase Agreements

Other repurchase facilities include CLO securities, EBO loan and customer repurchase agreements. There were no CLO securities repurchase agreements outstanding at September 30, 2023 or December 31, 2022.

The balance and weighted average rate total carrying value of EBO loan these repurchase agreements was $481 million, net of issuance costs of $2 million $8 million and 7.23%, respectively, $6 million as of September 30, 2023. These repurchase agreements are collateralized with $1.3 billion of EBO loans. There were no EBO loan backed repurchase agreements at December 31, 2022.

The balance of customer repurchase agreements was $9 million March 31, 2024 and $27 million as of September 30, 2023 and December 31, 2022, respectively, and the weighted average rate was 0.22% and 0.15% as of September 30, 2023 and December 31, 2022 December 31, 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 6.31% 6.58% and 6.39% 6.10% as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Long-Term Borrowings

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 senior notes accrue interest at a rate of 6.50% per annum, paid semiannually. The senior notes contain provisions that allow for redemption of up to 40% of the original aggregate principal amount of the notes during the first three years after issuance at a price equal to 106.50%, plus accrued and unpaid interest. After this three-year period, AmeriHome may redeem some or all of the senior notes at a price equal to 103.25% of the outstanding principal amount, plus accrued and unpaid interest. In 2025, the redemption price of these senior notes declines to 100% of the outstanding principal balance. The carrying amount of the senior notes includes a fair value adjustment (premium) of $19 million recognized as of the acquisition date that is being amortized over the term of the notes.

Credit Linked Notes

The Company entered into credit linked note transactions 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. In the event of a failure to pay by the relevant obligor, insolvency of the relevant obligor, or restructuring of such loans that results in a loss on a loan that is included in any of the reference pools, the principal balance of the notes will be reduced to the extent of such loss and a gain on recovery of credit guarantees will be recognized within non-interest income in the Consolidated Income Statement. The purchasers of the notes have the option to acquire the underlying reference loan in the event of obligor default. There have been no historical losses on the warehouse lines of credit and equity fund resource loans.

The Company also 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:

							September 30, 2023					
March 31, 2024							March 31, 2024					
Description	Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs	Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
					(in millions)							
					(in millions)							*(in millions)*
Residential mortgage loans (1)												
Residential mortgage loans (1) (2)	Residential mortgage loans (1) (2)	December 12, 2022	October 25, 2052	SOFR + 7.80%	**$ 91**	**$ 2**						
Residential mortgage loans (2) (3)	Residential mortgage loans (2) (3)	June 30, 2022	April 25, 2052	SOFR + 6.00%	**181**	**3**						
Residential mortgage loans (4)		December 29, 2021	July 25, 2059	SOFR + 4.67%	**194**	**3**						
Total	Total				**$ 466**	**$ 8**						
Total												
Total												

							December 31, 2022					
December 31, 2023							December 31, 2023					
Description	Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs	Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
					(in millions)							
					(in millions)							*(in millions)*
Residential mortgage loans (1)												
Residential mortgage loans (1) (2)	Residential mortgage loans (1) (2)	December 12, 2022	October 25, 2052	SOFR + 7.80%	$ 95	$ 2						
Residential mortgage loans (2) (3)	Residential mortgage loans (2) (3)	June 30, 2022	April 25, 2052	SOFR + 6.00%	189	3						
Equity fund resource loans (3)		June 23, 2022	June 30, 2028	SOFR + 6.75%	300	4						
Residential mortgage loans (4)		December 29, 2021	July 25, 2059	SOFR + 4.67%	202	3						
Warehouse loans (5)		June 28, 2021	December 30, 2024	LIBOR + 5.50%	242	2						
Total	Total				$ 1,028	$ 14						

Total

Total

(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 $1.8 billion as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

(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 $3.6 billion $3.5 billion and $3.8 billion $3.6 billion as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(3) These notes had a reference pool balance of $1.6 billion as of December 31, 2022.

(4) 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 $3.8 billion $3.7 billion and $4.0 billion $3.8 billion as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(5) These notes had a reference pool balance of $689 million as of December 31, 2022.

During the nine three months ended September 30, 2023 March 31, 2023, the Company recognized a gain on extinguishment of debt of $13.4 million $12.7 million related to the pay off payoff or paydown of the credit linked notes on its warehouse and equity fund resource loans.

8. QUALIFYING DEBT

Subordinated Debt

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

				September 30, 2023								
March 31, 2024							**March 31, 2024**					
Description	**Description**	**Issuance Date**	**Maturity Date**	**Interest Rate**	**Principal**	**Debt Issuance Costs**	**Description**	**Issuance Date**	**Maturity Date**	**Interest Rate**	**Principal**	**Debt Issuance Costs**
					(in millions)							
					(in millions)							*(in millions)*
WAL fixed-to-variable-rate (1)	WAL fixed-to-variable-rate (1)	June 2021	June 15, 2031	3.00 %	$ **600**	$ **7**						
WAB fixed-to-variable-rate (2)	WAB fixed-to-variable-rate (2)	May 2020	June 1, 2030	5.25 %	**225**	**1**						
Total	Total				$ **825**	$ **8**						

				December 31, 2022								
December 31, 2023							December 31, 2023					
Description	Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs	Description	Issuance Date	Maturity Date	Interest Rate	Principal	Debt Issuance Costs
					(in millions)							
					(in millions)							*(in millions)*
WAL fixed-to-variable-rate (1)	WAL fixed-to-variable-rate (1)	June 2021	June 15, 2031	3.00 %	$ 600	$ 7						
WAB fixed-to-variable-rate (2)	WAB fixed-to-variable-rate (2)	May 2020	June 1, 2030	5.25 %	225	1						
Total	Total				$ 825	$ 8						

(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 $817 $818 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

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 $73 million $78 million and $76 million $77 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, with maturity dates ranging from 2033 through 2037. The weighted average interest rate of all junior subordinated debt as of September 30, 2023 March 31, 2024 and December 31, 2023 was 8.00% 7.90% and 7.93%, which is equal to three-month Term SOFR plus an adjustment of 0.26% and the contractual spread of 2.34%, compared to a weighted average interest rate of 7.11% at December 31, 2022, which was based on three-month LIBOR. 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.

9. STOCKHOLDERS' EQUITY

Stock-Based Compensation

Restricted Stock Awards

Restricted stock awards granted to employees generally vest over a 3-year period and stock grants made to non-employee WAL directors have generally vest vested over six months. months, with the 2024 grants vesting over 1 year. The Company estimates the compensation cost for stock grants based upon the grant date fair value. Stock compensation expense is recognized on a straight-line basis over the requisite service period for the entire award. The aggregate grant date fair value for the restricted stock awards granted during the three and nine months ended September 30, 2023 March 31, 2024 and 2023 was $0.3 million $44.8 million and $45.5 million $44.5 million, respectively. Stock compensation expense related to restricted stock awards granted to employees is included in Salaries and employee benefits in the Consolidated Income Statement. For restricted stock awards granted to WAL directors, the related stock compensation expense is included in Legal, professional, and directors' fees. For the three and nine months ended September 30, 2023 March 31, 2024, the Company recognized $7.5 million and $25.1 million $12.1 million, respectively, in stock-based compensation expense related to employee and WAL director stock grants, compared to $7.1 million and $21.8 million $8.5 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023.

Performance Stock Units

The Company grants performance stock units to members of its executive management that do not vest unless the Company achieves a specified cumulative EPS target and a TSR performance measure over a three-year performance period. The number of shares issued will vary based on the cumulative EPS target and relative TSR performance factor that is achieved. The Company estimates the cost of performance stock units based upon the grant date fair value and expected vesting percentage over the three-year performance period. During the three and nine months ended September 30, 2023 March 31, 2024, the Company recognized stock-based compensation expense of $1.4 million and $0.3 million (which includes a $2.5 million net reversal of expense recognized in the first quarter 2023 due to revised performance expectations) $1.0 million, compared to $2.3 million and $8.5 million a $2.5 million net reversal for such units during the three and nine months ended September 30, 2022 March 31, 2023 due to revised performance expectations.

The three-year performance period for the 2021 grant ended on December 31, 2023, respectively. 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 distributed to executive management in the first quarter of 2023.

The three-year performance period for Cash Settled Restricted Stock Units

In 2024, the 2019 grant ended on December 31, 2021, and the Company's cumulative EPS and TSR performance measure for the performance period exceeded the level required for a maximum award under the terms Company began granting cash settled restricted stock units to members of the grant. As a result, 203,646 shares became fully vested and were distributed to 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 first quarter occurrence of 2022.

a future event, these awards are classified as liabilities on the Consolidated Balance Sheet. At each vesting date, the Company settles the vested stock units in cash at the settlement date stock price. During the three months ended March 31, 2024, the Company recognized compensation expense of $0.1 million related to these awards. There were no such awards outstanding during the three months ended March 31, 2023.

Preferred Stock

The Company has 12,000,000 depositary shares outstanding, 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 the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company declared and paid a quarterly cash dividend of $0.27 per depositary share, for a total dividend payment to preferred stockholders of $3.2 million and $9.6 million, respectively. During the three and nine months ended September 30, 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 $3.2 million and $9.6 million, respectively. .

Common Stock Issuances

Pursuant to ATM Distribution Agreement

During the three and nine months ended September 30, 2022, March 31, 2024 and 2023, the Company sold 0.6 million and 1.9 million shares, respectively, had no sales under the ATM program at a weighted-average selling price of $78.27 and $83.89 per share for gross proceeds of $50.3 million and $158.7 million, respectively. program. Sales under the ATM program were being are made pursuant to a prospectus dated May 14, 2021 and prospectus supplements filed with the SEC in an offering of shares from the Company's shelf registration statement on Form S-3 (No. 333-256120). Total related offering costs for the three and nine months ended September 30, 2022 were $0.3 million and $1.0 million, respectively, substantially all As of which related to compensation costs paid to the distribution agents. There were no sales under the ATM program during the three and nine months ended September 30, 2023 and as of September 30, 2023 March 31, 2024, the remaining number of shares that can be sold under this agreement totaled 1,107,769.

Cash Dividend on Common Shares

During the three and nine months ended September 30, 2023 March 31, 2024, the Company declared and paid a quarterly cash dividend of $0.37 per share, for a total dividend payment to stockholders of $40.7 million. During the three months ended March 31, 2023, the Company declared and paid a quarterly cash dividend of $0.36 per share for a total dividend payment to stockholders of $39.4 million and $118.2 million, respectively. During the three and nine months ended September 30, 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 in the third quarter, for a total dividend payment to stockholders of $39.0 million and $114.2 million, respectively. .

Treasury Shares

Treasury share purchases represent shares surrendered to the Company equal in value to the statutory payroll tax withholding obligations arising from the vesting of employee restricted stock awards. During the three and nine months ended September 30, 2023 March 31, 2024, the Company purchased treasury shares of 139 and 151,358, respectively, 122,597 at a weighted average price of $48.56 and $72.47 $61.55 per share, respectively. share. During the three and nine months ended September 30, 2022 March 31, 2023, the Company purchased treasury shares of 11,039 and 199,208, respectively, 143,404, at a weighted average price of $77.36 and $92.40 $74.70 per share, respectively. share.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	Three Months Ended September 30,				
	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
	(in millions)				
Balance, June 30, 2023	**$ (618.3)**	**$ (0.3)**	**$ 6.9**	**$ 1.2**	**$ (610.5)**
Other comprehensive loss before reclassifications	**(120.2)**	**—**	**(1.2)**	**—**	**(121.4)**
Amounts reclassified from AOCI	**(0.4)**	**—**	**—**	**—**	**(0.4)**
Net current-period other comprehensive loss	**(120.6)**	**—**	**(1.2)**	**—**	**(121.8)**
Balance, September 30, 2023	**$ (738.9)**	**$ (0.3)**	**$ 5.7**	**$ 1.2**	**$ (732.3)**
Balance, June 30, 2022	$ (521.1)	$ (0.3)	$ 3.5	$ —	$ (517.9)
Other comprehensive (loss) income before reclassifications	(219.9)	—	1.6	—	(218.3)
Amounts reclassified from AOCI	—	—	—	—	—
Net current-period other comprehensive (loss) income	(219.9)	—	1.6	—	(218.3)
Balance, September 30, 2022	$ (741.0)	$ (0.3)	$ 5.1	$ —	$ (736.2)

	Nine Months Ended September 30,				
	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
	(in millions)				
Balance, December 31, 2022	**$ (663.7)**	**$ (0.3)**	**$ 3.0**	**$ —**	**$ (661.0)**
Other comprehensive (loss) income before reclassifications	**(94.3)**	**—**	**2.7**	**1.2**	**(90.4)**
Amounts reclassified from AOCI	**19.1**	**—**	**—**	**—**	**19.1**

Net current-period other comprehensive (loss) income	**(75.2)**	**—**	**2.7**	**1.2**	**(71.3)**
Balance, September 30, 2023	**$ (738.9)**	**$ (0.3)**	**$ 5.7**	**$ 1.2**	**$ (732.3)**
Balance, December 31, 2021	$ 16.7	$ (0.3)	$ (0.7)	$ —	$ 15.7
Other comprehensive (loss) income before reclassifications	(752.3)	—	5.8	—	(746.5)
Amounts reclassified from AOCI	(5.4)	—	—	—	(5.4)
Net current-period other comprehensive (loss) income	(757.7)	—	5.8	—	(751.9)
Balance, September 30, 2022	$ (741.0)	$ (0.3)	$ 5.1	$ —	$ (736.2)

	Three Months Ended March 31,				
	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**
			(in millions)		
Balance, December 31, 2023	**$ (516.6)**	**$ (0.3)**	**$ 2.8**	**$ 1.2**	**$ (512.9)**
Other comprehensive loss before reclassifications	**(44.9)**	**—**	**(0.5)**	**—**	**(45.4)**
Amounts reclassified from AOCI	**0.7**	**—**	**—**	**—**	**0.7**
Net current-period other comprehensive loss	**(44.2)**	**—**	**(0.5)**	**—**	**(44.7)**
Balance, March 31, 2024	**$ (560.8)**	**$ (0.3)**	**$ 2.3**	**$ 1.2**	**$ (557.6)**
Balance, December 31, 2022	$ (663.7)	$ (0.3)	$ 3.0	$ —	$ (661.0)
Other comprehensive income (loss) before reclassifications	60.1	—	(1.1)	—	59.0
Amounts reclassified from AOCI	9.3	—	—	1.2	10.5
Net current-period other comprehensive income (loss)	69.4	—	(1.1)	1.2	69.5
Balance, March 31, 2023	$ (594.3)	$ (0.3)	$ 1.9	$ 1.2	$ (591.5)

11. DERIVATIVES AND HEDGING ACTIVITIES

The Company is a party to various derivative instruments. The primary types of derivatives that 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.

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 of net interest income and EVE 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. 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 received a variable rate based on SOFR and pays paid a fixed rate on the outstanding notional amount.

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 is being amortized over the remaining term. At September 30, 2023 March 31, 2024, the remaining cumulative basis adjustment on the terminated last-of-layer hedges totaled $12 $6 million.

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 that 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's back-to-back interest rate contracts are used to allow customers to manage long-term interest rate risk. 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.

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 sale commitments, interest rate futures and interest rate swaps.

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 participated loans. Equity warrants represent the right to buy shares in a company at a specified price and are acquired by the Company primarily in connection with negotiating credit facilities and certain other services to private, venture-backed companies in the technology industry.

Fair Value Hedges

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the following amounts are reflected on the Consolidated Balance Sheet related to cumulative basis adjustments for outstanding fair value hedges:

	September 30, 2023		December 31, 2022	
	Carrying Value of Hedged Assets/(Liabilities)	**Cumulative Fair Value Hedging Adjustment (1)**	Carrying Value of Hedged Assets/(Liabilities)	Cumulative Fair Value Hedging Adjustment (1)
	(in millions)			
Loans HFI, net of deferred loan fees and costs (2)	**$ 3,863**	**$ 128**	$ 447	$ 17

	March 31, 2024		December 31, 2023	
	Carrying Value of Hedged Assets/(Liabilities)	**Cumulative Fair Value Hedging Adjustment (1)**	Carrying Value of Hedged Assets/(Liabilities)	Cumulative Fair Value Hedging Adjustment (1)
	(in millions)			
Loans HFI, net of deferred loan fees and costs (2)	**$ 3,857**	**$ 66**	$ 3,875	$ (6)

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

(2) As of September 30, 2023 March 31, 2024, included portfolio layer method derivative instruments with $3.5 billion designated as the hedged amount (from a closed portfolio of prepayable fixed rate loans with a carrying value of $6.8 $6.6 billion). The cumulative basis adjustment included in the carrying value of these hedged items totaled $98 $(46) million.

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.

	Three Months Ended September 30,			
	2023		2022	
Income Statement Classification	**Gain/(Loss) on Swaps**	**Gain/(Loss) on Hedged Item**	**Gain/(Loss) on Swaps**	**Gain/(Loss) on Hedged Item**
	(in millions)			
Interest income	**$ 76.5**	**$ (76.0)**	$ 27.5	$ (27.5)

	Three Months Ended March 31,			
	2024		2023	
Income Statement Classification	**Gain/(Loss) on Swaps**	**Gain/(Loss) on Hedged Item**	**Gain/(Loss) on Swaps**	**Gain/(Loss) on Hedged Item**
	(in millions)			
Interest income				

	Nine Months Ended September 30,	
	2023	2022

Income Statement Classification	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item	Gain/(Loss) on Swaps	Gain/(Loss) on Hedged Item
	(in millions)			
Interest income	$ **111.2**	$ **(110.7)**	$ 76.3	$ (76.2)

In addition to the gains and losses on the Company's outstanding fair value hedges presented in the above table, the Company recognized $3.0 million and $8.9 million in interest income related to the amortization of the cumulative basis adjustment on its discontinued last-of-layer hedges during the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $3.0 million and $7.0 million for the three and nine months ended September 30, 2022, respectively.

2023.

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 September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023, and September 30, 2022 March 31, 2023. The change in the notional amounts of these derivatives from September 30, 2022 March 31, 2023 to September 30, 2023 March 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.

	September 30, 2023			December 31, 2022			September 30, 2022		
		Fair Value			Fair Value			Fair Value	
	Notional Amount	**Derivative Assets**	**Derivative Liabilities**	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities
	(in millions)								
Derivatives designated as hedging instruments:									
Fair value hedges									
Interest rate contracts	**$ 3,899**	**$ 128**	**$ —**	$ 476	$ 18	$ —	$ 483	$ 22	$ —
Total	**$ 3,899**	**$ 128**	**$ —**	$ 476	$ 18	$ —	$ 483	$ 22	$ —
Derivatives not designated as hedging instruments (1):									
Foreign currency contracts	**$ 74**	**$ 1**	**$ —**	$ 250	$ 1	$ 9	$ 146	$ 2	$ 1

	March 31, 2024			December 31, 2023			March 31, 2023		
		Fair Value			Fair Value			Fair Value	
	Notional Amount	**Derivative Assets**	**Derivative Liabilities**	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Deri Liab
	(in millions)								

Fair value hedges

Fair value hedges

Interest rate contracts

Interest rate contracts

Derivatives not designated as hedging instruments:

Derivatives not designated as hedging instruments:

Derivatives not designated as hedging instruments:

Foreign currency contracts

Foreign currency contracts

Forward purchase contracts	Forward purchase contracts	**3,397**	**1**	**20**	2,709	1	13	8,226	3	249
Forward sales contracts	Forward sales contracts	**6,256**	**42**	**1**	4,985	16	8	11,792	380	6
Futures purchase contracts (2), (3)		**150**	**—**	**—**	—	—	—	—	—	—
Futures sales contracts (2), (3)		**13,695**	**—**	**—**	8,706	—	—	8,121	—	—
Futures purchase contracts (1), (2)										
Futures sales contracts (1), (2)										
Interest rate lock commitments	Interest rate lock commitments	**1,761**	**3**	**6**	1,459	5	3	1,918	3	31
Interest rate contracts	Interest rate contracts	**3,187**	**20**	**20**	1,538	6	6	2,155	5	5
Risk participation agreements	Risk participation agreements	**44**	**—**	**—**	48	—	—	—	—	—
Risk participation agreements										
Risk participation agreements										
Equity warrants										
Total	Total	**$28,564**	**$ 67**	**$ 47**	$19,695	$ 29	$ 39	$32,358	$ 393	$ 292
Margin	Margin		**66**	**25**		4	1		(100)	(11)
Total, including margin	Total, including margin	**$28,564**	**$ 133**	**$ 72**	$19,695	$ 33	$ 40	$32,358	$ 293	$ 281

(1) Relate to economic hedging arrangements.

(2) 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.

(3) (2) The notional amounts previously reported for December 31, 2022 and September 30, 2022 March 31, 2023 have been adjusted to account for the impact of offsetting contracts. To close a futures contract prior to settlement, the Company purchases an offsetting future with the same terms as the original contract and these contracts no longer require settlement.

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:

	September 30, 2023			December 31, 2022			September 30, 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)
	(in millions)								
March 31, 2024				**March 31, 2024**			December 31, 2023		March 31, 2023

	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)
	(in millions)								*(in millions)*
Derivatives subject to master netting arrangements:									
Assets									
Assets									
Assets									
Foreign currency contracts									
Foreign currency contracts									
Foreign currency contracts									
Forward purchase contracts	**$ 1**	**$ —**	**$ 1**	$ 1	$ —	$ 1	$ 3	$ —	$ 3
Forward sales contracts	**42**	**—**	**42**	13	—	13	360	—	360
Interest rate contracts	**148**	**—**	**148**	18	—	18	22	—	22
Margin	**66**	**—**	**66**	4	—	4	(100)	—	(100)
Netting	**—**	**(43)**	**(43)**	—	(17)	(17)	—	(233)	(233)
	$ 257	**$ (43)**	**$ 214**	$ 36	$ (17)	$ 19	$ 285	$ (233)	$ 52
$									
Liabilities									
Foreign currency contracts									
Foreign currency contracts									
Foreign currency contracts									
Forward purchase contracts	**$ (20)**	**$ —**	**$ (20)**	$ (12)	$ —	$ (12)	$ (242)	$ —	$ (242)
Forward sales contracts	**(1)**	**—**	**(1)**	(8)	—	(8)	(6)	—	(6)
Interest rate contracts									
Margin	**(25)**	**—**	**(25)**	(1)	—	(1)	11	—	11
Netting	**—**	**43**	**43**	—	17	17	—	233	233
	$ (46)	**$ 43**	**$ (3)**	$ (21)	$ 17	$ (4)	$ (237)	$ 233	$ (4)
$									
Derivatives not subject to master netting arrangements:									
Assets									
Assets									
Assets									
Foreign currency contracts	**$ 1**	**$ —**	**$ 1**	$ 1	$ —	$ 1	$ 2	$ —	$ 2

Forward sales contracts		—	—	—	3	—	3	20	—	20
Interest rate lock commitments		**3**	**—**	**3**	5	—	5	3	—	3
Interest rate contracts		—	—	—	6	—	6	5	—	5
		$ 4	**$ —**	**$ 4**	$ 15	$ —	$ 15	$ 30	$ —	$ 30
Liabilities										
Foreign currency contracts										
Foreign currency contracts	Foreign currency contracts	**$ —**	**$ —**	**$ —**	$ (9)	$ —	$ (9)	$ (1)	$ —	$ (1)
Forward purchase contracts	Forward purchase contracts	**—**	**—**	**—**	(1)	—	(1)	(7)	—	(7)
Interest rate lock commitments	Interest rate lock commitments	**(6)**	**—**	**(6)**	(3)	—	(3)	(31)	—	(31)
Interest rate lock commitments										
Interest rate lock commitments										
Interest rate contracts	Interest rate contracts	**(20)**	**—**	**(20)**	(6)	—	(6)	(5)	—	(5)
		$ (26)	**$ —**	**$ (26)**	$ (19)	$ —	$ (19)	$ (44)	$ —	$ (44)
Equity warrants										
Equity warrants										
Equity warrants										
	$									
Liabilities										
Foreign currency contracts										
Foreign currency contracts										
Foreign currency contracts										
Forward purchase contracts										
Forward sales contracts										
Interest rate lock commitments										
Interest rate contracts										
	$									
Total derivatives and margin	Total derivatives and margin									
Assets	Assets	**$ 261**	**$ (43)**	**$ 218**	$ 51	$ (17)	$ 34	$ 315	$ (233)	$ 82
Assets										
Assets										
Liabilities	Liabilities	**$ (72)**	**$ 43**	**$ (29)**	$ (40)	$ 17	$ (23)	$ (281)	$ 233	$ (48)

The following table summarizes the net gain (loss) on derivatives included in income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
		(in millions)		

			Three Months Ended March 31,						
			Three Months Ended March 31,						
			Three Months Ended March 31,						
			2024						
			2024						
			2024						
			(in millions)						
			(in millions)						
			(in millions)						
Net gain (loss) on loan origination and sale activities:	**Net gain (loss) on loan origination and sale activities:**								
Interest rate lock commitments	Interest rate lock commitments	**$**	**(5.2)**	$	(39.3)	**$**	**(4.9)**	$	(36.9)
Interest rate lock commitments									
Interest rate lock commitments									
Forward contracts									
Forward contracts									
Forward contracts	Forward contracts		**68.7**		145.3		**87.5**		487.6
Interest rate swaps	Interest rate swaps		**(8.4)**		(8.6)		**(11.8)**		(8.6)
Interest rate swaps									
Interest rate swaps									
Other contracts	Other contracts		**(0.3)**		1.6		**1.5**		(8.2)
Total gain		**$**	**54.8**	$	99.0	**$**	**72.3**	$	433.9
Other contracts									
Other contracts									
Total gain (loss)									
Total gain (loss)									
Total gain (loss)									
Net loan servicing revenue:	**Net loan servicing revenue:**								
Net loan servicing revenue:									
Net loan servicing revenue:									
Forward contracts									
Forward contracts									
Forward contracts	Forward contracts	**$**	**(19.2)**	$	(18.0)	**$**	**(34.0)**	$	(60.9)
Futures contracts	Futures contracts		**(2.4)**		2.4		**12.3**		(41.5)
Futures contracts									
Futures contracts									
Interest rate swaps	Interest rate swaps		**(82.4)**		(52.8)		**(100.0)**		(52.8)
Total loss		**$**	**(104.0)**	$	(68.4)	**$**	**(121.7)**	$	(155.2)
Interest rate swaps									
Interest rate swaps									
Total (loss) gain									
Total (loss) gain									
Total (loss) gain									

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 September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023, and September 30, 2022 March 31, 2023 collateral pledged by the Company to counterparties for its derivatives totaled $72 million $146 million, $11 million $216 million, and $23 million $33 million, respectively.

12. 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 and summarizes the weighted average common shares excluded from the diluted EPS calculation due to their antidilutive effect: EPS:

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	**2023**	2022	**2024**	2023
		(in millions, except per share amounts)				*(in millions, except per share amounts)*	
Weighted average shares - basic	Weighted average shares - basic	**108.3**	107.5	**108.3**	107.0		
Dilutive effect of stock awards	Dilutive effect of stock awards	**0.2**	0.4	**0.1**	0.4		
Weighted average shares - diluted	Weighted average shares - diluted	**108.5**	107.9	**108.4**	107.4		
Net income available to common stockholders	Net income available to common stockholders	**$213.4**	$260.8	**$564.9**	$754.7		
Earnings per Common Share:	**Earnings per Common Share:**						
Earnings per Common Share:							
Earnings per Common Share:							
Basic							
Basic							
Basic	Basic	**$ 1.97**	$ 2.43	**$ 5.22**	$ 7.06		
Diluted	Diluted	**1.97**	2.42	**5.21**	7.03		
Antidilutive restricted stock outstanding		**—**	—	**0.1**	—		

13. INCOME TAXES

The Company's effective tax rate was 22.1% 23.5% and 19.9% 23.0% for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. For the nine months ended September 30, 2023 and 2022, the Company's effective tax rate was 20.5% and 19.7%, respectively. 2023, respectively. The increase in the three-month and nine-month effective tax rate was primarily due to an increase in nondeductible discrete items. insurance premiums and shortfalls from stock compensation expense in 2024.

As of September 30, 2023 March 31, 2024, the net DTA balance totaled $365 million $300 million, an an increase of $54 million $13 million from $311 million $287 million at December 31, 2022 December 31, 2023. This overall increase in the net DTA was primarily the result of a decrease in the fair market value of AFS securities and a decrease to MSR deferred tax liabilities. securities.

Although realization is not assured, the Company believes that the realization of the recognized deferred tax asset of $365 million $300 million at September 30, 2023 March 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.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company Company had no deferred tax valuation allowance.

LIHTC and renewable energy projects

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

Investments in LIHTC and renewable energy totaled $545 million $553 million and $624 million $573 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Unfunded LIHTC and renewable energy obligations are included in Other liabilities on the Consolidated Balance Sheet and totaled $332 million $308 million and $398 million $322 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. For the three months ended September 30, 2023 March 31, 2024 and 2022, $27.9 million 2023, $18.6 million and $16.8 million, respectively, of amortization related to LIHTC investments was recognized as a component of income tax expense. For the nine months ended September 30, 2023 and 2022, $66.9 million and $45.6 million $11.3 million, respectively, of amortization related to LIHTC investments was recognized as a component of income tax expense.

14. 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. Typically, letters of credit issued have expiration dates within one year.

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

		September 30, 2023	December 31, 2022	**March 31, 2024**	December 31, 2023
		(in millions)		*(in millions)*	
Commitments to extend credit, including unsecured loan commitments of $1,024 at September 30, 2023 and $1,209 at December 31, 2022		**$ 14,148**	$ 18,674		
Commitments to extend credit, including unsecured loan commitments of $937 at March 31, 2024 and $989 at December 31, 2023					
Credit card commitments and financial guarantees	Credit card commitments and financial guarantees	**414**	379		
Letters of credit, including unsecured letters of credit of $4 at September 30, 2023 and $7 at December 31, 2022		**246**	265		
Letters of credit, including unsecured letters of credit of $6 at March 31, 2024 and $4 at December 31, 2023					
Total	Total	**$ 14,808**	$ 19,318		

Commitments to extend credit are agreements to lend to a customer provided that 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. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company

upon extension of credit, is based on management's credit evaluation of the party. The commitments are collateralized by the same types of assets used as loan collateral.

The Company has exposure to credit losses from unfunded commitments and letters of credit. As funds have not been disbursed on these commitments, they are not reported as loans outstanding. Credit losses related to these commitments are included in Other liabilities as a separate loss contingency and are not included in the ACL reported in "Note 4. Loans, Leases and Allowance for Credit Losses" of these Notes to Unaudited Consolidated Financial Statements. This loss contingency for unfunded loan commitments and letters of credit was $38 million $33 million and $47 million $32 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Changes to this liability are adjusted through the provision for credit losses in the Consolidated Income Statement.

Commitments to Invest in Renewable Energy Projects

The Company has off-balance sheet commitments to invest in renewable energy projects, as described in "Note 13. Income Taxes" of these Notes to Unaudited Consolidated Financial Statements, subject to the underlying project meeting certain milestones. These conditional commitments totaled $70 million $38 million and $117 million $32 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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 39% and 38% of the Company's HFI loan portfolio as of March 31, 2024 and December 31, 2023, respectively. The Company's loan portfolio includes significant credit exposure to the CRE market. As of March 31, 2024 and December 31, 2023, CRE related loans accounted for approximately 32% and 33% of total loans, respectively. Approximately 16% of CRE loans, excluding construction and land loans, were owner-occupied as of March 31, 2024 and December 31, 2023. No borrower relationships at both the commitment and funded loan level exceeded 5% of total loans HFI as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The Company does not have a single external customer from which it derives 10% or more of its revenues. Commercial and industrial loans made up 37% and 40% of total HFI loans as of September 30, 2023 and December 31, 2022, respectively. The Company's loan portfolio also includes credit exposure to the CRE market. As of September 30, 2023 and December 31, 2022, CRE non-owner occupied loans accounted for approximately 20% and 18% of total loans HFI, respectively. In addition, approximately $2.6 billion, or 5.3%, of total loans HFI consisted of CRE non-owner occupied office loans as of September 30, 2023, compared to $2.4 billion, or 4.6%, as of December 31, 2022. These office loans primarily consist of shorter-term bridge loans that enable borrowers to reposition or redevelop projects, with the vast majority located in suburban locations. Construction and land loans were 9% and 8% of total loans HFI as of September 30, 2023 and December 31, 2022, respectively.

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.

Lease Commitments

The Company has operating leases under which it leases its branch offices, corporate headquarters, and other offices, and data facility centers. offices. Operating lease costs totaled $7.0 million and $21.5 million during the three and nine months ended September 30, 2023 March 31, 2024, compared to $6.2 million and $18.3 million $7.4 million for the three and nine months ended September 30, 2022 March 31, 2023. Other lease costs, which include common area maintenance, parking, and taxes, and were included as occupancy expense, totaled $1.5 million and $4.0 million during the three and nine months ended September 30, 2023 March 31, 2024, compared to $1.2 million and $3.3 million $1.3 million for the three and nine months ended September 30, 2022 March 31, 2023.

15. FAIR VALUE ACCOUNTING

The fair value of an asset or liability is the price that would be received to sell that the asset or paid to transfer that 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 that 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).

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 that 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. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein. A more detailed description of the valuation methodologies used for assets and liabilities measured at fair value is set forth below.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
		(in millions)		
Unrealized (losses) gains	**$ (1.6)**	$ 2.1	**$ 3.6**	$ 7.7
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
	(in millions)			
	(in millions)			
	(in millions)			
Unrealized losses				
Changes included in OCI, net of tax / Changes included in OCI, net of tax	**(1.2)**	1.6	**2.7**	5.8
Changes included in OCI, net of tax				
Changes included in OCI, net of tax				

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 and common stock and CRA investments are reported at fair value primarily 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 that 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 purchase and sales 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 the estimated pull-through rate. 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, 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 that it will pay the debt according to its contractual terms.

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

	Fair Value Measurements at the End of the Reporting Period Using: Quoted Prices in Active Markets for Identical Assets (Level 1)		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
March 31, 2024		March 31, 2024	(in millions)			

September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
	(in millions)			
Assets:				
Assets:				
Assets: **Assets:**				
Available-for-sale debt securities **Available-for-sale debt securities**				
CLO	$ —	$ 2,165	$ —	$2,165
Commercial MBS issued by GSEs	—	199	—	199
Corporate debt securities	—	360	—	360
Private label residential MBS	—	1,068	—	1,068
Residential MBS issued by GSEs	—	1,858	—	1,858
Tax-exempt	—	775	—	775
Available-for-sale debt securities				
Available-for-sale debt securities				

U.S. Treasury securities	U.S. Treasury securities	3,198	—	—	3,198
U.S. Treasury securities					
U.S. Treasury securities					
Residential MBS issued by GSEs					
Private label residential MBS					
Tax-exempt					
Commercial MBS issued by GSEs					
Corporate debt securities					
Corporate debt securities					
Corporate debt securities					
Other	Other	28	38	—	66
Total AFS debt securities	Total AFS debt securities	$ 3,226	$ 6,463	$ —	$ 9,689
Equity securities	**Equity securities**				
Preferred stock					
Preferred stock					
Preferred stock					
CRA investments	CRA investments	24	—	—	24
Preferred stock		97	—	—	97
Total equity securities	Total equity securities	$ 121	$ —	$ —	$ 121
Loans HFS (2)	Loans HFS (2)	$ —	$ 1,731	$ 3	$ 1,734
MSRs	MSRs	—	—	1,233	1,233
Derivative assets (1)	Derivative assets (1)	—	192	3	195
Liabilities:	**Liabilities:**				
Junior subordinated debt (3)	Junior subordinated debt (3)	$ —	$ —	$ 59	$ 59
Junior subordinated debt (3)					
Junior subordinated debt (3)					
Derivative liabilities (1)	Derivative liabilities (1)	—	41	6	47

(1) See "Note 11. Derivatives and Hedging Activities." In addition, the carrying value of loans is decreased by $128 million $66 million as of September 30, 2023 March 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 $66 million $139 million and $25 million $8 million, respectively.

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

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

		Fair Value Measurements at the End of the Reporting Period Using:					Fair Value Measurements at the End of the Reporting Period Using:			
		Quoted Prices in Active Markets for Identical Assets (Level 1)					Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
December 31, 2023						December 31, 2023	(in millions)			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value					
December 31, 2022		(in millions)								
Assets:										
Assets:										
Assets:	Assets:									
Available-for-sale debt securities	Available-for-sale debt securities									
Available-for-sale debt securities										
Available-for-sale debt securities										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. Treasury securities										
Residential MBS issued by GSEs										
CLO	CLO	$ —	$ 2,706	$ —	$2,706					
Private label residential MBS										
Tax-exempt										
Commercial MBS issued by GSEs	Commercial MBS issued by GSEs	—	97	—	97					
Corporate debt securities	Corporate debt securities	—	390	—	390					
Private label residential MBS		—	1,199	—	1,199					
Residential MBS issued by GSEs		—	1,740	—	1,740					
Tax-exempt		—	891	—	891					
Other										
Other										
Other	Other	24	45	—	69					

Total AFS debt securities	Total AFS debt securities	$ 24	$ 7,068	$ —	$7,092
Equity securities	Equity securities				
Common stock		$ 3	$ —	$ —	$ 3
Preferred stock					
Preferred stock					
Preferred stock					
CRA investments	CRA investments	24	25	—	49
Preferred stock		108	—	—	108
CRA investments					
CRA investments					
Total equity securities	Total equity securities	$ 135	$ 25	$ —	$ 160
Loans - HFS (2)	Loans - HFS (2)	$ —	$ 1,172	$ 1	$1,173
Mortgage servicing rights	Mortgage servicing rights	—	—	1,148	1,148
Derivative assets (1)	Derivative assets (1)	—	42	5	47
Liabilities:	Liabilities:				
Junior subordinated debt (3)	Junior subordinated debt (3)	$ —	$ —	$ 63	$ 63
Junior subordinated debt (3)					
Junior subordinated debt (3)					
Derivative liabilities (1)	Derivative liabilities (1)	—	36	3	39

(1) See "Note 11. Derivatives and Hedging Activities." In addition, the carrying value of loans is decreased increased by $17 million $6 million as of December 31, 2022 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 $4 million $202 million and $1 million, $(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		
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
	(in millions)			
	Junior Subordinated Debt			
	Junior Subordinated Debt			
	Junior Subordinated Debt			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
	(in millions)			
	(in millions)			
	(in millions)			
Beginning balance / Beginning balance	**$ (57.3)**	$ (61.8)	**$ (62.5)**	$ (67.4)

Change in fair value (1)	Change in fair value (1)	**(1.6)**	2.1	**3.6**	7.7
Change in fair value (1)					
Change in fair value (1)					
Ending balance	Ending balance	**$ (58.9)**	$ (59.7)	**$ (58.9)**	$ (59.7)
Ending balance					
Ending balance					

(1) Unrealized (losses) gains losses attributable to changes in the fair value of junior subordinated debt are recorded in OCI, net of tax, and totaled $(1.2) $(0.5) million and $1.6 million $(1.1) million for three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $2.7 million and $5.8 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

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

	September 30, 2023	Valuation Technique	Significant Unobservable Inputs	Input Value
	(in millions)			
Junior subordinated debt	**$ 59**	**Discounted cash flow**	**Implied credit rating of the Company**	**9.88 %**

	March 31, 2024	Valuation Technique	Significant Unobservable Inputs	Input Value
	(in millions)			
Junior subordinated debt	**$ 64**	**Discounted cash flow**	**Implied credit rating of the Company**	**8.73 %**

	December 31, 2022	Valuation Technique	Significant Unobservable Inputs	Input Value
	(in millions)			
Junior subordinated debt	$ 63	Discounted cash flow	Implied credit rating of the Company	8.13 %

	December 31, 2023	Valuation Technique	Significant Unobservable Inputs	Input Value
	(in millions)			
Junior subordinated debt	$ 63	Discounted cash flow	Implied credit rating of the Company	8.92 %

The significant unobservable inputs used in the fair value measurement of the Company's junior subordinated debt as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was the implied credit risk for the Company. The As of March 31, 2024 and December 31, 2023,

the implied credit risk spread as of

September 30, 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, 2022, the implied credit risk spread was calculated as the difference between the average of the 15-year 'BB' and 'BBB' rated financial indexes over the corresponding swap index.

As of September 30, 2023 March 31, 2024, the Company estimates the discount rate at 9.88% 8.73%, which represents an implied credit spread of 4.48% 3.43% plus three-month SOFR (5.40% (5.30%). As of December 31, 2022 December 31, 2023, the Company estimated the discount rate at 8.13% 8.92%, which was a 3.36% 3.59% credit spread plus three-month LIBOR (4.77% 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:

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	MSRs	Net IRLCs (1)	MSRs	Net IRLCs (1)
		(in millions)		
	Three Months Ended March 31, 2024			
	Three Months Ended March 31, 2024			
	Three Months Ended March 31, 2024			

		MSRs			
		MSRs			
		MSRs			
			(in millions)		
			(in millions)		
			(in millions)		
Balance, beginning of period	Balance, beginning of period	**$ 1,007**	**$ 2**	**$ 1,148**	**$ 2**
Purchases and additions	Purchases and additions	**266**	**4,616**	**653**	**11,772**
Purchases and additions					
Purchases and additions					
Sales and payments					
Sales and payments					
Sales and payments	Sales and payments	**(112)**	**—**	**(611)**	**—**
Settlement of IRLCs upon acquisition or origination of loans HFS	Settlement of IRLCs upon acquisition or origination of loans HFS	**—**	**(4,619)**	**—**	**(11,773)**
Settlement of IRLCs upon acquisition or origination of loans HFS					
Settlement of IRLCs upon acquisition or origination of loans HFS					
Change in fair value	Change in fair value	**98**	**(2)**	**114**	**(4)**
Mark to market adjustments		**—**	**—**	**4**	**—**
Change in fair value					
Change in fair value					
Realization of cash flows					
Realization of cash flows					
Realization of cash flows	Realization of cash flows	**(26)**	**—**	**(75)**	**—**
Balance, end of period	Balance, end of period	**$ 1,233**	**$ (3)**	**$ 1,233**	**$ (3)**
Balance, end of period					
Balance, end of period					
Changes in unrealized gains for the period (2)	Changes in unrealized gains for the period (2)	**$ 97**	**$ (3)**	**$ 128**	**$ (3)**
Changes in unrealized gains for the period (2)					
Changes in unrealized gains for the period (2)					

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	MSRs	Net IRLCs (1)	MSRs	Net IRLCs (1)
		(in millions)		
	Three Months Ended March 31, 2023			
	Three Months Ended March 31, 2023			
	Three Months Ended March 31, 2023			
	MSRs			
	MSRs			
	MSRs			

		(in millions)			
		(in millions)			
		(in millions)			
Balance, beginning of period	Balance, beginning of period	$ 826	$ 12	$ 698	$ 9
Purchases and additions	Purchases and additions	180	5,205	578	16,104
Purchases and additions					
Purchases and additions					
Sales and payments					
Sales and payments					
Sales and payments	Sales and payments	—	—	(350)	—
Settlement of IRLCs upon acquisition or origination of loans HFS	Settlement of IRLCs upon acquisition or origination of loans HFS	—	(5,235)	—	(16,099)
Settlement of IRLCs upon acquisition or origination of loans HFS					
Settlement of IRLCs upon acquisition or origination of loans HFS					
Change in fair value	Change in fair value	63	(10)	206	(42)
Change in fair value					
Change in fair value					
Mark to market adjustments					
Mark to market adjustments					
Mark to market adjustments					
Realization of cash flows					
Realization of cash flows					
Realization of cash flows	Realization of cash flows	(25)	—	(88)	—
Balance, end of period	Balance, end of period	$ 1,044	$ (28)	$ 1,044	$ (28)
Balance, end of period					
Balance, end of period					
Changes in unrealized gains for the period (2)	Changes in unrealized gains for the period (2)	$ 62	$ (28)	$ 150	$ (28)
Changes in unrealized gains for the period (2)					
Changes in unrealized gains for the period (2)					

(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	Range		Weighted average
		September 30, 2023 March 31, 2024		
MSRs:	Option adjusted spread (in basis points)	(43) - 297	88 - 252	233 213
	Conditional prepayment rate (1)	9.1% - 22.0%	8.6% - 18.4%	16.1 13.7% %
	Recapture rate	20.0% - 20.0%		20 20.0% %
	Servicing fee rate (in basis points)	25.0 - 56.5		33.9 38.4
	Cost to service	$75 - $95	$93 - $100	$ 94 86
IRLCs:	Servicing fee multiple	3.5 - 5.7	3.2 - 5.8	4.5 4.6
	Pull-through rate	76% 68% - 100%		86 91% %

Asset/liability	Key inputs	Range		Weighted average	
		December 31, 2022 2023			
MSRs:	Option adjusted spread (in basis points)	29 - 253	190 - 621	213	378
	Conditional prepayment rate (1)	9.5% - 23.9%	8.5% - 18.5%	17.4 13.4% %	
	Recapture rate	20.0% - 20.0%		20.0 20.0% %	
	Servicing fee rate (in basis points)	25.0 - 56.5		35.6 33.2	
	Cost to service	$93 - $100	$87 - $94		$90 95
IRLCs:	Servicing fee multiple	3.2 - 5.4	2.9 - 5.5		4.3
	Pull-through rate	69% 68% - 100%		89 89% %	

(1) Lifetime total prepayment speed annualized.

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

	September 30, 2023			December 31, 2022		
	Fair value	UPB	Difference	Fair value	UPB	Difference
	(in millions)					
	March 31, 2024 Fair value					
	(in millions)					
Loans HFS: Loans HFS:						
Current through 89 days delinquent						
Current through 89 days delinquent						
Current through 89 days delinquent Current through 89 days delinquent	$ 1,732	$1,705	$ 27	$1,172	$1,138	$ 34
90 days or more delinquent 90 days or more delinquent	2	3	(1)	1	1	—

	March 31, 2024			December 31, 2023		
	Fair value	UPB	Difference	Fair value	UPB	Difference
	(in millions)					

Total	Total	$ 1,734	$1,708	$ 26	$1,173	$1,139	$ 34

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				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)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Active Markets for Similar Assets (Level 2)	Unobservable Inputs (Level 3)
		(in millions)				*(in millions)*			
As of September 30, 2023:									
As of March 31, 2024:									
Loans HFI									
Loans HFI									
Loans HFI	Loans HFI	**$367**	**$ —**	**$ —**	**$ 367**				
Other assets acquired through foreclosure	Other assets acquired through foreclosure	**8**	**—**	**—**	**8**				
As of December 31, 2022:									
As of December 31, 2023:									
Loans HFI									
Loans HFI									
Loans HFI	Loans HFI	$295	$ —	$ —	$ 295				
Other assets acquired through foreclosure	Other assets acquired through foreclosure	11	—	—	11				

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:

	September 30, 2023 March 31, 2024	Valuation Technique(s)		Significant Unobservable Inputs	Range
	(in millions)				
Loans HFI	$ 367 441	Collateral method	Third party appraisal	Costs to sell	6.0% to 10.0%
		Discounted cash flow method	Discount rate	Contractual loan rate	3.0% to 8.0%
			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%

	December 31, 2022 2023	Valuation Technique(s)		Significant Unobservable Inputs	Range
	(in millions)				
Loans HFI	$ 295 379	Collateral method	Third party appraisal	Costs to sell	6.0% to 10.0%
		Discounted cash flow method	Discount rate	Contractual loan rate	3.0% to 8.0%
			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	11 8	Collateral method	Third party appraisal	Costs to sell	4.0% to 10.0%

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

Total Level 3 collateral dependent loans had an estimated fair value of $367 million $441 million and $295 million $379 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, net of a specific ACL of $5 million $3 million and $7 million $10 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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 $8 million and $11 million of such assets at September 30, 2023 March 31, 2024 and December 31, 2022, respectively. December 31, 2023.

Fair Value of Financial Instruments

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

		September 30, 2023				
			Fair Value			
		Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
		(in millions)				
		March 31, 2024				
		Carrying Amount	**Level 1**			
		(in millions)				
		March 31, 2024				
			Fair Value			
		Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
		(in millions)				
Financial assets:	**Financial assets:**					
Investment securities:	Investment securities:					
Investment securities:						
Investment securities:						
HTM						
HTM						
HTM	HTM	**$ 1,401**	**$ —**	**$ 1,140**	**$ —**	**$ 1,140**
AFS	AFS	**9,689**	**3,226**	**6,463**	**—**	**9,689**
Equity	Equity	**121**	**121**	**—**	**—**	**121**

			Carrying Amount		Level 1		Level 2		Level 3		Total
Derivative assets (1)	Derivative assets (1)		**195**		**—**		**192**		**3**		**195**
Loans HFS	Loans HFS		**1,766**		**—**		**1,743**		**22**		**1,765**
Loans HFI, net	Loans HFI, net		**49,120**		**—**		**—**		**45,202**		**45,202**
Mortgage servicing rights	Mortgage servicing rights		**1,233**		**—**		**—**		**1,233**		**1,233**
Accrued interest receivable	Accrued interest receivable		**348**		**—**		**348**		**—**		**348**
Financial liabilities:	**Financial liabilities:**										
Deposits	Deposits	**$**	**54,287**	**$**	**—**		**$54,297**	**$**	**—**		**$54,297**
Deposits											
Deposits											
Other borrowings	Other borrowings		**8,745**		**—**		**8,659**		**—**		**8,659**
Qualifying debt	Qualifying debt		**890**		**—**		**680**		**71**		**751**
Derivative liabilities (1)	Derivative liabilities (1)		**47**		**—**		**41**		**6**		**47**
Accrued interest payable	Accrued interest payable		**176**		**—**		**176**		**—**		**176**

(1) Derivative assets and liabilities exclude margin of $66 million $139 million and $25 million $8 million, respectively.

		December 31, 2022								
			Fair Value							
		Carrying Amount	Level 1		Level 2		Level 3		Total	
		(in millions)								
		December 31, 2023								
		Carrying Amount	Level 1							
		(in millions)								

	December 31, 2023				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
	(in millions)				

Financial assets:	**Financial assets:**										
Investment securities:	Investment securities:										
Investment securities:											
Investment securities:											
HTM											
HTM											
HTM	HTM	$	1,289	$	—	$	1,112	$	—	$	1,112
AFS	AFS		7,092		24		7,068		—		7,092
Equity securities	Equity securities		160		135		25		—		160
Derivative assets (1)	Derivative assets (1)		51		—		42		5		47

Loans HFS	Loans HFS	1,184	—	1,172	1	1,173
Loans HFI, net	Loans HFI, net	51,552	—	—	47,679	47,679
Mortgage servicing rights	Mortgage servicing rights	1,148	—	—	1,148	1,148
Accrued interest receivable	Accrued interest receivable	357	—	357	—	357
Financial liabilities:	**Financial liabilities:**					
Deposits	Deposits	$ 53,644	$ —	$ 54,297	$ —	$ 54,297
Deposits						
Deposits						
Other borrowings	Other borrowings	6,299	—	6,261	—	6,261
Qualifying debt	Qualifying debt	893	—	735	75	810
Derivative liabilities (1)	Derivative liabilities (1)	40	—	36	3	39
Accrued interest payable	Accrued interest payable	35	—	35	—	35

(1) Derivative assets and liabilities exclude margin of $4 million $202 million and $1 million, $(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 net interest income 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 that 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

16. SEGMENTS

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

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

The Company's segment reporting process begins with the assignment of all loan and deposit accounts directly to the segments where these products are originated and/or serviced. Equity capital is assigned to each segment based on the risk profile of their assets and liabilities. With the exception of goodwill, which is assigned a 100% weighting, equity capital allocations ranged from 0% to 20% during the year. period. Any excess or deficient equity not allocated to segments based on risk is assigned to the Corporate & Other segment.

Net interest income, provision for credit losses, and non-interest expense amounts are recorded in their respective segments to the extent that 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 following is a summary of operating segment information for the periods indicated:

Balance Sheet:	Balance Sheet:	Consolidated Company	Commercial	Consumer Related	Corporate & Other	Balance Sheet:	Consolidated Company	Commercial	Consumer Related	Corporate & Other
At September 30, 2023:			*(in millions)*							
At March 31, 2024:						At March 31, 2024:		*(in millions)*		
Assets:	Assets:									
Cash, cash equivalents, and investment securities		$ 14,920	$ 11	$ 125	$ 14,784					
Cash, cash equivalents, and investments										
Cash, cash equivalents, and investments										
Cash, cash equivalents, and investments										
Loans HFS	Loans HFS	1,766	—	1,766	—					
Loans HFI, net of deferred fees and costs	Loans HFI, net of deferred fees and costs	49,447	28,720	20,727	—					
Less: allowance for credit losses	Less: allowance for credit losses	(327)	(277)	(50)	—					
Net loans HFI	Net loans HFI	49,120	28,443	20,677	—					
Other assets acquired through foreclosure, net	Other assets acquired through foreclosure, net	8	8	—	—					
Goodwill and other intangible assets, net	Goodwill and other intangible assets, net	672	292	380	—					
Other assets	Other assets	4,405	409	1,902	2,094					

Total assets	Total assets	$ 70,891	$ 29,163	$ 24,850	$ 16,878
Liabilities:	**Liabilities:**				
Deposits					
Deposits					
Deposits	Deposits	$ 54,287	$ 22,643	$ 25,094	$ 6,550
Borrowings and qualifying debt	Borrowings and qualifying debt	9,635	9	2,164	7,462
Other liabilities	Other liabilities	1,223	136	264	823
Total liabilities	Total liabilities	65,145	22,788	27,522	14,835
Allocated equity:	**Allocated equity:**	5,746	2,672	1,805	1,269
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	$ 70,891	$ 25,460	$ 29,327	$ 16,104
Excess funds provided (used)	Excess funds provided (used)	—	(3,703)	4,477	(774)
Income Statement:	**Income Statement:**				
Three Months Ended September 30, 2023:			*(in millions)*		
Income Statement:					
Income Statement:					
Three Months Ended March 31, 2024:					
Three Months Ended March 31, 2024:					
Three Months Ended March 31, 2024:					*(in millions)*
Net interest income	Net interest income	$ 587.0	$ 331.5	$ 243.8	$ 11.7
Provision for (recovery of) credit losses	Provision for (recovery of) credit losses	12.1	14.1	(3.0)	1.0
Net interest income after provision for credit losses	Net interest income after provision for credit losses	574.9	317.4	246.8	10.7
Non-interest income	Non-interest income	129.2	25.9	89.4	13.9
Non-interest expense	Non-interest expense	426.2	147.2	267.3	11.7
Income before income taxes	Income before income taxes	277.9	196.1	68.9	12.9
Income tax expense (benefit)	Income tax expense (benefit)	61.3	64.9	28.8	(32.4)
Net income		$ 216.6	$ 131.2	$ 40.1	$ 45.3

Net income (loss)				
Nine Months Ended September 30, 2023:		*(in millions)*		
Net interest income	**$ 1,747.2**	**$ 1,077.5**	**$ 647.8**	**$ 21.9**
Provision for credit losses	**53.3**	**29.7**	**0.4**	**23.2**
Net interest income (expense) after provision for credit losses	**1,693.9**	**1,047.8**	**647.4**	**(1.3)**
Non-interest income	**190.2**	**(40.1)**	**226.6**	**3.7**
Non-interest expense	**1,161.5**	**430.9**	**691.6**	**39.0**
Income (loss) before provision for income taxes	**722.6**	**576.8**	**182.4**	**(36.6)**
Income tax expense (benefit)	**148.1**	**125.1**	**39.4**	**(16.4)**
Net income (loss)	**$ 574.5**	**$ 451.7**	**$ 143.0**	**$ (20.2)**

Balance Sheet:	**Balance Sheet:**	**Consolidated Company**	**Commercial**	**Consumer Related**	**Corporate**
At December 31, 2022:			*(in millions)*		
At December 31, 2023:					
Assets:	**Assets:**				
Cash, cash equivalents, and investment securities		$ 9,803	$ 12	$ —	$ 9,791
Cash, cash equivalents, and investments					
Cash, cash equivalents, and investments					
Cash, cash equivalents, and investments					
Loans held for sale	Loans held for sale	1,184	—	1,184	—
Loans, net of deferred fees and costs	Loans, net of deferred fees and costs	51,862	31,414	20,448	—
Less: allowance for credit losses	Less: allowance for credit losses	(310)	(262)	(48)	—
Total loans	Total loans	51,552	31,152	20,400	—
Other assets acquired through foreclosure, net	Other assets acquired through foreclosure, net	11	11	—	—
Goodwill and other intangible assets, net	Goodwill and other intangible assets, net	680	293	387	—

Balance Sheet:	**Consolidated Company**	**Commercial**	**Consumer Related**	**Corporate**
At December 31, 2023:		*(in millions)*		

Other assets	Other assets	4,504	435	2,180	1,889
Total assets	Total assets	$ 67,734	$ 31,903	$ 24,151	$ 11,680
Liabilities:	**Liabilities:**				
Deposits					
Deposits					
Deposits	Deposits	$ 53,644	$ 29,494	$ 18,492	$ 5,658
Borrowings and qualifying debt	Borrowings and qualifying debt	7,192	27	340	6,825
Other liabilities	Other liabilities	1,542	83	656	803
Total liabilities	Total liabilities	62,378	29,604	19,488	13,286
Allocated equity:	**Allocated equity:**	5,356	2,684	1,691	981
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	$ 67,734	$ 32,288	$ 21,179	$ 14,267
Excess funds provided (used)	Excess funds provided (used)	—	385	(2,972)	2,587
Income Statements:	**Income Statements:**				
Three Months Ended September 30, 2022:			*(in millions)*		
Income Statements:					
Income Statements:					
Three Months Ended March 31, 2023:					
Three Months Ended March 31, 2023:					
Three Months Ended March 31, 2023:					*(in millions)*
Net interest income	Net interest income	$ 602.1	$ 413.0	$ 235.0	$ (45.9)
Provision for credit losses		28.5	19.9	7.6	1.0
Net interest income (expense) after provision for credit losses		573.6	393.1	227.4	(46.9)
Provision for (recovery of) credit losses					
Net interest income after provision for credit losses					
Non-interest income	Non-interest income	61.8	16.1	44.2	1.5
Non-interest expense	Non-interest expense	305.8	111.0	178.4	16.4

Income (loss) before income taxes	Income (loss) before income taxes	329.6	298.2	93.2	(61.8)
Income tax expense (benefit)	Income tax expense (benefit)	65.6	71.0	22.3	(27.7)
Net income (loss)	**Net income (loss)**	$ 264.0	$ 227.2	$ 70.9	$ (34.1)
Nine Months Ended September 30, 2022:			*(in millions)*		
Net interest income		$ 1,576.6	$ 1,118.3	$ 637.7	$ (179.4)
Provision for (recovery of) credit losses		65.0	53.1	12.9	(1.0)
Net interest income (expense) after provision for credit losses		1,511.6	1,065.2	624.8	(178.4)
Non-interest income		263.1	51.0	198.0	14.1
Non-interest expense		823.3	341.4	442.5	39.4
Income (loss) before income taxes		951.4	774.8	380.3	(203.7)
Income tax expense (benefit)		187.1	184.4	90.8	(88.1)
Net income (loss)		$ 764.3	$ 590.4	$ 289.5	$ (115.6)

17. 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, success fees, and legal settlement service fees. These revenues totaled $29.6 million $13.5 million and $9.0 million $14.0 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $67.9 million and $34.6 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. The Company had no material unsatisfied performance obligations as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

18. MERGERS, ACQUISITIONS AND DISPOSITIONS

Acquisition of Digital Disbursements

On January 25, 2022, the Company completed its acquisition of DST, doing business as Digital Disbursements, a digital payments platform for the class action legal industry. The acquisition of DST extended the Company's digital payment efforts by providing a digital payments platform for the class action market and broader legal industry.

This transaction was accounted for as a business combination under the acquisition method of accounting. Assets purchased and liabilities assumed were recorded at their respective acquisition date estimated fair values, which were final as of December 31, 2022.

Total consideration of $57.0 million, comprised of cash paid at closing of $50.6 million and contingent consideration with an estimated fair value of $6.4 million, was exchanged for all of the issued and outstanding membership interests of DST. The terms of the acquisition include a contingent consideration arrangement that is based on performance for the three year period subsequent to the acquisition. There is no required minimum or maximum payment amount specified under the terms of the contingent consideration agreement. The fair value of the contingent consideration recognized on the acquisition date was estimated using a discounted cash flow approach.

DST's results of operations have been included in the Company's results beginning January 25, 2022 and are reported as part of the Consumer Related segment. Acquisition and restructure expenses of $0.4 million for the nine months ended September 30, 2022 were included as a component of non-interest expense in the Consolidated Income Statement, all of which were acquisition related costs as defined by ASC 805.

The fair value amounts of identifiable assets acquired and liabilities assumed in the DST acquisition are as follows:

		January 25, 2022
		(in millions)
Assets acquired:		
Cash and cash equivalents	$	0.6
Identified intangible assets		20.1
Other assets		0.1
Total assets	$	20.8
Liabilities assumed:		
Other liabilities	$	0.4
Total liabilities		0.4
Net assets acquired	$	20.4
Consideration paid		
Cash	$	50.6
Contingent consideration		6.4
Total consideration	$	57.0
Goodwill	$	36.6

In connection with the acquisition, the Company acquired identifiable intangible assets totaling $20.1 million, as detailed in the table below:

		Acquisition Date Fair Value	Estimated Useful Life
		(in millions)	*(in years)*
Customer relationships	$	15.7	7
Developed technology		4.1	5
Trade name		0.3	10
Total	$	20.1	

Goodwill in the amount of $36.6 million was recognized, of which $31.8 million is expected to be deductible for tax purposes. Goodwill was allocated entirely to the Consumer Related segment and represents the strategic, operational, and financial benefits expected from the acquisition, including expansion of the Company's settlement services offerings, diversification of its revenue sources, and post-acquisition synergies from integrating Digital Disbursements, as well as the value of the acquired workforce.

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

This discussion is designed to provide insight into management's assessment of significant trends related to the Company's consolidated financial condition, results of operations, liquidity, capital resources, and interest rate sensitivity. This Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 and the interim Unaudited Consolidated Financial Statements and Notes to Unaudited Consolidated Financial Statements hereto and financial information appearing elsewhere in this report. Unless the context requires otherwise, the terms "Company," "we," and "our" refer to Western Alliance Bancorporation and its wholly-owned subsidiaries on a consolidated basis.

Forward-Looking Information

Certain statements contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including without limitation, statements regarding our expectations with respect to our business, financial and operating results, including our deposits, liquidity and funding, changes in economic conditions and the related impact on the Company's business, and statements that are related to or are dependent on estimates or assumptions relating to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts.

The forward-looking statements contained in this Form 10-Q reflect the Company's current views about future events and financial performance and involve certain risks, uncertainties, assumptions, and changes in circumstances that may cause the Company's actual results to differ significantly from historical results and those expressed in any forward-looking statement. Risks and uncertainties include those set forth in the Company's filings with the SEC and the following factors that could cause actual results to differ materially from those presented: 1) adverse financial market and economic conditions, including the effects of any recession in the United States, the impact of the bank failures that occurred earlier in 2023 and related adverse developments in the banking industry, the potential impact on borrowers of supply chain disruptions and the economic and market impacts of the military conflicts in Ukraine and the Middle East; 2) changes in interest rates and increased rate competition; 3) exposure of financial instruments to certain market risks that may increase the volatility of earnings and AOCI; 4) the inherent risk associated with accounting estimates, including the impact to the allowance, provision for credit losses, and capital levels; 5) exposure to natural and man-made disasters in markets that we operate and the impact of climate change and ESG practices on us and our customers; 6) the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts, geopolitical conflicts or public health events (such as the COVID-19 pandemic), and of governmental and societal responses thereto; 7) dependency on real estate and events that negatively impact the real estate market; 8) concentrations in certain business lines or product types within our loan portfolio; 9) residual risk retained by us on reference pools covered by credit linked notes; 10) exposure to environmental liabilities related to the properties to which we acquire title; 11) ability to compete in a highly competitive market; 12) expansion strategies through acquisitions or implementation of new lines of business or new products and services that may not be successful; 13) uncertainty associated with digital payment initiatives; 14) ability to recruit and retain qualified employees and implement adequate succession planning to mitigate the loss of key members of our senior management team; 15) ability to meet capital adequacy and liquidity requirements; 16) dependence on low-cost deposits; 17) risks related to representations and warranties made on third-party loan sales; 18) ability to borrow from the FHLB or the FRB; 19) a change in our creditworthiness; 20) information security breaches; 21) reliance on third parties to provide key components of our infrastructure; 22) perpetration of fraud; 23) ability to implement and improve our controls and processes to keep pace with growth; 24) the replacement discontinuation of LIBOR; or substantial changes to interest rate benchmarks utilized in our lending, borrowing and hedging activities; 25) risk of operating in a highly regulated industry and our ability to remain in compliance; 26) ability to adapt to technological change; 27) failure to comply with state and federal banking agency laws and regulations; 28) results of any tax audit findings, challenges to our tax positions, or adverse changes or interpretations of tax laws; and 29) risks related to ownership and price of our preferred and common stock; and 30) ability to continue to declare quarterly dividends.

For more information regarding risks that may cause the Company's actual results to differ materially from any forward-looking statements, see “Risk Factors” in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 and “Risk Factors” in Part II, Item 1A of this Form 10-Q. All forward-looking statements that are made or attributable to us are expressly qualified in their entirety by this cautionary notice. The forward-looking statements included herein are only made as of the date of this Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Recent Banking Industry and Market Developments

The bank failures that occurred in early 2023 caused significant disruption in the United States banking industry, particularly among mid-sized banks, such as the Company. The closures of these banks triggered a surge in deposit outflows and stock price volatility at many mid-sized banks. Banking Industry

In response to these bank failures, the FRB announced the BTFP, which offers 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. Under this program, the Bank has access to $1.3 billion in borrowing capacity. During the first quarter of November 2023, the Company drew $1.3 billion from the BTFP, all of which was outstanding at September 30, 2023.

Additionally, the Department of the Treasury, FRB, and FDIC issued approved a joint statement, which stated that losses to support uninsured deposits of those failed banks would be recovered via final rule implementing a special assessment on banks. The FDIC has proposed an annual special assessment rate to recover losses to the Deposit Insurance Fund associated with protecting uninsured depositors following the closures of approximately 12.5 basis points. Silicon Valley Bank and Signature Bank. The assessment base for the special assessments would be is equal to an institution's estimated uninsured deposits as of December 31, 2022, adjusted to exclude the first $5 billion from of estimated uninsured deposits. The special assessments would assessment will be collected over an eight-quarter collection period, at a quarterly special assessment rate of 3.13 3.36 basis points, with the first quarterly assessment period beginning on January 1, 2024. The comment period for amount of the proposal total special assessment is subject to adjustment and will not be finalized by the FDIC until after termination of the receiverships. The Company recognized a charge of $17.6 million during the three months ended March 31, 2024 due to an adjustment of the loss estimate.

Market Developments

The Company's loan portfolio includes significant credit exposure to the CRE market, with CRE related loans comprising approximately 32% and 33% of total loans at March 31, 2024 and December 31, 2023, respectively. Approximately 16% of CRE loans, excluding construction and land loans, were owner occupied at March 31, 2024 and December 31, 2023 and approximately 5% were non-owner occupied office loans at March 31, 2024 and December 31, 2023. As elevated focus on July 21, 2023, with a final rule expected later this year. If adopted as proposed, the evolving industry dynamics facing the CRE market have emerged over the past year, the Company expects has been proactive in establishing enhanced monitoring policies and procedures as it relates to recognize a one-time charge its CRE loans and has undertaken actions to limit growth of $62 million.

The recent volatility in the banking industry and other recent regulatory actions have had and may continue to have a material impact on the Company's operations, its CRE portfolio, as further discussed below.

Capital and liquidity in “Item 1. Business, Lending Activities – Asset Quality” in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. While the Company believes it has sufficient capital, funding, and access not incurred significant charge-offs on its CRE portfolio to contingent sources of liquidity, the Company has taken several actions to ensure the strength of its capital and liquidity position. These actions included disposition of selected assets, including $821 million of AFS securities and $4.3 billion of loans during the nine months ended September 30, 2023 and increasing its borrowing capacity with the FRB.

The Company's deposit balances stabilized as of March 20, 2023 and from such date, through September 30, 2023 deposits increased, and were up $643 million from December 31, 2022. The Company also strengthened its insured deposit ratio from 45% as of December 31, 2022 to 77% as of September 30, 2023. Insured and collateralized deposits as a percentage of total deposits was 82% at September 30, 2023 and 47% at December 31, 2022.

Financial position and results of operations

The Company's financial position and results of operations as of and for the nine months ended September 30, 2023 have been impacted by this disruption. Recent events in the banking industry contributed to the $53.3 million provision for credit losses recognized during the nine months ended September 30, 2023, of CRE market conditions may worsen, which $17.1 million related to a charge-off of a corporate debt security from a financial institution issuer. The Company's actions to strengthen its capital and liquidity position contributed to a $117.3 million pre-tax fair value loss adjustment primarily related to the transfer of loans to HFS, a loss of $26.0 million on sales of investment securities, and a $13.4 million gain on extinguishment of debt. The continued uncertainty regarding the severity and duration of the volatility in the banking industry and related economic effects may continue to affect the Company's estimate of its allowance for credit losses and resulting provision for credit losses. To the extent the impact of the recent banking industry volatility is prolonged and economic conditions worsen or persist longer than forecast, such estimates may be insufficient and may change significantly in the future. The Company's net interest margin also may be negatively impacted in future periods if the Company's borrowings remain elevated. These uncertainties and the economic environment will continue to affect earnings, growth, and may could result in deterioration of asset quality in the Company's loan and investment portfolios. this portfolio.

Depositors in the technology industry were generally considered to be the most impacted by these adverse events and may have greater sensitivity to the recent volatility in the banking industry with potentially longer recovery periods than other types of businesses. The Company's deposit exposure to the technology industry totaled $4.1 billion, or 7.6% of total deposits, as of September 30, 2023.

Asset valuation

Sustained declines in the Company's stock price and/or other liquidity related impacts, such as increases in deposit outflows, could give rise to triggering events in the future that could result in a write-down in the value of our goodwill, which could have a material adverse impact on our results of operations.

Financial Overview and Highlights

WAL is a bank holding company headquartered in Phoenix, Arizona, incorporated under the laws of the state of Delaware. WAL provides a full spectrum of customized loan, deposit and treasury management capabilities, including 24/7 funds transfer and other digital payment offerings through its wholly-owned banking subsidiary, WAB.

WAB operates the following full-service banking divisions: ABA, BON and FIB, Bridge, and TPB. The Company also provides an array of specialized financial services across the country, including mortgage banking services through AmeriHome and digital payment services for the class action legal industry through DST. industry.

Financial Results Highlights for the Third First Quarter of 2023 2024

- Net income available to common stockholders of $213.4 million $174.2 million, compared to $260.8 million $139.0 million for the third first quarter 2022 2023
- Diluted earnings per share of $1.97, $1.60, compared to $2.42 $1.28 per share for the third first quarter 2022 2023
- Net revenue of $716.2 million $728.8 million, compared to $663.9 million $551.9 million for the third first quarter 2022, 2023, with non-interest expense of $426.2 million $481.8 million, compared to $305.8 million $347.9 million for the third first quarter 2022 2023
- PPNR of $290.0 million $247.0 million, down 19.0% up 21.1% from $358.1 million $204.0 million in the third first quarter 2022 2023[1]
- Total loans HFI of $49.4 billion $50.7 billion, down $2.4 billion up $403 million, or 4.7% 0.8%, from December 31, 2022 December 31, 2023
- Total deposits of $54.3 billion $62.2 billion, up $643 million $6.9 billion, or 1.2% 12.5%, from December 31, 2022 December 31, 2023
- Stockholders' equity of $5.7 billion $6.2 billion, an increase of $390 million $94 million from December 31, 2022 December 31, 2023
- Nonperforming assets (nonaccrual loans and repossessed assets) increased to 0.35% 0.53% of total assets compared to 0.15% 0.17% at September 30, 2022 March 31, 2023
- Annualized net loan charge-offs (recoveries) to average loans outstanding of 0.07% 0.08%, compared to (0.02)% 0.05% for the third first quarter 2022 2023
- Net interest margin of 3.67% 3.60%, decreased from 3.78% 3.79% in the third first quarter 2022 2023
- Tangible common equity ratio of 6.8%, an increase compared compared to 5.9% 6.5% at September 30, 2022 March 31, 2023[1]
- Book value per common share of $49.78, $53.33, an increase of 14.7% 11.8% from $43.39 $47.72 at September 30, 2022 March 31, 2023
- Tangible book value per share, net of tax, of $43.66, $47.30, an increase of $6.50, $5.74, or 17.5% 13.8%, from $37.16 $41.56 at September 30, 2022 March 31, 2023[1]
- Efficiency ratio of 58.8% 65.2% in the third first quarter 2023, 2024, compared to 45.5% 62.0% in the third first quarter 2022 2023[1]

The impact to the Company from these items, and others of both a positive and negative nature, are discussed in more detail below as they pertain to the Company's overall comparative performance for the three and nine months ended September 30, 2023 March 31, 2024.

[1] See Non-GAAP Financial Measures section beginning on page 64. 57.

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

Results of Operations and Financial Condition

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

	Three Months Ended September 30,		**Nine Months Ended September 30,**		
	2023	2022	**2023**	**2023 Adjusted (1)**	2022
	(in millions, except per share amounts)				
	Three Months Ended March 31,				

		Three Months Ended March 31, Three Months Ended March 31, 2024						2024	2024 Adjusted (1)	2023
		(in millions, except per share amounts)							*(in millions, except per share amounts)*	
Net income	Net income	$ **216.6**	$264.0	$**574.5**	$**670.4**	$764.3				
Net income available to common stockholders	Net income available to common stockholders	**213.4**	260.8	**564.9**	**660.8**	754.7				
Earnings per share - basic	Earnings per share - basic	**1.97**	2.43	**5.22**	**6.10**	7.06				
Earnings per share - diluted	Earnings per share - diluted	**1.97**	2.42	**5.21**	**6.10**	7.03				
Return on average assets	Return on average assets	**1.24 %**	1.53 %	**1.09 %**	**1.28 %**	1.60 %	Return on average assets	**0.98 %**	1.06 %	0.81 %
Return on average equity	Return on average equity	**14.7**	20.3	**13.5**	**15.7**	20.2				
Return on average tangible common equity (1)	Return on average tangible common equity (1)	**17.3**	24.9	**16.0**	**18.7**	24.8				
Net interest margin	Net interest margin	**3.67**	3.78	**3.62**		3.56				

(1) See Non-GAAP Financial Measures section beginning on page 64. 57.

		September 30, 2023 March 31, 2024	December 31, 2022	March 31, 2024	December 31, 2023
		(in millions) *(in millions)*			*(in millions)*
Total assets	Total assets	$ **70,891**	$ 67,734		
Loans HFS	Loans HFS	**1,766**	1,184		
Loans HFI, net of deferred fees and costs	Loans HFI, net of deferred fees and costs	**49,447**	51,862		
Investment securities	Investment securities	**11,211**	8,541		
Total deposits	Total deposits	**54,287**	53,644		
Other borrowings	Other borrowings	**8,745**	6,299		
Qualifying debt	Qualifying debt	**890**	893		
Stockholders' equity	Stockholders' equity	**5,746**	5,356		

Tangible common equity, net of tax (1)	Tangible common equity, net of tax (1)	**4,781**	4,383

(1) See Non-GAAP Financial Measures section beginning on page 64. 57.

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

		September 30, 2023	December 31, 2022			
		(dollars in millions)				
		March 31, 2024			**March 31, 2024**	December 31, 2023
		(dollars in millions)				*(dollars in millions)*
Nonaccrual loans	Nonaccrual loans	**$ 237**	$ 85			
Repossessed assets	Repossessed assets	**8**	11			
Non-performing assets	Non-performing assets	**352**	98			
Nonaccrual loans to funded loans	Nonaccrual loans to funded loans	**0.48 %**	0.16 %	Nonaccrual loans to funded loans	**0.79 %**	0.54 %
Nonaccrual and repossessed assets to total assets	Nonaccrual and repossessed assets to total assets	**0.35**	0.14			
Allowance for loan losses to funded loans	Allowance for loan losses to funded loans	**0.66**	0.60			
Allowance for credit losses to funded loans	Allowance for credit losses to funded loans	**0.74**	0.69			
Net charge-offs to average loans outstanding (1)	Net charge-offs to average loans outstanding (1)	**0.07**	0.00			

(1) Annualized on an actual/actual basis for the three months ended September 30, 2023 March 31, 2024. Actual year-to-date for the year ended December 31, 2022 December 31, 2023.

Asset and Deposit Growth

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

Total assets increased to $77.0 billion at March 31, 2024 from $70.9 billion at September 30, 2023 from $67.7 billion at December 31, 2022 December 31, 2023. The increase in total assets of $3.2 billion $6.1 billion, or 4.7% 8.6%, was driven by an increase in borrowings, deposits, which contributed to an increase in investment securities of $2.7 billion $3.4 billion and an increase in cash of $2.5 billion $2.0 billion. Loans HFI decreased increased by $2.4 billion $403 million, or 4.7% 0.8%, to $49.4 billion $50.7 billion as of September 30, 2023 March 31, 2024, compared to $51.9 billion $50.3 billion as of December 31, 2022 December 31, 2023. The decrease in loans HFI from December 31, 2022 was driven by the transfer of $6.0 billion of loans HFI to HFS during the first quarter 2023. The Company completed loan dispositions from this transferred loan pool totaling $4.3 billion through

September 30, 2023 and transferred all remaining HFS loans back to HFI at the end of the period as a result of a change in management's intentions. By loan type, commercial and industrial loans and residential real estate loans decreased $2.4 billion and $1.1 billion, respectively, increased $646 million from December 31, 2022 December 31, 2023, partially offset by increases decreases in residential real estate and construction and land development loans of $154 million and CRE, non-owner occupied loans of $656 million and $491 million $108 million, respectively. Loans HFS were up $582 million increased $439 million from $1.2 billion $1.4 billion as of December 31, 2022 December 31, 2023 due to an increase in non-EBO and agency conforming loans.

Total deposits increased $643 million, $6.9 billion, or 1.2% 12.5%, to $54.3 billion $62.2 billion as of September 30, 2023 March 31, 2024 from $53.6 billion $55.3 billion as of December 31, 2022 December 31, 2023. By type, the increase in deposits from December 31, 2022 December 31, 2023 was driven by an increase of $3.7 billion $3.9 billion in certificates of deposit and $3.3 billion in interest non-interest bearing demand deposits, partially offset by decreases of $4.7 billion $1.4 billion in savings and money market accounts, and $1.7 billion $1.0 billion in non-interest interest bearing demand deposits. deposits, and $564 million in certificates of deposit.

RESULTS OF OPERATIONS

The following table sets forth a summary financial overview:

		Three Months Ended September 30,		Increase	Nine Months Ended September 30,		Increase
		2023	2022	**(Decrease)**	**2023**	2022	**(Decrease)**
		(in millions, except per share amounts)					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		2024					
		2024					
		2024					
		(in millions, except per share amounts)					
		(in millions, except per share amounts)					
		(in millions, except per share amounts)					
Consolidated Income Statement Data:	**Consolidated Income Statement Data:**						
Interest income	Interest income	**$ 1,026.6**	$ 739.4	**$ 287.2**	**$ 2,996.3**	$ 1,803.5	**$ 1,192.8**
Interest income							
Interest income							
Interest expense							
Interest expense							
Interest expense	Interest expense	**439.6**	137.3	**302.3**	**1,249.1**	226.9	**1,022.2**
Net interest income	**Net interest income**	**587.0**	602.1	**(15.1)**	**1,747.2**	1,576.6	**170.6**
Net interest income							
Net interest income							
Provision for credit losses							
Provision for credit losses							
Provision for credit losses	Provision for credit losses	**12.1**	28.5	**(16.4)**	**53.3**	65.0	**(11.7)**
Net interest income after provision for credit losses	**Net interest income after provision for credit losses**	**574.9**	573.6	**1.3**	**1,693.9**	1,511.6	**182.3**
Net interest income after provision for credit losses							
Net interest income after provision for credit losses							
Non-interest income							
Non-interest income							
Non-interest income	Non-interest income	**129.2**	61.8	**67.4**	**190.2**	263.1	**(72.9)**

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Non-interest expense	Non-interest expense	**426.2**	305.8	**120.4**	**1,161.5**	823.3	**338.2**
Non-interest expense							
Non-interest expense							
Income before provision for income taxes							
Income before provision for income taxes							
Income before provision for income taxes	**Income before provision for income taxes**	**277.9**	329.6	**(51.7)**	**722.6**	951.4	**(228.8)**
Income tax expense	Income tax expense	**61.3**	65.6	**(4.3)**	**148.1**	187.1	**(39.0)**
Income tax expense							
Income tax expense							
Net income							
Net income							
Net income	**Net income**	**216.6**	264.0	**(47.4)**	**574.5**	764.3	**(189.8)**
Dividends on preferred stock	Dividends on preferred stock	**3.2**	3.2	**—**	**9.6**	9.6	**—**
Dividends on preferred stock							
Dividends on preferred stock							
Net income available to common stockholders							
Net income available to common stockholders							
Net income available to common stockholders	**Net income available to common stockholders**	**$ 213.4**	$ 260.8	**$ (47.4)**	**$ 564.9**	$ 754.7	**$ (189.8)**
Earnings per share:	**Earnings per share:**						
Earnings per share:							
Earnings per share:							
Basic							
Basic							
Basic	Basic	**$ 1.97**	$ 2.43	**$ (0.46)**	**$ 5.22**	$ 7.06	**$ (1.84)**
Diluted	Diluted	**1.97**	2.42	**(0.45)**	**5.21**	7.03	**(1.82)**
Diluted							
Diluted							

Non-GAAP Financial Measures

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

Pre-Provision Net Revenue

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

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	**2023**	2022
			(in millions)		
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(in millions)			
		(in millions)			
		(in millions)			
Total non-interest income					
Net interest income	Net interest income	**$ 587.0**	$ 602.1	**$ 1,747.2**	$ 1,576.6
Total non-interest income		**129.2**	61.8	**190.2**	263.1
Net interest income					
Net interest income					
Net revenue					
Net revenue					
Net revenue	**Net revenue**	**$ 716.2**	$ 663.9	**$ 1,937.4**	$ 1,839.7
Total non-interest expense	Total non-interest expense	**426.2**	305.8	**1,161.5**	823.3
Total non-interest expense					
Total non-interest expense					
Pre-provision net revenue	**Pre-provision net revenue**	**$ 290.0**	$ 358.1	**$ 775.9**	$ 1,016.4
Pre-provision net revenue					
Pre-provision net revenue					
Total non-interest expense					
Total non-interest expense					
Total non-interest expense					
Adjusted for:					
Adjusted for:					
Adjusted for:					
FDIC special assessment					
FDIC special assessment					
FDIC special assessment					
Total non-interest expense, adjusted					
Total non-interest expense, adjusted					
Total non-interest expense, adjusted					
Pre-provision net revenue, adjusted					
Pre-provision net revenue, adjusted					
Pre-provision net revenue, adjusted					
Less:					
Less:					
Less:	Less:				
Provision for credit losses	Provision for credit losses	**12.1**	28.5	**53.3**	65.0
Provision for credit losses					
Provision for credit losses					

Income tax expense	Income tax expense	**61.3**	65.6	**148.1**	187.1
Income tax expense					
Income tax expense					
FDIC Special Assessment					
FDIC Special Assessment					
FDIC Special Assessment					
Net income	**Net income**	**$ 216.6**	$ 264.0	**$ 574.5**	$ 764.3
Net income					
Net income					

Efficiency Ratio

The following table shows the components used in the calculation of the efficiency ratio, which management uses as a metric for assessing cost efficiency:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	**2023**	2022
		(dollars in millions)			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			2023
		(dollars in millions)			*(dollars in millions)*
Total non-interest expense	Total non-interest expense	**$426.2**	$305.8	**$1,161.5**	$ 823.3
Total non-interest expense, adjusted					
Divided by:	Divided by:				
Divided by:					
Divided by:					
Total net interest income					
Total net interest income					
Total net interest income	Total net interest income	**587.0**	602.1	**1,747.2**	1,576.6
Plus:	Plus:				
Tax equivalent interest adjustment	Tax equivalent interest adjustment	**8.9**	8.5	**26.4**	24.7
Tax equivalent interest adjustment					
Tax equivalent interest adjustment					
Total non-interest income	Total non-interest income	**129.2**	61.8	**190.2**	263.1
		$725.1	$672.4	**$1,963.8**	$1,864.4

		$							
		$							
		$							
Efficiency ratio - tax equivalent basis	Efficiency ratio - tax equivalent basis	58.8 %	45.5 %	59.1 %	44.2 %	Efficiency ratio - tax equivalent basis	65.2	%	62.0 %
Efficiency ratio - tax equivalent basis, adjusted									

Net Income, Adjusted and Earnings Per Share, Adjusted

The Company's earnings for the three months ended March 31, 2023 were impacted by significant non-operating losses that were incurred as a result of actions undertaken by the Company to reposition its balance sheet to ensure the strength of its capital and liquidity position in response to the bank failures in early 2023. The following table shows the components used in the calculation of earnings per share for the nine three months ended September 30, 2023 March 31, 2024, adjusted to exclude non-operating items, the FDIC special assessment, which management believes is more comparable to historical earnings trends:

Nine Three Months Ended September 30, 2023 March 31, 2024	(in millions) millions, except per share amounts)	
Net income	$	574.5 177.4
Adjusted for:		
Loss on sales of investment securities FDIC special assessment		26.0 17.6
Fair value loss adjustments, net		117.3
Gain on extinguishment of debt		(13.4)
Tax effect of adjustments		(34.0) (4.1)
Net income, adjusted	$	670.4 190.9
Dividends on preferred stock		9.6 3.2
Net income available to common stockholders, adjusted	$	660.8 187.7
FDIC special assessment		(17.6)
Tax effect of adjustments		4.1
Net income available to common stockholders	$	174.2
Weighted average number of common shares outstanding:		
Basic		$108.3 108.5
Diluted		108.4 109.0
Earnings per share, adjusted:		
Basic, adjusted	$	6.10 1.73
Diluted, adjusted		6.10 1.72

Return on Average Equity, Adjusted and Return on Average Assets, Adjusted

The following table shows the components used in the calculation of return on average equity and return on average assets for the three months ended March 31, 2024, adjusted to exclude the FDIC special assessment, which management believes is more comparable to historical earnings trends:

Three Months Ended March 31, 2024	(dollars in millions)	
Net income available to common stockholders, adjusted	$	187.7
Divided by:		
Average stockholders' equity		6,184
Return on average equity, adjusted		12.4%

Three Months Ended March 31, 2024		*(dollars in millions)*
Net income, adjusted	$	**190.9**
Divided by:		
Average assets		**72,681**
Return on average assets, adjusted		**1.06%**

Tangible Common Equity and Return on Average Tangible Common Equity

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

			September 30, 2023		December 31, 2022		September 30, 2022
					(dollars and shares in millions)		
			March 31, 2024				
			March 31, 2024				
			March 31, 2024				
			(dollars and shares in millions)				
			(dollars and shares in millions)				
			(dollars and shares in millions)				
Total stockholders' equity	Total stockholders' equity	$	**5,746**	$	5,356	$	5,021
Less:	Less:						
Less:							
Less:							
Goodwill and intangible assets							
Goodwill and intangible assets							
Goodwill and intangible assets	Goodwill and intangible assets		**672**		680		682
Preferred stock	Preferred stock		**295**		295		295
Preferred stock							
Preferred stock							
Total tangible common stockholders' equity							
Total tangible common stockholders' equity							
Total tangible common stockholders' equity	**Total tangible common stockholders' equity**		**4,779**		4,381		4,044
Plus: deferred tax - attributed to intangible assets	Plus: deferred tax - attributed to intangible assets		**2**		2		3
Plus: deferred tax - attributed to intangible assets							
Plus: deferred tax - attributed to intangible assets							
Total tangible common equity, net of tax							
Total tangible common equity, net of tax							
Total tangible common equity, net of tax	**Total tangible common equity, net of tax**	$	**4,781**	$	4,383	$	4,047
Total assets	Total assets	$	**70,891**	$	67,734	$	69,165
Total assets							
Total assets							
Less: goodwill and intangible assets, net							
Less: goodwill and intangible assets, net							
Less: goodwill and intangible assets, net	Less: goodwill and intangible assets, net		**672**		680		682

Tangible assets	Tangible assets	**70,219**	67,054	68,483
Tangible assets				
Tangible assets				
Plus: deferred tax - attributed to intangible assets	Plus: deferred tax - attributed to intangible assets	**2**	2	3
Plus: deferred tax - attributed to intangible assets				
Plus: deferred tax - attributed to intangible assets				
Total tangible assets, net of tax				
Total tangible assets, net of tax				
Total tangible assets, net of tax	**Total tangible assets, net of tax**	**$ 70,221**	$ 67,056	$ 68,486
Tangible common equity ratio	Tangible common equity ratio	**6.8 %**	6.5 %	5.9 %
Tangible common equity ratio				
Tangible common equity ratio				
Common shares outstanding				
Common shares outstanding				
Common shares outstanding	Common shares outstanding	**109.5**	108.9	108.9
Book value per common share	Book value per common share	**$ 49.78**	$ 46.47	$ 43.39
Book value per common share				
Book value per common share				
Tangible book value per common share, net of tax	Tangible book value per common share, net of tax	**43.66**	40.25	37.16
Tangible book value per common share, net of tax				
Tangible book value per common share, net of tax				

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
	(dollars in millions)			
Net income available to common stockholders	**$ 213.4**	$ 260.8	**$ 564.9**	$ 754.7
Divided by:				
Average stockholders' equity	**5,854**	5,150	**5,699**	5,054
Less:				
Average goodwill and intangible assets	**673**	694	**676**	690
Average preferred stock	**295**	295	**295**	295
Average tangible common equity	**4,886**	4,161	**4,728**	4,069
Return on average tangible common equity (1)	**17.3 %**	24.9 %	**16.0 %**	24.8 %

(1) Using adjusted net income available to common stockholders of $660.8 million, return on average tangible common equity was 18.7% for the nine months ended September 30, 2023.

	Three Months Ended March 31,	
	2024	2023
	(dollars in millions)	
Net income available to common stockholders	**$ 174.2**	$ 139.0
Divided by:		
Average stockholders' equity	**6,184**	5,588
Less:		
Average goodwill and intangible assets	**668**	679
Average preferred stock	**295**	295
Average tangible common equity	**5,221**	4,614

Return on average tangible common equity	**13.4 %**	12.2 %
Net income available to common stockholders, adjusted	**$ 187.7**	$ 139.0
Average tangible common equity	**5,221**	4,614
Return on average tangible common equity, adjusted	**14.5 %**	12.2 %

Regulatory Capital

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

As permitted by the regulatory capital rules, the Company elected to delay the CECL transition option that delayed the estimated impact on regulatory capital resulting from the adoption of CECL on its regulatory capital over a five-year transition period ending December 31, 2024. Accordingly, beginning in 2024, capital ratios and amounts for 2022 include a 25% reduction to the capital benefit that resulted from the increased ACL related to the adoption of ASC 326, which has increased to include a 50% reduction beginning in 2023. 326.

		September 30, 2023	December 31, 2022
		(dollars in millions)	
	March 31, 2024	March 31, 2024	December 31, 2023
	(dollars in millions)		(dollars in millions)
Common equity tier 1:	**Common equity tier 1:**		
Common equity			
Common equity			
Common equity	Common equity	**$ 5,475**	$ 5,097
Less:	Less:		
Non-qualifying goodwill and intangibles	Non-qualifying goodwill and intangibles	**661**	672
Non-qualifying goodwill and intangibles			
Non-qualifying goodwill and intangibles			
Disallowed deferred tax asset			
Disallowed deferred tax asset			
Disallowed deferred tax asset	Disallowed deferred tax asset	**6**	12
AOCI related adjustments	AOCI related adjustments	**(738)**	(664)
Unrealized gain on changes in fair value liabilities	Unrealized gain on changes in fair value liabilities	**6**	4
Common equity tier 1	**Common equity tier 1**	**$ 5,540**	$ 5,073
Divided by: Risk-weighted assets	Divided by: Risk-weighted assets	**$ 52,447**	$ 54,461

Common equity tier 1 ratio	Common equity tier 1 ratio	**10.6 %**	9.3 %	Common equity tier 1 ratio	**11.0 %**	10.8 %
Common equity tier 1	Common equity tier 1	**$ 5,540**	$ 5,073			
Common equity tier 1						
Common equity tier 1						
Plus: Preferred stock and trust preferred securities	Plus: Preferred stock and trust preferred securities	**376**	376			
Plus: Preferred stock and trust preferred securities						
Plus: Preferred stock and trust preferred securities						
Tier 1 capital						
Tier 1 capital						
Tier 1 capital	**Tier 1 capital**	**$ 5,916**	$ 5,449			
Divided by: Tangible average assets	Divided by: Tangible average assets	**$ 69,296**	$69,814			
Tier 1 leverage ratio	**Tier 1 leverage ratio**	**8.5 %**	7.8 %	**Tier 1 leverage ratio**	**8.5 %**	8.6 %
Total capital:	**Total capital:**					
Total capital:						
Total capital:						
Tier 1 capital						
Tier 1 capital						
Tier 1 capital	Tier 1 capital	**$ 5,916**	$ 5,449			
Plus:	Plus:					
Subordinated debt						
Subordinated debt						
Subordinated debt	Subordinated debt	**818**	817			
Adjusted allowances for credit losses	Adjusted allowances for credit losses	**344**	320			
Tier 2 capital	**Tier 2 capital**	**1,162**	1,137			
Tier 2 capital						
Tier 2 capital						
Total capital						
Total capital						
Total capital	**Total capital**	**$ 7,078**	$ 6,586			
Total capital ratio	**Total capital ratio**	**13.5 %**	12.1 %	**Total capital ratio**	**14.0 %**	13.7 %
Classified assets to tier 1 capital plus allowance:	**Classified assets to tier 1 capital plus allowance:**					
Classified assets to tier 1 capital plus allowance:						

Classified assets to tier 1 capital plus allowance:

Classified assets

Classified assets

Classified assets	Classified assets	**$ 639**	$ 393

Divided by: Tier 1 capital

Divided by: Tier 1 capital

Divided by: Tier 1 capital	**Divided by: Tier 1 capital**	**5,916**	5,449			
Plus: Adjusted allowances for credit losses	Plus: Adjusted allowances for credit losses	**344**	320			
Total Tier 1 capital plus adjusted allowances for credit losses	Total Tier 1 capital plus adjusted allowances for credit losses	**$ 6,260**	$ 5,769			
Classified assets to tier 1 capital plus allowance	**Classified assets to tier 1 capital plus allowance**	**10.2 %**	6.8 %	**Classified assets to tier 1 capital plus allowance**	**12.0 %**	10.5 %

Net Interest Margin

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

	Three Months Ended September 30,					
	2023			2022		
	Average Balance	**Interest**	**Average Yield / Cost**	Average Balance	Interest	Average Yield / Cost
	(dollars in millions)					
Interest earning assets						
Loans held for sale	**$ 3,069**	**$ 47.3**	**6.11 %**	$ 3,993	$ 49.0	4.87 %
Loans held for investment:						

	Three Months Ended March 31,						**Three Months Ende**
	2024			**2024**			20
	Average Balance	**Average Balance**	**Interest**	**Average Yield / Cost**	Average Balance	Interest	
	(dollars in millions)						*(dollars in mi*
Loans held for sale							
Loans held for sale		**$2,416**	**$39.1**	**6.51 %**	$ 2,153	$ 31.3	5.9
Commercial and industrial							
Commercial and industrial							

Commercial and industrial	Commercial and industrial	**16,855**	**324.3**	**7.70**	21,551	282.1	5.25
CRE - non-owner-occupied	CRE - non-owner-occupied	**9,950**	**196.1**	**7.83**	8,128	111.4	5.44
CRE - owner-occupied	CRE - owner-occupied	**1,790**	**26.4**	**5.97**	1,839	23.3	5.12
Construction and land development	Construction and land development	**4,545**	**110.3**	**9.63**	3,471	59.5	6.80
Residential real estate	Residential real estate	**14,914**	**155.0**	**4.12**	15,125	130.9	3.43
Consumer	Consumer	**73**	**1.4**	**7.43**	63	0.8	5.32
Total loans HFI (1), (2), (3)	Total loans HFI (1), (2), (3)	**48,127**	**813.5**	**6.73**	50,177	608.0	4.84
Securities:	Securities:						
Securities - taxable	Securities - taxable	**8,272**	**101.1**	**4.85**	6,680	56.4	3.35
Securities - taxable							
Securities - taxable							
Securities - tax-exempt	Securities - tax-exempt	**2,103**	**21.7**	**5.12**	2,047	19.5	4.73
Total securities (1)	Total securities (1)	**10,375**	**122.8**	**4.91**	8,727	75.9	3.66
Cash and other	Cash and other	**2,911**	**43.0**	**5.87**	1,239	6.5	2.07
Total interest earning assets	Total interest earning assets	**64,482**	**1,026.6**	**6.37**	64,136	739.4	4.62
Non-interest earning assets	**Non-interest earning assets**						
Cash and due from banks	Cash and due from banks	**279**			242		
Cash and due from banks							
Cash and due from banks							
Allowance for credit losses							
Allowance for credit losses							
Allowance for credit losses	Allowance for credit losses	**(334)**			(282)		
Bank owned life insurance	Bank owned life insurance	**184**			180		
Bank owned life insurance							
Bank owned life insurance							
Other assets							
Other assets							
Other assets	Other assets	**4,513**			4,100		
Total assets	**Total assets**	**$ 69,124**			$68,376		
Total assets							
Total assets							
Interest-bearing liabilities							
Interest-bearing liabilities							
Interest-bearing liabilities	**Interest-bearing liabilities**						
Interest-bearing deposits:	Interest-bearing deposits:						
Interest-bearing deposits:							

Interest-bearing deposits:																	
Interest-bearing transaction accounts																	
Interest-bearing transaction accounts																	
Interest-bearing transaction accounts	Interest-bearing transaction accounts	$ 12,947	$ 98.9	3.03 %	$ 8,466	$ 24.5	1.15 %	**$16,348**	**$**	**$122.0**	**3.00**	**3.00**	**%**	$10,534	$	$ 68.2	2.63	2.6
Savings and money market accounts	Savings and money market accounts	**13,832**	**106.3**	**3.05**	18,515	44.5	0.95											
Certificates of deposit	Certificates of deposit	**9,125**	**111.0**	**4.83**	2,843	8.6	1.19											
Total interest-bearing deposits	**Total interest-bearing deposits**	**35,904**	**316.2**	**3.49**	29,824	77.6	1.03											
Short-term borrowings	Short-term borrowings	**6,260**	**97.2**	**6.16**	4,136	27.0	2.59											
Long-term debt	Long-term debt	**764**	**16.7**	**8.68**	1,228	23.8	7.69											
Qualifying debt	Qualifying debt	**888**	**9.5**	**4.26**	891	8.9	3.94											
Total interest-bearing liabilities	**Total interest-bearing liabilities**	**43,816**	**439.6**	**3.98**	36,079	137.3	1.51											
Interest cost of funding earning assets	**Interest cost of funding earning assets**			**2.70**			0.84											
Non-interest-bearing liabilities	**Non-interest-bearing liabilities**																	
Non-interest-bearing demand deposits	Non-interest-bearing demand deposits	**18,402**			25,865													
Non-interest-bearing demand deposits																		
Non-interest-bearing demand deposits																		
Other liabilities																		
Other liabilities																		
Other liabilities	Other liabilities	**1,052**			1,282													
Stockholders' equity	Stockholders' equity	**5,854**			5,150													
Stockholders' equity																		
Stockholders' equity																		
Total liabilities and stockholders' equity																		
Total liabilities and stockholders' equity																		
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	**$ 69,124**			$68,376													

Net interest income and margin (4)	Net interest income and margin (4)	$ 587.0	3.67 %	$602.1	3.78 %			
Net interest income and margin (4)								
Net interest income and margin (4)					$ 598.9	3.60 %		$609.9

(1) Yields on loans and securities have been adjusted to a TEB. The taxable-equivalent adjustment was $8.9 million $9.6 million and $8.5 million $8.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

(2) Included in the yield computation are net loan fees of $28.0 million $33.1 million and $31.9 million $35.6 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively.

(3) Includes non-accrual loans.

(4) Net interest margin is computed by dividing net interest income by total average earning assets, annualized on an actual/actual basis.

	Nine Months Ended September 30,					
	2023			2022		
	Average Balance	Interest	Average Yield / Cost	Average Balance	Interest	Average Yield / Cost
	(dollars in millions)					
Interest earning assets						
Loans HFS	$ 3,858	$ 183.8	6.37 %	$ 4,939	$ 142.5	3.86 %
Loans HFI:						
Commercial and industrial	17,669	994.7	7.59	19,553	653.5	4.53
CRE - non-owner occupied	9,743	546.2	7.50	7,328	267.6	4.89
CRE - owner occupied	1,805	76.2	5.76	1,844	68.8	5.08
Construction and land development	4,399	307.1	9.34	3,301	148.9	6.03
Residential real estate	15,250	438.8	3.85	13,087	325.0	3.32
Consumer	73	3.9	7.14	58	2.0	4.57
Total loans HFI (1), (2), (3)	48,939	2,366.9	6.49	45,171	1,465.8	4.37
Securities:						
Securities - taxable	7,609	267.7	4.70	6,300	127.5	2.71
Securities - tax-exempt	2,094	63.6	5.08	2,067	55.7	4.51
Total securities (1)	9,703	331.3	4.79	8,367	183.2	3.14
Other	2,941	114.3	5.20	1,646	12.0	0.97
Total interest earning assets	65,441	2,996.3	6.18	60,123	1,803.5	4.06
Non-interest earning assets						
Cash and due from banks	268			250		
Allowance for credit losses	(321)			(270)		
Bank owned life insurance	183			180		
Other assets	4,600			3,724		
Total assets	$ 70,171			$ 64,007		
Interest-bearing liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	$ 11,800	$ 247.4	2.80 %	$ 8,188	$ 35.2	0.57 %
Savings and money market accounts	15,006	308.9	2.75	18,474	70.6	0.51
Certificates of deposit	7,437	242.6	4.36	2,271	13.0	0.76
Total interest-bearing deposits	34,243	798.9	3.12	28,933	118.8	0.55
Short-term borrowings	8,578	355.2	5.54	2,745	37.4	1.82
Long-term debt	953	66.7	9.36	930	44.8	6.45
Qualifying debt	892	28.3	4.24	893	25.9	3.87
Total interest-bearing liabilities	44,666	1,249.1	3.74	33,501	226.9	0.91
Interest cost of funding earning assets			2.56			0.50

Non-interest-bearing liabilities						
Non-interest-bearing demand deposits	**18,534**			24,269		
Other liabilities	**1,272**			1,183		
Stockholders' equity	**5,699**			5,054		
Total liabilities and stockholders' equity	**$ 70,171**			$ 64,007		
Net interest income and margin (4)		**$ 1,747.2**	**3.62 %**		$ 1,576.6	3.56 %

(1) Yields on loans and securities have been adjusted to a TEB. The taxable-equivalent adjustment was $26.4 million and $24.7 million for the nine months ended September 30, 2023 and 2022, respectively.

(2) Included in the yield computation are net loan fees of $100.4 million and $97.4 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

(3) Includes non-accrual loans.

(4) Net interest margin is computed by dividing net interest income by total average earning assets, annualized on an actual/actual basis.

		Three Months Ended September 30,			**Nine Months Ended September 30,**		
		2023 versus 2022			**2023 versus 2022**		
		Increase (Decrease) Due to Changes in (1)			**Increase (Decrease) Due to Changes in (1)**		
		Volume	**Rate**	**Total**	**Volume**	**Rate**	**Total**
				(in millions)			
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		2024 versus 2023					
		2024 versus 2023					
		2024 versus 2023					
		Increase (Decrease) Due to Changes in (1)					
		Increase (Decrease) Due to Changes in (1)					
		Increase (Decrease) Due to Changes in (1)					
		Volume					
		Volume					
		Volume					
		(in millions)					
		(in millions)					
		(in millions)					
Interest income:	**Interest income:**						
Loans held for sale	Loans held for sale	**$ (14.2)**	**$ 12.5**	**$ (1.7)**	**$ (51.5)**	**$ 92.8**	**$ 41.3**
Loans held for sale							
Loans held for sale							
Loans:							
Loans:							
Loans:	Loans:						
Commercial and industrial	Commercial and industrial	**(90.4)**	**132.6**	**42.2**	**(106.0)**	**447.2**	**341.2**
Commercial and industrial							
Commercial and industrial							
CRE - non-owner occupied							
CRE - non-owner occupied							
CRE - non-owner occupied	CRE - non-owner occupied	**35.9**	**48.8**	**84.7**	**135.4**	**143.2**	**278.6**
CRE - owner-occupied	CRE - owner-occupied	**(0.7)**	**3.8**	**3.1**	**(1.6)**	**9.0**	**7.4**

CRE - owner-occupied							
CRE - owner-occupied							
Construction and land development							
Construction and land development							
Construction and land development	Construction and land development	**26.1**	**24.7**	**50.8**	**76.7**	**81.5**	**158.2**
Residential real estate	Residential real estate	**(2.2)**	**26.3**	**24.1**	**62.2**	**51.6**	**113.8**
Residential real estate							
Residential real estate							
Consumer							
Consumer							
Consumer	Consumer	**0.2**	**0.4**	**0.6**	**0.8**	**1.1**	**1.9**
Total loans HFI	Total loans HFI	**(31.1)**	**236.6**	**205.5**	**167.5**	**733.6**	**901.1**
Total loans HFI							
Total loans HFI							
Securities:							
Securities:							
Securities:	Securities:						
Securities - taxable	Securities - taxable	**19.5**	**25.2**	**44.7**	**46.0**	**94.2**	**140.2**
Securities - taxable							
Securities - taxable							
Securities - tax-exempt							
Securities - tax-exempt							
Securities - tax-exempt	Securities - tax-exempt	**0.6**	**1.6**	**2.2**	**0.8**	**7.1**	**7.9**
Total securities	Total securities	**20.1**	**26.8**	**46.9**	**46.8**	**101.3**	**148.1**
Total securities							
Total securities							
Cash and other	Cash and other	**24.7**	**11.8**	**36.5**	**50.3**	**52.0**	**102.3**
Cash and other							
Cash and other							
Total interest income							
Total interest income							
Total interest income	Total interest income	**(0.5)**	**287.7**	**287.2**	**213.1**	**979.7**	**1,192.8**
Interest expense:	**Interest expense:**						
Interest expense:							
Interest expense:							
Interest-bearing transaction accounts							
Interest-bearing transaction accounts							
Interest-bearing transaction accounts	Interest-bearing transaction accounts	**34.2**	**40.2**	**74.4**	**75.7**	**136.5**	**212.2**
Savings and money market accounts	Savings and money market accounts	**(36.0)**	**97.8**	**61.8**	**(71.4)**	**309.7**	**238.3**
Savings and money market accounts							
Savings and money market accounts							
Certificates of deposit							
Certificates of deposit							

Certificates of deposit	Certificates of deposit	76.4	26.0	102.4	168.5	61.1	229.6
Total deposits	Total deposits	74.6	163.9	238.6	172.9	507.2	680.1
Total deposits							
Total deposits							
Short-term borrowings							
Short-term borrowings							
Short-term borrowings	Short-term borrowings	33.0	37.2	70.2	241.5	76.3	317.8
Long-term debt	Long-term debt	(10.1)	3.0	(7.1)	1.6	20.3	21.9
Long-term debt							
Long-term debt							
Qualifying debt	Qualifying debt	—	0.6	0.6	—	2.4	2.4
Qualifying debt							
Qualifying debt							
Total interest expense							
Total interest expense							
Total interest expense	Total interest expense	97.5	204.7	302.3	416.0	606.2	1,022.2
Net change	**Net change**	$ (98.0)	$ 83.0	$ (15.1)	$ (202.9)	$ 373.5	$ 170.6
Net change							
Net change							

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

Comparison of interest income, interest expense and net interest margin

The Company's primary source of revenue is interest income. For the three months ended September 30, 2023 March 31, 2024, interest income was $1.0 billion $1.1 billion, an increase of $287.2 million $86.1 million, or 38.8% 8.9%, compared to $739.4 million $968.9 million for the three months ended September 30, 2022 March 31, 2023. This increase was primarily the result of a $205.5 million $47.9 million increase in interest income from investment securities due to an increase in the average investment balance of $4.1 billion and a $31.4 million increase in interest income from loans HFI that was driven primarily by higher yields and a $46.9 million increase in interest income from investment securities due to higher investment yields and an increase in the partially offset by lower average investment balance of $1.6 billion. Interest income from cash and other also increased $36.5 million due to an increase in cash balances resulting from higher short-term borrowings and the higher rate environment.

For the nine months ended September 30, 2023, interest income was $3.0 billion, an increase of $1.2 billion, or 66.1%, compared to $1.8 billion for the nine months ended September 30, 2022. This increase was primarily the result of higher rates on HFI loans coupled with a $3.8 billion increase in the average balance, which drove a $901.1 million increase in HFI loan interest income for the nine months ended September 30, 2023. An increase in investment yields and in the average investment balance balances of $1.3 billion resulted in an increase in interest income of $148.1 million, and an increase in cash balances and rates on those balances drove a $102.3 million increase in interest income. $2.2 billion.

For the three months ended September 30, 2023 March 31, 2024, interest expense was $439.6 million $456.1 million, an increase of $302.3 million $97.1 million, compared to $137.3 million $359.0 million for the three months ended September 30, 2022 March 31, 2023. The increase in interest expense was due to an increase in interest expense on deposits of $238.6 $149.0 million driven by increased interest rates and a $6.1 billion $7.6 billion increase in the average interest-bearing deposit balance combined with and increased interest rates, partially offset by a $63.1 $52.1 million increase decrease in interest expense on other borrowings resulting from an increase a decrease in average borrowings borrowing balances of $1.7 billion and an increase in borrowing rates.

For the nine months ended September 30, 2023, interest expense was $1.2 billion, an increase of $1.0 billion, compared to $226.9 million for the nine months ended September 30, 2022 $4.4 billion. Interest expense on deposits increased $680.1 million driven by an increase in deposit rates and an increase in the average interest-bearing deposit balance of $5.3 billion coupled with an increase in the average balance of other borrowings of $5.9 billion, which drove a $339.7 million increase in interest expense.

For the three months ended September 30, 2023 March 31, 2024, net interest income was $587.0 million $598.9 million, a decrease of $15.1 million $11.0 million, or 2.5% 1.8%, compared to $602.1 million $609.9 million for the three months ended September 30, 2022 March 31, 2023. The decrease in net interest income was driven by the higher rate environment and reflects a $7.7 billion $3.2 billion increase in average interest-bearing liabilities, partially offset by an increase in yields on interest-earning assets. The decrease in net interest margin of 11 19 basis points to 3.67% 3.60% is largely the result of an increase in both the rates and balances of deposits, and borrowings, partially offset by higher yields on HFI loans and a decrease in borrowings compared to the same period in 2022. 2023.

For the nine months ended September 30, 2023, net interest income was $1.7 billion, an increase of $170.6 million, or 10.8%, compared to $1.6 billion for the nine months ended September 30, 2022. The increase in net interest income was driven by the higher rate environment and reflects a $5.3 billion increase in average interest-earning assets, partially offset by an increase of $11.2 billion in average interest-bearing liabilities. The increase in net interest margin of 6 basis points to 3.62% is the result of an increase in loan yields and balances, partially offset by an increase in the balance of deposits and other borrowings and higher rates compared to the same period in 2022.

Provision for Credit Losses

The provision for credit losses in each period is reflected as a reduction in earnings for that period and includes amounts related to funded loans, unfunded loan commitments, and investment securities. The provision is equal to the amount required to maintain the ACL at a level that is adequate to absorb estimated lifetime credit losses inherent in the loan and investment securities portfolios based on remaining contractual maturity, adjusted for estimated prepayments as of each period end. The Company's CECL models incorporate historical experience, current conditions, and reasonable and supportable forecasts in measuring expected credit losses. For the three and nine months ended September 30, 2023 March 31, 2024, the Company recorded a provision for credit losses of $12.1 million and $53.3 million $15.2 million, respectively, compared to $28.5 million and $65.0 million, respectively, $19.4 million for the three and nine months ended September 30, 2022 March 31, 2023. The decrease in the provision for credit losses from for the three and nine months ended September 30, 2022 March 31, 2024 is primarily related to a significant decline in reflective of loan growth, offset by heightened net charge-offs of $9.8 million, and a stable economic uncertainty, particularly in the commercial real estate market. outlook.

Non-interest Income

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

		Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
				(in millions)			
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		2024					
		2024					
		2024					
			(in millions)				
			(in millions)				
			(in millions)				
Net loan servicing revenue							
Net gain on loan origination and sale activities	Net gain on loan origination and sale activities	$ 52.0	$ 14.5	$ 37.5	$ 145.7	$ 78.6	$ 67.1
Net loan servicing revenue		27.2	23.0	4.2	93.2	109.5	(16.3)
Net gain on loan origination and sale activities							
Net gain on loan origination and sale activities							
Income from equity investments							
Income from equity investments							
Income from equity investments							
Service charges and fees							
Service charges and fees							
Service charges and fees	Service charges and fees	23.3	6.5	16.8	53.6	21.1	32.5
Commercial banking related income	Commercial banking related income	5.6	5.1	0.5	17.8	16.0	1.8
Income from equity investments		0.5	4.3	(3.8)	2.6	13.6	(11.0)
Commercial banking related income							
Commercial banking related income							
Fair value gain (loss) adjustments, net							
Fair value gain (loss) adjustments, net							

Fair value gain (loss) adjustments, net							
(Loss) gain on recovery from credit guarantees	(Loss) gain on recovery from credit guarantees	**(4.0)**	0.4	**(4.4)**	**0.5**	11.7	**(11.2)**
Gain (loss) on sales of investment securities		**0.1**	—	**0.1**	**(26.0)**	6.7	**(32.7)**
Fair value gain (loss) adjustments, net		**17.8**	(2.8)	**20.6**	**(117.3)**	(19.4)	**(97.9)**
(Loss) gain on recovery from credit guarantees							
(Loss) gain on recovery from credit guarantees							
Loss on sales of investment securities							
Loss on sales of investment securities							
Loss on sales of investment securities							
Other income							
Other income							
Other income	Other income	**6.7**	10.8	**(4.1)**	**20.1**	25.3	**(5.2)**
Total non-interest income	**Total non-interest income**	**$ 129.2**	$ 61.8	**$ 67.4**	**$ 190.2**	$ 263.1	**$ (72.9)**
Total non-interest income							
Total non-interest income							

Total non-interest income for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 increased $67.4 million $187.9 million. The increase in non-interest income from the three months ended September 30, 2022 March 31, 2023 was primarily driven by a net fair value loss adjustment of $147.8 million recognized during the three months ended March 31, 2023 due to the Company's balance sheet repositioning in the prior year that did not reoccur. Also contributing to the increase in non-interest income was an increase in income from equity investments of $15.7 million and a net increase in mortgage banking income as net gain on loan origination and sale activities increased $37.5 million $13.9 million from higher production volume and spreads, a net fair value gain adjustment of $17.8 million related to HFS loans, compared to a net fair value loss adjustment of $2.8 million on equity securities in the prior year, and an increase of $16.8 million in service charges and fees. spreads.

Total non-interest income for the nine months ended September 30, 2023 compared to the same period in 2022 decreased $72.9 million. The decrease in non-interest income was primarily driven by non-operating charges incurred during the first quarter 2023 following the execution of the Company's balance sheet repositioning strategy, which included sales of selected loans and investment securities and the transfer of $6.0 billion of loans HFI to HFS. Consequently, during the nine months ended September 30, 2023, the Company recognized net fair value loss adjustments totaling $117.3 million primarily related to the transfer of loans to HFS and a net loss of $26.0 million on sales of investment securities. These decreases were offset in part by a net increase in mortgage banking income of $50.8 million from higher production volume and spreads.

Non-interest Expense

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

	Three Months Ended September 30,			**Nine Months Ended September 30,**		
	2023	2022	**Increase (Decrease)**	**2023**	2022	**Increase (Decrease)**
	(in millions)					
	Three Months Ended March 31,					

		Three Months Ended March 31, Three Months Ended March 31,					Increase (Decrease)
		2024					
		(in millions) (in millions) (in millions)					
Salaries and employee benefits	Salaries and employee benefits	$137.2	$136.5	$ 0.7	$ 431.7	$413.8	$ 17.9
Deposit costs	Deposit costs	127.8	56.2	71.6	305.7	83.6	222.1
Insurance							
Data processing	Data processing	33.9	21.8	12.1	88.9	59.1	29.8
Insurance		33.1	8.1	25.0	81.8	22.2	59.6
Legal, professional, and directors' fees	Legal, professional, and directors' fees	28.3	24.8	3.5	77.8	73.9	3.9
Occupancy	Occupancy	16.8	13.9	2.9	48.7	39.7	9.0
Loan servicing expenses	Loan servicing expenses	11.9	15.2	(3.3)	44.1	40.7	3.4
Business development and marketing							
Loan acquisition and origination expenses	Loan acquisition and origination expenses	5.6	5.8	(0.2)	15.6	18.7	(3.1)
Business development and marketing		4.9	5.0	(0.1)	15.1	14.8	0.3
Gain on extinguishment of debt	Gain on extinguishment of debt	—	—	—	(13.4)	—	(13.4)
Gain on extinguishment of debt							
Gain on extinguishment of debt							
Other expense							
Other expense							
Other expense	Other expense	26.7	18.5	8.2	65.5	56.8	8.7
Total non-interest expense	Total non-interest expense	$426.2	$305.8	$ 120.4	$1,161.5	$823.3	$ 338.2

Total non-interest expense for the three months ended September 30, 2023 March 31, 2024 increased $120.4 million $133.9 million compared to the same period in 2022. 2023. The increase in non-interest expense was primarily driven by an increase in deposit and insurance costs. costs. The increase in deposit costs from the prior year relates primarily to higher average ECR balances and rates, while the increase in insurance costs is due to elevated insured and brokered deposit levels.

Total non-interest expense for the nine months ended September 30, 2023 increased $338.2 million compared levels and a $17.6 million charge related to the same period in 2022. The increase in non-interest expense for this period was also primarily driven by increases in deposit and insurance costs and are due to the same factors discussed above for the three-month comparable period, with the addition that the increase in deposit costs for the nine-month comparable period is also related to an increase in overall deposits since 2022. FDIC special assessment.

Income Taxes

The Company's effective tax rate was 22.1% 23.5% and 19.9% 23.0% for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. For the nine months ended September 30, 2023 and 2022, the Company's effective tax rate was 20.5% and 19.7%, 2023, respectively. The increase in the three-month and nine-month effective tax rate was primarily due to an increase in nondeductible discrete items. insurance premiums and shortfalls from stock compensation expense in 2024.

Business Segment Results

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

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

The following tables present selected operating reportable segment information:

	Consolidated Company	Commercial	Consumer Related	Corporate & Other
At September 30, 2023		*(in millions)*		
Consolidated Company				
At March 31, 2024				
At March 31, 2024	**Consolidated Company**	**Commercial**	**Consumer Related**	**Corporate & Other**
	(in millions)			
Loans HFI, net of deferred loan fees and costs Loans HFI, net of deferred loan fees and costs	**$ 49,447**	**$ 28,720**	**$ 20,727**	**$ —**
Deposits Deposits	**54,287**	**22,643**	**25,094**	**6,550**
At December 31, 2022				
At December 31, 2023				
At December 31, 2023				
At December 31, 2023				
Loans HFI, net of deferred loan fees and costs				
Loans HFI, net of deferred loan fees and costs				
Loans HFI, net of deferred loan fees and costs Loans HFI, net of deferred loan fees and costs	$ 51,862	$ 31,414	$ 20,448	$ —

Deposits	Deposits	53,644	29,494	18,492	5,658

Three Months Ended September 30, 2023		*(in millions)*		
Pre-tax income	**$ 277.9**	**$ 196.1**	**$ 68.9**	**$ 12.9**
Nine Months Ended September 30, 2023				
Pre-tax income (loss)	**$ 722.6**	**$ 576.8**	**$ 182.4**	**$ (36.6)**
Three Months Ended September 30, 2022				
Pre-tax income (loss)	$ 329.6	$ 298.2	$ 93.2	$ (61.8)
Nine Months Ended September 30, 2022				
Pre-tax income (loss)	$ 951.4	$ 774.8	$ 380.3	$ (203.7)

Three Months Ended March 31, 2024		*(in millions)*		
Pre-tax income (loss)	**$ 231.8**	**$ 143.6**	**$ 92.8**	**$ (4.6)**
Three Months Ended March 31, 2023				
Pre-tax income (loss)	$ 184.6	$ 159.4	$ 56.8	$ (31.6)

BALANCE SHEET ANALYSIS

Total assets increased $3.2 billion $6.1 billion to $77.0 billion at March 31, 2024, compared to $70.9 billion at September 30, 2023, compared to $67.7 billion at December 31, 2022 December 31, 2023. The increase in total assets was driven by an increase in borrowings, which contributed to an increase in investment securities of $2.7 billion $3.4 billion as well an increase in cash of $2.5 billion $2.0 billion. Loans HFI decreased increased by $2.4 billion $403 million, or 4.7% 0.8%, to $49.4 billion $50.7 billion as of September 30, 2023 March 31, 2024, compared to $51.9 billion $50.3 billion as of December 31, 2022 December 31, 2023. The decrease increase in loans HFI from December 31, 2022 December 31, 2023 was driven by the transfer of $6.0 billion of loans HFI to HFS during the first quarter 2023. The Company completed loan dispositions from this transferred loan pool totaling $4.3 billion through September 30, 2023 and transferred all remaining HFS loans back to HFI at the end of the period as a result of a change $646 million increase in management's intentions. By loan type, commercial and industrial loans and residential real estate loans decreased $2.4 billion and $1.1 billion, respectively, from December 31, 2022 December 31, 2023, partially offset by increases decreases in residential real estate and construction and land development loans of $154 million and CRE, non-owner occupied loans of $656 million and $491 million $108 million, respectively. Loans HFS increased $582 million $439 million from $1.2 billion $1.4 billion as of December 31, 2022 December 31, 2023 due to an increase in non-EBO and agency conforming loans.

Total liabilities increased $2.8 billion $6.0 billion to $65.1 billion $70.8 billion at September 30, 2023 March 31, 2024, compared to $62.4 billion $64.8 billion at December 31, 2022 December 31, 2023. The increase in liabilities is due primarily to an increase in borrowings and an increase in total deposits of $643 million $6.9 billion, or 1.2% 12.5%, to $54.3 billion $62.2 billion. By type, the increase in deposits from December 31, 2022 December 31, 2023 was driven by increases of $3.7 billion $3.9 billion in certificates of deposit and $3.3 billion in interest non-interest bearing demand deposits, partially offset by a decrease of $4.7 billion $1.4 billion in savings and money market accounts, and $1.7 billion $1.0 billion in non-interest interest bearing demand deposits. deposits, and $564 million in certificates of deposit. Other borrowings increased $2.4 billion decreased $1.0 billion from December 31, 2022 December 31, 2023 primarily due to an increase a decrease in short-term borrowings.

Total stockholders' equity of $5.7 billion $6.2 billion at September 30, 2023 March 31, 2024 increased by $390 million $94 million, or 7.3% 1.5%, from December 31, 2022 December 31, 2023. The increase in stockholders' equity is primarily a function of net income, offset by quarterly dividends to common and preferred stockholders, and unrealized fair value losses on AFS securities, recorded net of tax in other comprehensive income.

Investment securities

Debt securities are classified at the time of acquisition as either HTM, AFS, or trading based upon various factors, including asset/liability management strategies, liquidity and profitability objectives, and regulatory requirements. HTM securities are carried at amortized cost, adjusted for amortization of premiums or accretion of discounts. AFS securities are debt securities that may be sold prior to maturity based upon asset/liability management decisions. Investment securities classified as AFS are carried at fair value with unrealized gains or losses on these securities recorded in AOCI in stockholders' equity, net of tax.

Amortization of premiums or accretion of discounts on MBS is periodically adjusted for estimated prepayments. Trading securities are reported at fair value, with unrealized gains and losses on these securities included in current period earnings.

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

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

March 31, 2024	**March 31, 2024**	December 31, 2023	**Increase (Decrease)**
(in millions)			*(in millions)*

		September 30, 2023	December 31, 2022	Increase (Decrease)
Debt securities				
U.S. Treasury securities				
U.S. Treasury securities				
U.S. Treasury securities				
Residential MBS issued by GSEs				
Tax-exempt				
		(in millions)		
Debt securities				
CLO		**$ 2,165**	$ 2,706	**$ (541)**
Private label residential MBS				
Private label residential MBS				
Private label residential MBS				
Commercial MBS issued by GSEs	Commercial MBS issued by GSEs	**199**	97	**102**
Corporate debt securities	Corporate debt securities	**360**	390	**(30)**
Private label residential MBS		**1,257**	1,397	**(140)**
Residential MBS issued by GSEs		**1,858**	1,740	**118**
Tax-exempt		**1,987**	1,982	**5**
U.S. Treasury securities		**3,198**	—	**3,198**
CLO				
CLO				
CLO				
Other	Other	**66**	69	**(3)**
Total debt securities	Total debt securities	**$ 11,090**	$ 8,381	**$ 2,709**
Equity securities	***Equity securities***			
Common stock		**$ —**	$ 3	**$ (3)**
Equity securities				
Equity securities				
Preferred stock				
Preferred stock				
Preferred stock				
CRA investments	CRA investments	**24**	49	**(25)**
Preferred stock		**97**	108	**(11)**
Total equity securities	Total equity securities	**$ 121**	$ 160	**$ (39)**

Loans HFS

The Company purchases and originates residential mortgage loans through its AmeriHome mortgage banking business channel that are held for sale or securitization. These loans have historically made up the entire balance of loans HFS. However, as part of the Company's balance sheet repositioning strategy, the Company transferred $5.9 billion of loans, net of a fair value loss adjustment (primarily commercial and industrial loans) to HFS as of March 31, 2023. The Company completed loan dispositions from this transferred loan pool totaling $4.3 billion through September 30, 2023 and transferred all remaining HFS loans back to HFI at the end of the period as a result of a change in management's intentions. As of September 30, 2023 March 31, 2024, the loans HFS balance totaled $1.8 billion, compared to $1.2 billion $1.4 billion at December 31, 2022 December 31, 2023, an increase of $582 million $439 million primarily related to an increase in non-EBO and agency-conforming loans.

Loans HFI

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

		September 30, 2023	December 31, 2022	**Increase (Decrease)**	
		(in millions)			
		March 31, 2024	**March 31, 2024**	December 31, 2023	**Increase (Decrease)**
		(in millions)			(in millions)
Warehouse lending	Warehouse lending	**$ 6,439**	$ 5,561	**$ 878**	
Municipal & nonprofit	Municipal & nonprofit	**1,474**	1,524	**(50)**	
Tech & innovation	Tech & innovation	**2,254**	2,293	**(39)**	
Equity fund resources	Equity fund resources	**1,034**	3,717	**(2,683)**	
Other commercial and industrial	Other commercial and industrial	**7,317**	7,793	**(476)**	
CRE - owner occupied	CRE - owner occupied	**1,624**	1,656	**(32)**	
Hotel franchise finance	Hotel franchise finance	**3,837**	3,807	**30**	
Other CRE - non-owner occupied	Other CRE - non-owner occupied	**5,952**	5,457	**495**	
Residential	Residential	**13,301**	13,996	**(695)**	
Residential - EBO	Residential - EBO	**1,343**	1,884	**(541)**	
Construction and land development	Construction and land development	**4,652**	3,995	**657**	
Other	Other	**220**	179	**41**	
Total loans HFI	Total loans HFI	**49,447**	51,862	**(2,415)**	
Allowance for credit losses	Allowance for credit losses	**(327)**	(310)	**(17)**	
Total loans HFI, net of allowance	Total loans HFI, net of allowance	**$ 49,120**	$ 51,552	**$ (2,432)**	

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 $112 million $102 million and $141 million $108 million reduced the carrying value of loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Net unamortized purchase premiums on acquired and purchased loans of $177 million $175 million and $195 million $177 million increased the carrying value of loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Concentrations of Lending Activities

The Company monitors concentrations of lending activities at the product and borrower relationship level. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, no borrower relationships at both the commitment and funded loan level exceeded 5% of total loans HFI.

Commercial and industrial loans made up 37% 39% and 40% 38% of total loans HFI as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The Company's In addition, the Company's loan portfolio also includes significant credit exposure to the CRE market as CRE-non-owner occupied CRE related loans accounted for approximately 20% 32% and 18% 33% of total loans HFI at September 30, 2023 March 31, 2024 and December 31, 2022, December 31, 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:

	March 31, 2024				
	Amount		Percent of CRE-Non OO	Percent of Total HFI Loans	Weighted Average LTV (1)
	(dollars in millions)				
Hotel	$	3,933	40.8 %	7.8 %	47.8 %
Office		2,488	25.8	4.9	59.2
Retail		744	7.7	1.5	58.2
Multifamily		652	6.8	1.3	48.3
Industrial		606	6.3	1.2	42.0
Time share		373	3.9	0.7	33.7
Senior care		131	1.4	0.3	40.9
Medical		128	1.3	0.3	51.8
Other		582	6.0	1.1	42.7
Total CRE - non-owner occupied	$	9,637	100.0 %	19.0 %	50.3 %

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

	December 31, 2023				
	Amount		Percent of CRE-Non OO	Percent of Total HFI Loans	Weighted Average LTV (1)
	(dollars in millions)				
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 March 31, 2024:

	(in millions)	
2024	$	248
2023		915

2022	3,291
2021	1,808
2020	793
Prior	2,582
Total	$ 9,637

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

	(in millions)
2024	$ 1,616
2025	1,986
2026	2,132
2027	2,013
2028	850
Thereafter	1,040
Total	$ 9,637

Approximately $2.6 billion $2.5 billion, or 5.3% 4.9%, of total loans HFI consisted of CRE non-owner occupied office loans as of September 30, 2023 March 31, 2024, compared to $2.4 billion, or 4.6% 4.7%, as of December 31, 2022 December 31, 2023. Of the non-owner occupied office loan balance as of March 31, 2024, $266 million is scheduled to mature in the remainder of 2024. 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 or downtown exposure totaling approximately 3% central business district and midtown exposure totaling approximately 9% 2% and 10% of office loans. loans as of March 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. Leverage is low with initial loan-to-value ratios less than 55% and a weighted average loan-to-cost of approximately 62% at time of origination. 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.

In addition to adhering to conservative underwriting standards, asset-specific credit risk is mitigated through continued sponsor support of projects by re-appraisal rights of the Company, re-margining requirements and ongoing debt service, and debt yield covenants.

As of March 31, 2024 and December 31, 2023, 16% of the Company's CRE loans, excluding construction and land loans, were 9% owner occupied, with substantially all of these loans secured by first liens and 8% had an initial loan-to-value ratio of total loans HFI at September 30, 2023 and December 31, 2022, respectively. generally not more than 75%.

Non-performing Assets

Total non-performing loans increased $257 million $124 million to $344 million $534 million at September 30, 2023 March 31, 2024, from $87 million $410 million at December 31, 2022 December 31, 2023.

		September 30, 2023	December 31, 2022		
		(dollars in millions)			
		March 31, 2024		March 31, 2024	December 31, 2023
		(dollars in millions)			(dollars in millions)
Total nonaccrual loans (1)	Total nonaccrual loans (1)	$ 237	$ 85		
Loans past due 90 days or more on accrual status (2)	Loans past due 90 days or more on accrual status (2)	—	—		
Accruing restructured loans	Accruing restructured loans	107	2		
Total nonperforming loans	Total nonperforming loans	$ 344	$ 87		

Other assets acquired through foreclosure, net	Other assets acquired through foreclosure, net	**$ 8**	$ 11		
Other assets acquired through foreclosure, net					
Other assets acquired through foreclosure, net					
Nonaccrual loans to funded loans HFI					
Nonaccrual loans to funded loans HFI					
Nonaccrual loans to funded loans HFI	Nonaccrual loans to funded loans HFI	**0.48 %**	0.16 %	**0.79 %**	0.54 %
Loans past due 90 days or more on accrual status to funded loans HFI	Loans past due 90 days or more on accrual status to funded loans HFI	—	—		

(1) Includes loan modifications to borrowers experiencing financial difficulty of $36 million $129 million and TDR loans of $12 million $111 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(2) Excludes government guaranteed residential mortgage loans of $439 million $349 million and $582 million $399 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Interest income that would have been recorded under the original terms of nonaccrual loans was $4.5 million $4.9 million and $1.3 million $0.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $8.1 million and $3.6 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

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

		March 31, 2024			March 31, 2024		
		Nonaccrual Balance			Nonaccrual Balance	Percent of Nonaccrual Balance	Percent of Total Loans HFI
		(dollars in millions)					*(dollars in millions)*
		September 30, 2023					
		Nonaccrual Balance	**Percent of Nonaccrual Balance**	**Percent of Total Loans HFI**			
		(dollars in millions)					
Municipal & nonprofit							
Municipal & nonprofit							
Municipal & nonprofit	Municipal & nonprofit	**$ 13**	**5.5 %**	**0.03 %**	**$ 5**	**1.3** / **1.3 %**	**0.01 %**
Tech & innovation	Tech & innovation	**7**	**3.0**	**0.01**			
Other commercial and industrial	Other commercial and industrial	**69**	**29.1**	**0.14**			
Other commercial and industrial							

Other commercial and industrial									
CRE - owner occupied	CRE - owner occupied	9	3.8	0.02					
Hotel franchise finance									
Other CRE - non-owner occupied	Other CRE - non-owner occupied	77	32.5	0.16					
Residential	Residential	62	26.1	0.12					
Construction and land development									
Construction and land development									
Construction and land development									
Other									
Total non-accrual loans	Total non-accrual loans	$ 237	100.0 %	0.48 %	Total non-accrual loans	$ 399	100.0	100.0 %	0.79 %

		December 31, 2022		
		Nonaccrual Balance	Percent of Nonaccrual Balance	Percent of Total Loans HFI
		(dollars in millions)		
		December 31, 2023		
		December 31, 2023		
		December 31, 2023		
		Nonaccrual Balance		
		Nonaccrual Balance		
		Nonaccrual Balance		
		(dollars in millions)		
		(dollars in millions)		
		(dollars in millions)		
Municipal & nonprofit	Municipal & nonprofit	$ 7	8.2 %	0.01 %
Municipal & nonprofit				
Municipal & nonprofit				
Tech & innovation				
Tech & innovation				
Tech & innovation	Tech & innovation	1	1.2	0.00
Other commercial and industrial	Other commercial and industrial	24	28.2	0.04
Other commercial and industrial				
Other commercial and industrial				
CRE - owner occupied	CRE - owner occupied	12	14.1	0.02
Hotel franchise finance		10	11.8	0.02
CRE - owner occupied				
CRE - owner occupied				
Other CRE - non-owner occupied				

Other CRE - non-owner occupied				
Other CRE - non-owner occupied	Other CRE - non-owner occupied	8	9.4	0.02
Residential	Residential	19	22.4	0.04
Residential				
Residential				
Construction and land development				
Construction and land development				
Construction and land development	Construction and land development	4	4.7	0.01
Total non-accrual loans	Total non-accrual loans	$ 85	100.0 %	0.16 %
Total non-accrual loans				
Total non-accrual loans				

Restructurings for Borrowers Experiencing Financial Difficulty

The Company adopted following tables present loan modifications during the amendments in ASU 2022-02, which eliminated the accounting guidance on TDR loans for creditors and requires enhanced disclosures for loan modifications period to borrowers experiencing financial difficulty that were made on or after January 1, 2023. difficulty:

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

	Amortized Cost Basis at March 31, 2024				
	Payment Delay and Term Extension	**Term Extension**	**Payment Delay**	**Total**	**% of Total Class of Financing Receivable**
Three Months Ended	*(in millions)*				
Tech & innovation	$ —	$ —	$ 30	$ 30	1.0 %
Other commercial and industrial	—	8	—	8	0.1
CRE - owner occupied	—	31	—	31	1.8
Construction and land development	—	39	—	39	0.8
Total	$ —	$ 78	$ 30	$ 108	0.2 %

	Amortized Cost Basis at September 30, 2023				
	Payment Delay and Term Extension	**Term Extension**	**Payment Delay**	**Total**	**% of Total Class of Financing Receivable**
Three Months Ended	*(in millions)*				
Tech & innovation	$ —	$ —	$ 7	$ 7	0.3 %
Other commercial and industrial	—	1	12	13	0.2
CRE - owner occupied	—	3	—	3	0.2
Hotel franchise finance	—	20	—	20	0.5
Other CRE - non-owner occupied	—	20	—	20	0.3
Total	$ —	$ 44	$ 19	$ 63	0.1 %

	Amortized Cost Basis at September 30, 2023				
	Payment Delay and Term Extension	**Term Extension**	**Payment Delay**	**Total**	**% of Total Class of Financing Receivable**
Nine Months Ended	*(dollars in millions)*				
Tech & innovation	$ 2	$ —	$ 7	$ 9	0.4 %
Other commercial and industrial	—	24	12	36	0.5
CRE - owner occupied	—	3	—	3	0.2
Hotel franchise finance	—	46	—	46	1.2
Other CRE - non-owner occupied	—	48	—	48	0.8
Residential	—	—	1	1	0.0
Construction and land development	—	—	—	—	—
Total	$ 2	$ 121	$ 20	$ 143	0.3 %

	Amortized Cost Basis at March 31, 2023				
	Payment Delay and Term Extension	Term Extension	Payment Delay	Total	% of Total Class of Financing Receivable
Three Months Ended	(dollars in millions)				
Tech & innovation	$ 2	$ —	$ 5	$ 7	0.3 %
Hotel franchise finance	—	18	—	18	0.5
Residential	—	—	1	1	0.0
Total	$ 2	$ 18	$ 6	$ 26	0.1 %

The performance of these modified loans is monitored for 12 months following the modification. As of September 30, 2023 March 31, 2024, modified loans on nonaccrual status totaled $36 million and the remaining $107 million of $129 million were current with contractual payments. payments and $129 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. During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company completed modifications of EBO loans with an amortized cost of $84 million $90 million and $176 million, $57 million, respectively. These modifications were largely payment delays and term extensions, extensions. Certain of these loans were repooled or both.

Troubled Debt Restructured Loans

Prior to resold after modification and are no longer included in the adoption pool of ASU 2022-02, the Company accounted loan modifications being monitored for a modification to the contractual terms future performance. As of a loan that resulted March 31, 2024, modified EBO loans consisted of $38 million in granting a concession to a borrower experiencing financial difficulties as a TDR. The loan terms loans that were modified or restructured due current to a borrower's financial situation included, but were not limited to, a reduction 89 days delinquent and $12 million in the stated interest rate, an extension of the maturity or renewal of the loan at an interest rate below current market, a reduction in the face amount of the debt, a reduction in the accrued interest, or deferral of interest payments. The majority of the Company's modifications were extensions in terms or deferral of payments which resulted in no lost principal or interest. Consistent with regulatory guidance, a TDR loan that was subsequently modified in another restructuring agreement but had shown sustained performance and classification as a TDR, was removed from TDR status provided that the modified terms were market-based at the time of modification.

The following table presents TDR loans:

	December 31, 2022	
	Number of Loans	Recorded Investment
Other commercial and industrial	4	$ 2
CRE - owner occupied	1	1
Hotel franchise finance	1	10
Other CRE - non-owner occupied	1	1
Total	7	$ 14

loans greater than 90 days delinquent. As of December 31, 2022 December 31, 2023, the ACL on TDR modified EBO loans totaled $4 million consisted of $26 million in loans that were current to 89 days delinquent and there were no outstanding commitments on TDR loans. $12 million in loans greater than 90 days 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:

	September 30, 2023	December 31, 2022

		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
		(dollars in millions)					
Warehouse lending	Warehouse lending	$ 4.7	1.4 %	13.0 %	$ 8.4	2.7 %	10.7 %
Municipal & nonprofit	Municipal & nonprofit	16.7	5.1	3.0	15.9	5.1	3.0
Tech & innovation	Tech & innovation	32.0	9.8	4.6	30.8	10.0	4.4
Equity fund resources	Equity fund resources	1.7	0.5	2.1	6.4	2.1	7.2
Other commercial and industrial	Other commercial and industrial	69.5	21.2	14.8	85.9	27.7	15.0
CRE - owner occupied	CRE - owner occupied	7.7	2.4	3.3	7.1	2.3	3.2
Hotel franchise finance	Hotel franchise finance	40.6	12.4	7.8	46.9	15.2	7.4
Other CRE - non-owner occupied	Other CRE - non-owner occupied	95.7	29.2	12.0	47.4	15.3	10.5
Residential	Residential	26.1	8.0	26.9	30.4	9.8	27.0
Residential - EBO	Residential - EBO	—	—	2.7	—	—	3.6
Construction and land development	Construction and land development	29.1	8.9	9.4	27.4	8.8	7.7
Other	Other	3.6	1.1	0.4	3.1	1.0	0.3
Total	Total	$ 327.4	100.0 %	100.0 %	$ 309.7	100.0 %	100.0 %

	March 31, 2024						
	Allowance for credit losses		Allowance for credit losses	Percent of total allowance for credit losses	Percent of loan type to total loans HFI	Allowance for credit losses	P… o… allo… fo… l…
	(dollars in millions)						*(do…*
Warehouse lending	$ 7.3	2.1		2.1 %	13.6 %	$ 5.8	1.7	1.7 %
Total	$ 340.3	100.0		100.0 %	100.0 %	$ 336.7	100.0	100.0 %

During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, net loan charge-offs (recoveries) to average loans outstanding were 0.07% 0.08% and (0.02)% 0.05%, respectively, and 0.06% and 0.00% for the nine months ended September 30, 2023 and 2022, 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 $37.9 million $33 million and $47.0 million $32 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and is included in Other liabilities on the Consolidated Balance Sheet.

Problem Loans

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

September 30, 2023

		Number of Loans	Problem Loan Balance	Percent of Problem Loan Balance	Percent of Total Loans HFI							
		(dollars in millions)										
		March 31, 2024					**March 31, 2024**					
		Number of Loans					**Number of Loans**			**Problem Loan Balance**	**Percent of Problem Loan Balance**	**Percent of Total Loans HFI**
		(dollars in millions)					*(dollars in millions)*					
Warehouse lending	Warehouse lending	**1**	**$ 2**	**0.3 %**	**0.00 %**	Warehouse lending	**1**	**$**	**$ 23**	**4.8**	**4.8 %**	**0.04 %**
Municipal & nonprofit	Municipal & nonprofit	**2**	**18**	**2.4**	**0.04**							
Tech & innovation	Tech & innovation	**15**	**43**	**5.8**	**0.09**							
Other commercial and industrial												
Other commercial and industrial												
Other commercial and industrial	Other commercial and industrial	**60**	**151**	**20.5**	**0.31**							
CRE - owner occupied	CRE - owner occupied	**16**	**16**	**2.2**	**0.03**							
Hotel franchise finance	Hotel franchise finance	**6**	**194**	**26.3**	**0.39**							
Other CRE - non-owner occupied	Other CRE - non-owner occupied	**14**	**230**	**31.2**	**0.47**							
Residential	Residential	**132**	**65**	**8.8**	**0.13**							
Construction and land development	Construction and land development	**2**	**18**	**2.4**	**0.03**							
Construction and land development												
Construction and land development												
Other	Other	**19**	**1**	**0.1**	**0.00**							
Total	Total	**267**	**$ 738**	**100.0 %**	**1.49 %**	Total	**263**	**$**	**$ 483**	**100.0**	**100.0 %**	**0.95 %**

	Number of Loans	Problem Loan Balance	Percent of Problem Loan Balance	Percent of Total Loans HFI					
	December 31, 2022								
	(dollars in millions)								
	December 31, 2023				December 31, 2023				
	Number of Loans				Number of Loans	Problem Loan Balance	Percent of Problem Loan Balance	Percent of Total Loans HFI	
	(dollars in millions)				*(dollars in millions)*				

Warehouse lending	Warehouse lending	1	$	43	11.3 %	0.08 %	Warehouse lending	1	$	$	26	3.6	3.6 %	0.05 %
Municipal & nonprofit													
Tech & innovation	Tech & innovation	27		81	21.4	0.16							
Other commercial and industrial													
Other commercial and industrial													
Other commercial and industrial	Other commercial and industrial	50		36	9.5	0.07							
CRE - owner occupied	CRE - owner occupied	8		4	1.0	0.01							
Hotel franchise finance	Hotel franchise finance	2		26	6.9	0.05							
Other CRE - non-owner occupied	Other CRE - non-owner occupied	9		55	14.5	0.10							
Residential	Residential	39		20	5.3	0.04							
Construction and land development	Construction and land development	2		98	25.9	0.19							
Other	Other	18		16	4.2	0.03							
Total	Total	156	$	379	100.0 %	0.73 %	Total	264	$	$	719	100.0	100.0 %	1.43 %

Mortgage Servicing Rights

The fair value of the Company's MSRs related to residential mortgage loans totaled $1.2 billion and $1.1 billion as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The increase in MSRs is primarily related to new production of MSRs and valuation gains, partially offset by sales.

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

		September 30, 2023	December 31, 2022
		(in millions)	
		March 31, 2024 / **March 31, 2024**	December 31, 2023
		(in millions)	*(in millions)*
FNMA and FHLMC	FNMA and FHLMC	**$ 52,618**	$ 38,113
GNMA	GNMA	**15,766**	31,046
Non-agency	Non-agency	**1,877**	1,690
Total unpaid principal balance of loans	Total unpaid principal balance of loans	**$ 70,261**	$ 70,849

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 $527 million $666 million and $669 million at September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively.

The Company performs its annual goodwill and intangible assets impairment tests as of October 1 each year, or more often if events or circumstances indicate that the carrying value may not be recoverable. The During the three months ended March 31, 2024 there were no events or circumstances that indicated an interim impairment test of goodwill or other intangible assets was necessary. For the three months ended March 31, 2023, the Company evaluated whether the continued effects from the bank failures earlier in 2023 may give gave rise to a triggering event and elected to perform a Step 0 goodwill impairment assessment, which included assessing the financial performance of the Company and analyzing qualitative factors applicable to the Company. As of September 30, 2023, Based on this assessment, the Company does not believe that these events or circumstances have significantly altered the long-term financial performance of the Company. Accordingly, it was determined that it is was more likely than not that the fair value of the Company and its reporting units exceeds exceeded their respective carrying values as of September 30, 2023 March 31, 2023.

Deferred Tax Assets

As of September 30, 2023 March 31, 2024, the net DTA balance totaled $365 million $300 million, an increase of $54 million $13 million from $311 million $287 million at December 31, 2022 December 31, 2023. This overall increase in the net DTA was primarily the result of a decrease in the fair market value of AFS securities and a decrease to MSR deferred tax liabilities.

At September 30, 2023 and December 31, 2022, the Company had no deferred tax valuation allowance. securities.

Deposits

Deposits are the primary source for funding the Company's asset growth. Total deposits deposits increased to $54.3 billion $62.2 billion at September 30, 2023 March 31, 2024, from $53.6 billion $55.3 billion at December 31, 2022 December 31, 2023, an increase of $643 million $6.9 billion, or 1.2% 12.5%. By deposit type, the increase in deposits is attributable to increases of $3.9 billion in certificates of deposit of $3.7 billion and interest non-interest bearing demand deposits, of $3.3 billion, partially offset by decreases $1.4 billion in savings and money market accounts, of $4.7 billion and non-interest $1.0 billion in interest bearing demand deposits, and $564 million in certificates of $1.7 billion. deposit.

Brokered deposits provide an additional source of deposits and are placed with the Bank through third-party brokers. At September 30, 2023 and December 31, 2022, the Company held wholesale brokered deposits of $6.5 billion and $4.8 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 September 30, 2023 March 31, 2024, the Company had $12.5 billion $14.5 billion of these reciprocal deposits, compared to $2.8 billion $13.3 billion at December 31, 2022 December 31, 2023. These reciprocal deposit structures offer protection to depositors by fully insuring deposits with other network banks At March 31, 2024 and also provides December 31, 2023, the Company with funding stability also had wholesale brokered deposits of $6.5 billion and drove the increase in the Company's insured deposit ratio from 45% at December 31, 2022 to 77% at September 30, 2023 and including collateralized deposits, this ratio increased to 82% at September 30, 2023 from 47% at December 31, 2022. $6.6 billion, respectively.

In addition, deposits for which the Company provides account holders with earnings credits or referral fees totaled $17.1 billion $22.2 billion and $12.9 billion $17.8 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Company incurred $123.7 million $131.2 million and $17.3 million $85.6 million in deposit related costs on these deposits during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company incurred $297.1 million and $26.0 million in deposit related costs on these deposits during the nine months ended September 30, 2023 and 2022, 2023, respectively. These costs are reported as Deposit costs in non-interest expense. The The increase in these costs from the prior year is due to an increase in average 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:

	Three Months Ended September 30,			
	2023		2022	
	Average Balance	Rate	Average Balance	Rate
	(dollars in millions)			
Interest-bearing transaction accounts	$ 12,947	3.03 %	$ 8,466	1.15 %

	Three Months Ended March 31,			
	2024		2023	
	Average Balance	Rate	Average Balance	Rate
	(dollars in millions)			
Interest-bearing transaction accounts	$ 16,348	3.00 %	$ 10,534	2.63 %

Savings and money market accounts	Savings and money market accounts	13,832	3.05	18,515	0.95							
Certificates of deposit	Certificates of deposit	9,125	4.83	2,843	1.19							
Total interest-bearing deposits	Total interest-bearing deposits	35,904	3.49	29,824	1.03							
Non-interest-bearing demand deposits	Non-interest-bearing demand deposits	18,402	—	25,865	—							
Total deposits	Total deposits	$ 54,306	2.31 %	$ 55,689	0.55 %	Total deposits	$ 59,907	2.56	2.56 %	$ 54,641	1.72	1.72 %

	Nine Months Ended September 30,			
	2023		2022	
	Average Balance	Rate	Average Balance	Rate
	(dollars in millions)			
Interest-bearing transaction accounts	$ 11,800	2.80 %	$ 8,188	0.57 %
Savings and money market accounts	15,006	2.75	18,474	0.51
Certificates of deposit	7,437	4.36	2,271	0.76
Total interest-bearing deposits	34,243	3.12	28,933	0.55
Non-interest-bearing demand deposits	18,534	—	24,269	—
Total deposits	$ 52,777	2.02 %	$ 53,202	0.30 %

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 warehouse borrowings, advances from the FHLB, the BTFP, 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 and EBO loans, including assets sold under agreements to repurchase, which are reflected at the amount of cash received in connection with the transaction, and may require additional collateral based on the fair value of the underlying securities. assets. Total short-term borrowings increased $3.0 billion decreased $1.0 billion to $8.0 billion $5.8 billion at September 30, 2023 March 31, 2024 from $5.0 billion $6.8 billion at December 31, 2022 December 31, 2023. The increase decrease was driven by increases decreases in warehouse and BTFP borrowings FHLB advances of $1.3 billion $450 million, EBO repurchase agreements of $481 million $374 million, and FHLB advances federal funds purchased of $400 million $175 million.

Long-Term Borrowings

The Company's long-term borrowings consist of AmeriHome senior notes and credit linked notes, inclusive of issuance costs and fair market value adjustments. costs. At September 30, 2023 March 31, 2024, the carrying value of long-term borrowings was $763 million $441 million, compared to $1.3 billion $446 million at December 31, 2022. The decrease in long-term borrowings from December 31, 2022 primarily relates to the payoff of credit linked notes on the Company's mortgage warehouse and equity fund resource loans during the nine months ended September 30, 2023 December 31, 2023.

Qualifying Debt

Qualifying debt consists of subordinated debt and junior subordinated debt, inclusive of issuance costs and fair market value adjustments. At September 30, 2023 March 31, 2024, the carrying value of qualifying debt was $890 million $896 million, compared to $893 million $895 million at December 31, 2022 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 14. Commitments and Contingencies" to the Unaudited Consolidated Financial Statements) as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

As permitted by the regulatory capital rules, the Company elected the CECL transition option that delayed the estimated impact on regulatory capital resulting from the adoption of CECL over a five-year transition period ending December 31, 2024. Accordingly, beginning in 2024, capital ratios and amounts for 2022 include a 25% reduction to the capital benefit that resulted from the increased ACL related to the adoption of ASC 326, which has increased to include a 50% reduction beginning in 2023. 326.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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	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
		(dollars in millions)														(dollars in millions)		
September 30, 2023																		
		Total Capital																
		(dollars in millions)																
March 31, 2024																		
WAL																		
WAL																		
WAL	**WAL**	**$ 7,078**	**$5,916**	**$ 52,447**	**$69,296**	**13.5 %**	**11.3 %**	**8.5 %**	**10.6 %**	**$7,349 $**	**$6,163 $**	**$52,545 $**	**$ 72,766**	**14.0**	**14.0 %**	**11.7 %**	**8.5 %**	**11.0 %**
WAB	**WAB**	**6,726**	**6,158**	**52,339**	**69,221**	**12.9**	**11.8**	**8.9**	**11.8**									
Well-capitalized ratios	**Well-capitalized ratios**					**10.0**	**8.0**	**5.0**	**6.5**									
Minimum capital ratios	**Minimum capital ratios**					**8.0**	**6.0**	**4.0**	**4.5**									
December 31, 2022																		
December 31, 2023																		
December 31, 2023																		
December 31, 2023																		
WAL																		
WAL																		
WAL	WAL	$ 6,586	$5,449	$ 54,461	$69,814	12.1 %	10.0 %	7.8 %	9.3 %	$7,201 $	$6,035 $	$52,517 $	$ 70,295	13.7	13.7 %	11.5 %	8.6 %	10.8 %
WAB	WAB	6,280	5,737	54,411	69,762	11.5	10.5	8.2	10.5									
Well-capitalized ratios	Well-capitalized ratios					10.0	8.0	5.0	6.5									
Minimum capital ratios	Minimum capital ratios					8.0	6.0	4.0	4.5									

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

The Company is also required to maintain specified levels of capital to remain in good standing with certain federal government agencies, including FNMA, FHLMC, GNMA, and HUD. These capital requirements are generally tied to the unpaid balances of loans included in the Company's servicing portfolio or loan production volume. Noncompliance with these capital requirements can result in various remedial actions up to, and including, removing the Company's ability to sell loans to and service loans on behalf of the respective agency. The Company believes that it is in compliance with these requirements as of September 30, 2023 March 31, 2024.

Critical Accounting Estimates

Critical accounting estimates are defined as those that are reflective of significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions. The critical accounting estimates upon which the Company's financial condition and results of operations depend, and which involve the most complex subjective decisions or assessments, are included in the discussion entitled "Critical Accounting Policies" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, and all amendments thereto, as filed with the SEC. There were no material changes to the critical accounting policies disclosed in the Annual Report on Form 10-K.

Liquidity

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

The ability to have readily available funds sufficient to repay fully maturing liabilities is of primary importance to depositors, creditors, and regulators. The Company's liquidity, represented by cash and amounts due from banks, federal funds sold, 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 following table presents the available and outstanding balances on the Company's lines of credit:

	September 30, 2023	
	Available Balance	Outstanding Balance
	(in millions)	
Unsecured fed funds credit lines at correspondent banks	$ 1,417	$ 122

	March 31, 2024	
	Available Balance	Outstanding Balance
	(in millions)	
Unsecured fed funds credit lines at correspondent banks	$ 839	$ —

In addition to lines of credit, 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 are presented in the following table:

	September 30, 2023 March 31, 2024
	(in millions)
FHLB:	
Borrowing capacity	$ 12,524 13,823
Outstanding borrowings	4,700 5,750
Letters of credit	195 101
Total available credit	$ 7,629 7,972
FRB:	
Borrowing capacity	$ 16,073 10,947
Outstanding borrowings (BTFP)	1,300 —
Total available credit	$ 14,773 10,947
Warehouse borrowings:	
Borrowing capacity	$ 3,000 2,250
Outstanding borrowings	1,334 —
Total available credit	$ 1,666 2,250

The Company has a formal liquidity policy and, in the opinion of management, its liquid assets are considered adequate to meet cash flow needs for loan funding financial obligations and deposit cash withdrawals for the next 90-120 days. support client activity during normal and stressed operating conditions. At September 30, 2023 March 31, 2024, there were $8.9 billion $12.0 billion in liquid assets, comprised of $3.5 billion $2.8 billion in cash on deposit at the FRB and cash equivalents and $5.4 billion $9.2 billion in unpledged marketable securities. securities not currently used as collateral for borrowings or other purposes. At December 31, 2022 December 31, 2023, the Company maintained $7.7 billion $6.9 billion in liquid assets, comprised of $1.1 billion of $785 million in cash on deposit at the FRB and cash equivalents, $1.1 billion $6.1 billion in loans HFS, and $5.5 billion of unpledged marketable securities. 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 that 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 September 30, 2023 March 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 provided by 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 nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, net cash (used in) provided by operating activities was $(669.8) $(306.5) million and $1.5 billion $357.3 million, respectively.

The Company's primary investing activities are the origination of real estate and commercial loans, the collection of repayments of these loans, and the purchase and sale of securities. The Company's net cash used in investing activities has been primarily influenced by its loan and securities activities. During the nine three months ended September 30, 2023 March 31, 2024, the Company's cash balance increased decreased by $1.9 billion $526 million as a result of a net decrease increase in loans, compared to a reduction in cash of $11.7 billion $1.0 billion during the nine three months ended September 30, 2022 March 31, 2023 from a net increase in loans. A net increase in investment securities of $2.6 billion $3.3 billion and $1.8 billion $478 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, partially offset the increase to the Company's cash balance during the nine three months ended September 30, 2023 March 31, 2024 and contributed to the reduction during the nine months ended September 30, 2022 March 31, 2023.

Net cash provided by financing activities has been impacted significantly by deposit levels. During the nine three months ended September 30, 2023 March 31, 2024, net deposits increased $642.9 million $6.9 billion, compared to an increase a decrease in net deposits of $8.0 billion $6.1 billion during the nine three months ended September 30, 2022 March 31, 2023.

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 $50.0 million $50 million and $150.0 million $225 million, respectively, through one participating financial institution or, a combined total of $200.0 million $275 million per individual customer, with the entire amount being covered by FDIC insurance. As of September 30, 2023 March 31, 2024, the Company had $12.5 billion has $1.6 billion of total reciprocal CDARS and $11.2 billion of ICS deposits.

As of September 30, 2023 March 31, 2024, the Company has $6.5 billion of wholesale brokered deposits outstanding, excluding reciprocal deposits of $12.5 billion. Although classified as brokered deposits, the Company believes that due to the reciprocal nature of these deposits, these accounts carry a lower risk of withdrawal and deposit volatility. Non-reciprocal brokered 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 three months ended September 30, 2023 March 31, 2024, WAB paid dividends to the Parent of $60 million. During the nine months ended September 30, 2023 Subsequent to March 31, 2024, WAB and CSI paid dividends to the Parent of $170 million and $100 million, respectively.

Supervision and Regulation

The following information is intended to update, and should be read in conjunction with, the information contained under the caption "Supervision and Regulation" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Bank Term Funding Program

In response to the bank failures that occurred earlier in 2023, the Federal Reserve System has established a BTFP, which is intended to provide additional funding to eligible depository institutions to help assure banks have the ability to meet the needs of all their depositors. The BTFP offers loans of up to one year in length to eligible depository institutions pledging any collateral eligible for purchase by the Federal Reserve Banks in open market operations (for example, U.S. Treasuries, U.S. agency securities, and U.S.

agency mortgage-backed securities), which will be valued at par. The U.S. Department of the Treasury will provide $25 billion as credit protection to the Federal Reserve Banks in connection with the BTFP. The goal of the BTFP is to be an additional source of liquidity against high-quality securities, eliminating an institution's need to quickly sell those securities in times of stress. The Company has borrowings under the BTFP that totaled $1.3 billion as of September 30, 2023.

FDIC Special Assessment

To recover the loss to the Deposit Insurance Fund arising from the bank failures that occurred earlier in 2023, the FDIC has proposed an annual special assessment rate of approximately 12.5 basis points. The assessment base for the special assessments would be equal to an institution's estimated uninsured deposits as of December 31, 2022, adjusted to exclude the first $5 billion from estimated uninsured deposits. The special assessments would be collected over an eight-quarter collection period, at a quarterly special assessment rate of 3.13 basis points, with the first quarterly assessment period beginning on January 1, 2024. The comment period for the proposal ended on July 21, 2023, with a final rule expected later this year. If adopted as proposed, the Company expects to recognize a one-time charge of $62 million $60 million.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is the risk of loss in a financial instrument arising from adverse changes in market prices and rates, foreign currency exchange rates, commodity prices, and equity prices. The Company's market risk arises primarily from interest rate risk inherent in its lending, investing, and deposit taking activities. To that end, management actively monitors and manages the Company's interest rate risk exposure. The Company generally manages its interest rate sensitivity by evaluating re-pricing opportunities on its earning assets to those on its funding liabilities.

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 limited to 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 the net EVE and net interest income 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 net interest income 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 net interest income in the event of hypothetical changes in interest rates. If potential changes to EVE and net interest income 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 Board-approved BOD-approved limits or in line with ALCO's proposed reduction. ALCO may also decide that 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 net interest income and EVE exposure limits are approved by the Board BOD on an annual basis, or more often if market conditions warrant. During the nine three months ended September 30, 2023 March 31, 2024, there have been no changes to the Company's exposure limits.

Net Interest Income Simulation. To measure interest rate risk at September 30, 2023 March 31, 2024, the Company used a simulation model to project changes in net interest income that result from forecasted changes in interest rates. This analysis calculates the difference between a baseline net interest income forecast using current yield curves, compared to forecasted net income resulting from an immediate parallel shift in rates upward or downward, along with other scenarios directed by ALCO. The income 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. Some loans and investments contain contractual prepayment features (embedded options) and, accordingly, the simulation model incorporates prepayment assumptions. The Company's non-term deposit products re-price with a certain beta to underlying market rate changes. The Company regularly conducts sensitivity analysis for this assumption to determine the impact on the interest rate risk position. These betas are derived separately by deposit product and are based on both observed and projected market rate and balance trends. Current product deposit beta assumptions range between 20% 47% to 90% 81%, depending on product, with an average interest bearing deposit beta of 54%. 61%, inclusive of ECR costs.

This analysis indicates illustrates the impact of changes in net interest income for the given set of rate changes and assumptions. It assumes that loan and deposit balances remain static and do not change over the course of the year. 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 create changes in impact actual loan prepayment speeds that will differ from 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, and management strategies, and changes that vary significantly from the modeled assumptions may have a significant effect on the Company's actual net interest income.

This simulation model assesses the changes in net interest income that would occur in response to an instantaneous and sustained increase or decrease (shock) in market interest rates. A Down 200 scenario in this simulation model is also being presented as rates based on a dynamic balance sheet. The Company's NII sensitivity assumptions have been updated to include more granular deposit beta assumptions by line of September 30, 2023 as current projections of future market rates include consideration of rate decreases in the current high rate environment. business. The Company will continue 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
				(change in basis points from Base)	
Parallel Shift Scenario	Parallel Shift Scenario	(14.1) %	(6.9) %	6.8 %	13.6 %

	Down 200	Down 100	Up 100	Up 200
	(change in basis points from Base)			
Parallel Shift Scenario	(8.3)%	(4.1)%	3.8 %	7.8 %
Interest Rate Ramp Scenario	(3.7)%	(2.0)%	1.6 %	3.4 %

At September 30, 2023 March 31, 2024, our net interest income exposure for the next twelve months related to these hypothetical changes in market interest rates was within our 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. The Company's EVE model assumptions have not changed from the assumptions used in its June 30, 2023 simulation.

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. As The Company's EVE model assumptions have also been updated to include more granular deposit beta and attrition assumptions by line of September 30, 2023, an Up 300 scenario in this simulation model is no longer being presented, replaced with a Down 200 scenario given rate decline expectations in the current high rate environment. business. The Company will continue 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 September 30, 2023 March 31, 2024:

Economic Value of Equity

	Interest Rate Scenario			
	Down 200	Down 100	Up 100	Up 200
			(change in basis points from Base)	
% Change	15.1 %	7.6 %	(6.0)%	(10.6)%

	Interest Rate Scenario			
	Down 200	Down 100	Up 100	Up 200
			(change in basis points from Base)	
% Change	10.1 %	6.4 %	(6.4)%	(11.6)%

At September 30, 2023 March 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 11. Derivatives and Hedging Activities" to the Unaudited Consolidated Financial Statements.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls

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

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting during the quarter ended September 30, 2023 March 31, 2024, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

Risk Factors There have not been any material changes to the risk factors previously disclosed in Item 1A of the Company's Company's Annual Report on Form 10-K for the year ended December 31, 2022 includes a discussion of the material risks and uncertainties that could adversely affect our business and impact our results of operations or financial condition. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Annual Report on Form 10-K.

Adverse developments or concerns affecting the financial services industry in general or financial institutions that are similar to us or that may be viewed as being similar to us, such as the recent bank closures and disruption in the United States banking industry, could adversely affect our financial condition and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar events, have in the past and may in the future lead to erosion of customer confidence in the banking system or certain banks, deposit volatility, liquidity issues, stock price volatility and other adverse developments. The closures of Silicon Valley Bank and Signature Bank in March 2023 led to such disruption and volatility, including deposit outflows, at many mid-sized banks, increasing the need for liquidity. Although a statement by the Department of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of Silicon Valley Bank would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, it is not certain that the Federal Reserve or FDIC will treat future bank failures similarly. On May 1, 2023, First Republic Bank was also closed by its primary state regulator, which appointed the FDIC as receiver, and the FDIC announced that JP Morgan Chase Bank, National Association agreed to assume all of First Republic Bank's deposits and substantially all of its assetsDecember 31, 2023.

Shortly following the closures of Silicon Valley Bank and Signature Bank, we and certain other banks experienced a brief period of elevated deposit withdrawals. While we cannot know for certain with respect to all withdrawals, we believe the elevated withdrawals were at least in part due to certain perceived similarities between our loan portfolio and deposit gathering activities and those of these banks. Our deposit balances stabilized as of March 20, 2023 and from such date through September 30, 2023 deposits increased, and were up $643 million from December 31, 2022. During this time, we took additional measures to ensure liquidity, strengthen our capital position and increase customer confidence, which included increasing our borrowing capacity with the FRB, selling certain assets and strengthening our insured and collateralized deposit ratio from 47% as of December 31, 2022 to 82% as of September 30, 2023. We have also participated in the BTFP, with $1.3 billion of funds drawn as of September 30, 2023. Although our deposits have stabilized and increased since we experienced the period of elevated withdrawals, we cannot be assured that similar unusual deposit withdrawal activity will not affect banks generally or us in the future. Our net interest margin also may be negatively impacted if the Company's borrowings remain elevated in future periods.

Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Any sale of investment securities that are held in an unrealized loss position by financial institutions for liquidity or other purposes will cause actual losses to be realized. Gross unrealized losses on our HTM and AFS investment securities totaled $261 million and $987 million, respectively, as of September 30, 2023. There can be no assurance that there will not be additional bank failures or liquidity concerns in particular segments of the financial services industry or in the U.S. financial system as a whole. The volatility and economic disruption resulting from the bank closures in 2023 have particularly impacted the price of capital stock and other securities issued by financial institutions, including us. Continued uncertainty regarding or worsening of the severity and duration of the volatility in the banking industry and related economic effects may also adversely impact the Company's estimate of its allowance for credit losses and resulting provision for credit losses.

Any of these impacts, or any other impacts resulting from the events described above or other related or similar events, could have a material adverse effect on our liquidity and our current and/or projected business operations and financial condition and results of operations.

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

Issuer Purchases of Equity Securities

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

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
July 2023	60	$ 52.31	—	$ —
August 2023	—	—	—	—
September 2023	79	45.71	—	—
Total	139	$ 48.56	—	$ —

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
January 2024	73	$ 62.21	—	$ —
February 2024	122,524	61.55	—	—
March 2024	—	—	—	—
Total	122,597	$ 61.55	—	$ —

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

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

Item 5. **Other Information**

Insider Adoption or Termination of Trading Arrangements

During the quarter ended September 30, 2023 March 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.

Item 6. **Exhibits**

EXHIBITS

3.1	Amended and Restated Certificate of Incorporation, effective as of May 19, 2015 (incorporated by reference to Exhibit 3.1 of Western Alliance's Form 10-K filed with the SEC on March 1, 2019).
3.2	Certificate of Amendment designating the 4.250% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series A, effective September 22, 2021 (incorporated by reference to Exhibit 3.1 of Western Alliance's Form 8-K filed with the SEC on September 22, 2021).
3.3	Amended and Restated Bylaws of Western Alliance, effective as of June 14, 2022 (incorporated by reference to Exhibit 3.1 of Western Alliance's Form 8-K filed with the SEC on June 16, 2022).
3.4	Articles of Conversion, as filed with the Nevada Secretary of State on May 29, 2014 (incorporated by reference to Exhibit 3.1 of Western Alliance's Form 8-K filed with the SEC on June 3, 2014).
3.5	Certificate of Conversion, as filed with the Delaware Secretary of State on May 29, 2014 (incorporated by reference to Exhibit 3.2 of Western Alliance's Form 8-K filed with the SEC on June 3, 2014).
31.1*	CEO Certification Pursuant Rule 13a-14(a)/15d-14(a).
31.2*	CFO Certification Pursuant Rule 13a-14(a)/15d-14(a).
32**	CEO and CFO Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002.
101*	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, (ii) the Consolidated Income Statements for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 2023 and nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, (iii) the Consolidated Statements of Comprehensive Income for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 2023 and nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022, 2023, (iv) the Consolidated Statements of Stockholders' Equity for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 2023 and the nine three months September 30, 2023 March 31, 2024 and 2022, 2023, (v) the Consolidated Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, and (vi) the Notes to Unaudited Consolidated Financial Statements. (Pursuant to Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.).
104*	The cover page of Western Alliance Bancorporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024, formatted in Inline XBRL (contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

WESTERN ALLIANCE BANCORPORATION

October 31, 2023 May 2, 2024	By:	/s/ Kenneth A. Vecchione
		Kenneth A. Vecchione
		President and Chief Executive Officer
October 31, 2023 May 2, 2024	By:	/s/ Dale Gibbons
		Dale Gibbons
		Vice Chairman and Chief Financial Officer
October 31, 2023 May 2, 2024	By:	/s/ J. Kelly Ardrey Jr.
		J. Kelly Ardrey Jr.
		Chief Accounting Officer

Exhibit 31.1

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

I, Kenneth A. Vecchione, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Alliance Bancorporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: October 31, 2023 May 2, 2024

Exhibit 31.2

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

I, Dale Gibbons, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Alliance Bancorporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dale Gibbons

Dale Gibbons

Vice Chairman and Chief Financial Officer

Western Alliance Bancorporation

Date: October 31, 2023 May 2, 2024

Exhibit 32

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

This certification is given by the undersigned Chief Executive Officer and Chief Financial Officer of Western Alliance Bancorporation (the “Registrant”) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Each of the undersigned hereby certifies, with respect to the Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that, to each of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: October 31, 2023 May 2, 2024

/s/ Kenneth A. Vecchione

President and Chief Executive Officer

Western Alliance Bancorporation

Date: October 31, 2023 May 2, 2024

/s/ Dale Gibbons

Vice Chairman and Chief Financial Officer

Western Alliance Bancorporation